

**MARIN SENIOR COORDINATING
COUNCIL INCORPORATED**
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2018 and 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marin Senior Coordinating Council
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of Marin Senior Coordinating Council (a California nonprofit public benefit corporation) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marin Senior Coordinating Council as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Doran & Associates".

November 6, 2018

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,566,804	\$ 2,457,228
Accounts and grants receivable (Note 2)	1,131,058	986,515
Current portion of pledges and bequests receivable, net (Note 3)	1,030,026	1,985,182
Inventory (Note 2)	18,804	18,764
Prepaid expenses	68,365	87,186
Total current assets	<u>5,815,057</u>	<u>5,534,875</u>
Rental and other deposits	80,510	84,590
Investments (Note 4)	661,144	844,246
Pledges receivable, net of current portion and present value discount (Note 3)	-	65,115
Construction in progress (Note 5)	24,309	19,569
Property, equipment and improvements, net of accumulated depreciation of \$2,969,523 at 2018 and \$2,836,693 at 2017 (Notes 2 and 5)	<u>1,013,828</u>	<u>891,614</u>
Total assets	<u>\$ 7,594,848</u>	<u>\$ 7,440,009</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 180,909	\$ 148,437
Fares payable (Note 6)	79,851	71,109
Accrued payroll expenses	178,193	194,505
Deferred revenue (Note 2)	5,000	25,000
Accrued vacation	286,980	279,934
Capital lease, current portion (Note 7)	5,083	9,462
Loans payable, current portion (Note 8)	59,095	38,423
Total current liabilities	<u>795,111</u>	<u>766,870</u>
Capital lease, net of current portion (Note 7)	642	5,738
Loans payable, net of current portion (Note 8)	<u>237,179</u>	<u>112,841</u>
Total liabilities	<u>1,032,932</u>	<u>885,449</u>
Net assets:		
Unrestricted net assets	3,088,557	2,256,957
Temporarily restricted net assets (Note 9)	3,473,359	4,297,603
Total net assets	<u>6,561,916</u>	<u>6,554,560</u>
Total liabilities and net assets	<u>\$ 7,594,848</u>	<u>\$ 7,440,009</u>

The accompanying notes are an integral part of these financial statements.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES
For the year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Public support:			
Donations, pledges, and bequests	\$ 869,717	\$ 116,897	\$ 986,614
Special event donations (Note 11)	108,902	-	108,902
Foundation grants	121,660	430,000	551,660
In-kind donation (Note 2)	27,000	-	27,000
Total support	<u>1,127,279</u>	<u>546,897</u>	<u>1,674,176</u>
Revenue:			
Paratransit services	4,860,798	-	4,860,798
Transportation contracts	4,255,539	-	4,255,539
Nutrition services	300,095	-	300,095
Special event, earned income (Note 11)	246,722	-	246,722
Investment income (Note 4)	38,732	-	38,732
Other	147,377	-	147,377
Total revenue	<u>9,849,263</u>	<u>-</u>	<u>9,849,263</u>
Net assets released from restrictions (Note 12)	<u>1,371,141</u>	<u>(1,371,141)</u>	<u>-</u>
Total support, revenue, and transfers	<u>12,347,683</u>	<u>(824,244)</u>	<u>11,523,439</u>
EXPENSES			
Program services	9,694,283	-	9,694,283
Management and general	787,543	-	787,543
Fundraising	1,034,257	-	1,034,257
Total expenses	<u>11,516,083</u>	<u>-</u>	<u>11,516,083</u>
Change in net assets	831,600	(824,244)	7,356
Net assets, beginning of year	<u>2,256,957</u>	<u>4,297,603</u>	<u>6,554,560</u>
Net assets, end of year	<u>\$ 3,088,557</u>	<u>\$ 3,473,359</u>	<u>\$ 6,561,916</u>

The accompanying notes are an integral part of these financial statements.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Public support:			
Donations, pledges, and bequests	\$ 572,518	\$ 1,341,198	\$ 1,913,716
Special event donations (Note 11)	164,954	-	164,954
Foundation grants	<u>62,500</u>	<u>130,000</u>	<u>192,500</u>
Total support	<u>799,972</u>	<u>1,471,198</u>	<u>2,271,170</u>
Revenue:			
Paratransit services	4,435,022	-	4,435,022
Transportation contracts	5,141,673	-	5,141,673
Nutrition services	311,727	-	311,727
Special event, earned income (Note 11)	47,184	-	47,184
Investment income (Note 4)	65,389	-	65,389
Other	<u>181,389</u>	<u>-</u>	<u>181,389</u>
Total revenue	<u>10,182,384</u>	<u>-</u>	<u>10,182,384</u>
Net assets released from restrictions (Note 12)	<u>812,234</u>	<u>(812,234)</u>	<u>-</u>
Total support, revenue, and transfers	<u>11,794,590</u>	<u>658,964</u>	<u>12,453,554</u>
EXPENSES			
Program services	10,195,035	-	10,195,035
Management and general	868,121	-	868,121
Fundraising	<u>855,076</u>	<u>-</u>	<u>855,076</u>
Total expenses	<u>11,918,232</u>	<u>-</u>	<u>11,918,232</u>
Change in net assets	(123,642)	658,964	535,322
Net assets, beginning of year	<u>2,380,599</u>	<u>3,638,639</u>	<u>6,019,238</u>
Net assets, end of year	<u>\$ 2,256,957</u>	<u>\$ 4,297,603</u>	<u>\$ 6,554,560</u>

The accompanying notes are an integral part of these financial statements.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2018

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Transportation Services</u>	<u>Nutrition Services</u>	<u>Active Aging</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 4,942,614	\$ 250,123	\$ 423,036	\$ 5,615,773	\$ 492,167	\$ 358,536	\$ 6,466,476
Payroll taxes	420,272	20,955	35,103	476,330	36,589	26,568	539,487
Employee benefits	547,791	23,233	51,029	622,053	57,445	27,652	707,150
Workers compensation	284,124	6,486	1,408	292,018	3,586	1,333	296,937
Staff expenses	134,531	13,870	17,871	166,272	8,294	5,604	180,170
Consultants	121,339	6,287	128,257	255,883	88,055	350,707	694,645
Kitchen Staff	-	119,860	-	119,860	-	-	119,860
Food and kitchen supplies	-	84,795	-	84,795	-	-	84,795
Vehicle leasing/maintenance	936,008	15,333	-	951,341	756	-	952,097
Insurance	223,779	12,453	5,919	242,151	9,013	4,281	255,445
Facilities expense	492,308	115,473	85,441	693,222	24,793	112,029	830,044
Other	35,121	763	5,326	41,210	56,615	144,840	242,665
Depreciation expense	111,883	8,041	13,451	133,375	10,230	2,707	146,312
Total	\$ 8,249,770	\$ 677,672	\$ 766,841	\$ 9,694,283	\$ 787,543	\$ 1,034,257	\$ 11,516,083

The accompanying notes are an integral part of these financial statements.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the year ended June 30, 2017

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Transportation Services</u>	<u>Nutrition Services</u>	<u>Active Aging</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 5,297,936	\$ 206,117	\$ 495,617	\$ 5,999,670	\$ 542,977	\$ 292,143	\$ 6,834,790
Payroll taxes	453,033	16,999	41,172	511,204	34,041	22,323	567,568
Employee benefits	572,752	19,163	61,995	653,910	53,840	29,767	737,517
Workers compensation	397,909	6,173	2,241	406,323	5,512	1,285	413,120
Staff expenses	129,156	12,523	97,599	239,278	31,257	5,734	276,269
Consultants	90,711	2,565	61,345	154,621	106,030	278,348	538,999
Kitchen Staff	-	121,099	-	121,099	-	-	121,099
Food and kitchen supplies	-	83,859	-	83,859	-	-	83,859
Vehicle leasing/maintenance	906,089	15,059	-	921,148	723	-	921,871
Insurance	212,551	11,631	6,880	231,062	8,951	3,063	243,076
Facilities expense	413,225	69,888	103,609	586,722	44,462	4,224	635,408
Other	128,256	13,990	18,900	161,146	27,840	215,240	404,226
Depreciation expense	100,694	9,200	15,099	124,993	12,488	2,949	140,430
Total	<u>\$ 8,702,312</u>	<u>\$ 588,266</u>	<u>\$ 904,457</u>	<u>\$ 10,195,035</u>	<u>\$ 868,121</u>	<u>\$ 855,076</u>	<u>\$11,918,232</u>

The accompanying notes are an integral part of these financial statements.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 7,356	\$ 535,322
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	146,312	140,430
Gain on disposal of property, equipment, and improvements	(12,011)	-
Change in allowances for uncollectibility and present value discount	(12,135)	56,447
Net realized/unrealized gain on investments	(14,420)	(35,639)
Changes in assets and liabilities:		
Accounts and grants receivable	(144,543)	(17,987)
Pledges and bequests receivable	912,406	(691,377)
Inventory	(40)	18,794
Prepaid expenses	18,821	158,959
Rental and other deposits	4,080	30,307
Accounts payable and accrued expenses	32,472	(19,639)
Fares payable	8,742	3,646
Accrued payroll expenses	(16,312)	23,607
Deferred revenue	(20,000)	5,811
Accrued vacation	7,046	28,297
Total adjustments	<u>910,418</u>	<u>(298,344)</u>
Net cash provided by operating activities	<u>917,774</u>	<u>236,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment, and improvements, including capital leases	(145,836)	(121,232)
Cash paid for work in progress	(4,740)	(4,290)
Proceeds from disposals of property, equipment and improvements	24,856	-
Sales (purchases) of investments	197,522	(49,856)
Net cash provided (used) by investing activities	<u>71,802</u>	<u>(175,378)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for capital campaign	120,000	20,000
Pledges receivable, capital campaign	-	(149,238)
Net cash provided (used) by financing activities	<u>120,000</u>	<u>(129,238)</u>
Net increase (decrease) in cash and cash equivalents	1,109,576	(67,638)
Cash and cash equivalents, beginning of year	<u>2,457,228</u>	<u>2,524,866</u>
Cash and cash equivalents, end of year	<u>\$ 3,566,804</u>	<u>\$ 2,457,228</u>
Supplementary information:		
Cash paid for interest	<u>\$ 5,879</u>	<u>\$ 7,863</u>
Non-cash transactions:		
Capital addition offset by capital lease / loan	<u>\$ 135,535</u>	<u>\$ (28,644)</u>

The accompanying notes are an integral part of these financial statements.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 1 ORGANIZATION

For the past 64 years since 1954, Marin Senior Coordinating Council Incorporated, d.b.a. Whistlestop has been providing much needed services for the ever increasing number of Marin County's most vulnerable older adults allowing them to age with independence, dignity and grace. The agency's mission is to promote the independence, well-being and quality of life for older adults and people living with disabilities in Marin County.

Whistlestop envisions a community where its older adults are celebrated and honored. Whistlestop's programs and services help older adults in Marin thrive through the power of human connections. Every day Whistlestop staff connect older adults and people living with disabilities with a hub of essential services like transportation, meals, and classes that keep them active, healthy, and engaged. Whistlestop helps thousands of older adults in Marin avoid being isolated and lonely due to their physical or mental health challenges.

Whistlestop served nearly 11,000 individuals in 2017, the vast majority of whom are low income and over 60 years old, with a broad variety of services such as:

- Special Needs Transportation. Since 1969, and in partnership with Marin Transit, Golden Gate Transit, and many other nonprofit organizations Whistlestop serves residents with special transportation needs in Marin County, and individuals traveling to or through Marin from the surrounding counties. Whistlestop acts as a lifeline to their clients through helping to maintain their independence by transporting them to medical appointments, special day care programs, stores, friends, family and more, keeping them connected with anywhere they need to go in Marin, San Francisco and Sonoma counties. Whistlestop operates these transportation services with 120 specialized vehicles and over 160 employees focused on providing high-quality transportation services. The 20 hour a day, 365 days a year operation includes a call center as well as compassionate drivers who help the frailest residents remain independent through the provision of nearly 400,000 rides a year. This service is backed up by Whistlestop's CarePool program utilizing over 50 trained volunteer drivers able to assist older adults with their transportation needs.
- Nutrition programs including Whistlestop Nourish, Meals on Wheels, the Jackson Café, a food brown bag pantry (in collaboration with the SF/Marin Food Bank), home delivered grocery program, and the first Friday community breakfasts. Whistlestop provides over 115,000 food servings to older Marin residents every year.
- Social Connection Activities and Classes like arts and entertainment, computers, ukulele lessons, ping pong competitions, discussion groups, fitness, health and wellness, citizenship, English as a second language, understanding Medicare, cultural group gatherings, and senior counseling.
- Information and referral services that include a help line and a help desk, and the Directory of Older Adult Services for Marin County, Homeshare for older adults seeking or offering housing and the telephone reassurance program, and a provision of legal services in partnership with Legal Aid of Marin, including immigration assistance and legal aid counseling.

The Corporation receives a major portion of its revenue from transportation services, donations and bequests.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

Unrestricted net assets - Net assets that are not subject to any donor-imposed restrictions.

Temporarily restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations, (b) from other asset enhancements and diminishments that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Corporation pursuant to those stipulations.

Permanently restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation, (b) from other asset enhancements and diminishments that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

There were no permanently restricted net assets as of June 30, 2018 and 2017.

Method of Accounting - The financial statements of the Corporation are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date. From time to time, amounts on deposit may exceed federally-insured limits.

Accounts and Grants Receivable - It is the practice of the Corporation to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

Contributions - Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment, and Improvements - The Corporation records property, equipment, and improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from 3 to 40 years. The Corporation capitalizes all property and equipment with a cost in excess of \$1,000.

The Corporation reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2018 or 2017.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Corporation is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Service Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation.

Inventory - Inventory consists of vehicle equipment and parts. The items are recorded on a first-in, first-out basis and are valued at the lower of cost or net realizable value.

Deferred Revenue- The Corporation has a sponsorship that allows the Corporation to receive advances on future sponsorship benefits. As of June 30, 2018 and 2017, the Corporation received \$5,000 and \$25,000, respectively, held for future sponsorship benefits.

In-Kind Donation - The Corporation received the benefit of a donated vehicle during the year ended June 30, 2018, which was recorded at fair value based on the market approach on a non-recurring basis using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Fair Value Measurements Using			Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Recreational vehicle	\$ -	\$ 27,000	\$ -	\$ 27,000

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Volunteer Service - Whistlestop receives contributions through services provided by over 268 volunteers annually. Though not recognized in the financial statements because their services do not require any specialized skills, they have an invaluable impact on our wide population of older adults, who receive support and services from Whistlestop. Currently the average volunteer hourly rate in our locality is valued at \$29 per hour according to a national volunteer value database. The organization currently estimates the value of the following services at \$607,260.

Volunteer hours provided:	
Center Administrative Services	2,550
Active Aging Programs	6,110
Jackson Café Service	5,480
Meals on Wheels	5,030
Carepool	1,770
Total service hours provided	<u>20,940</u>

Advertising - The Corporation expenses advertising costs as incurred. During the years ended June 30, 2018 and 2017, \$34,649 and \$81,603, respectively, was paid in advertising costs.

ASC 740-10, Accounting for Uncertainty in Income Taxes - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and have measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Accounting Standards Update, ASU 2014-09, Revenue from Contracts with Customers (Topic 606)- In May 2014, the FASB issued new revenue recognition guidance, which applies to most contracts with customers. The core revenue recognition principle is that revenue should be recognized as the organization transfers goods or services to customers/clients in an amount reflecting the consideration it expects to receive. This new guidance is effective for the Corporation for annual reporting periods beginning after December 15, 2017. In the opinion of management, the implementation of this standard will not materially impact these financial statements.

Accounting Standards Update, ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)- In August 2016, the FASB issued new financial statement presentation guidance, which applies to most nonprofit financial statements. The new guidance will impact net asset classes, the presentation of investment return, and other changes, and is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The new standard is not expected to have a material effect on the Corporation's financial position, results of operations, or cash flows.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Update, ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* - In response to divergence in the way restricted cash is classified and presented in financial statements, FASB issued an amendment requiring that a statement of cash flows explain the change during a reporting period of the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. The amendment is effective for fiscal years beginning after December 31, 2018. The new standard is not expected to have an impact on the Corporation's statement of cash flows.

Accounting Standards Update, ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* - In June 2018, the FASB issued clarified guidance regarding the way nonprofit organizations record contracts and grants being received and issued. For each arrangement, the organization will have to determine key elements of the agreement including (a) whether or not there is an exchange transaction (i.e., direct commensurate value to funder), (b) whether there are donor-imposed conditions for non-exchange transactions (e.g., measurable performance barriers, etc.) before commitment may be recognized as income, and (c) whether there are donor-imposed restrictions on non-exchange, unconditional funds (i.e., limited purpose or timing restrictions). The new standard is effective for resource recipients for fiscal years beginning after December 15, 2018, and for resource providers for fiscal years beginning after December 15, 2019, and is expected to have a material impact on the Corporation's statement of financial position, results of operations, and cash flows.

Accounting Standards Update, ASU 2016-02, *Leases* - In February 2016, the FASB issued amendments to the way lessees record lease transactions. Upon implementation, lessees will be required to recognize at commencement the right-of-use asset and a lease liability representing the lessee's obligation to make lease payments arising from the lease, as discounted, for all leases except short-term leases. This Standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and early adoption is permitted. Management is currently evaluating the impact the amendments to this ASU will have on the financial statements of the Corporation.

Reclassifications - Certain balances at, and for the year ended June 30, 2017, were reclassified to conform with June 30, 2018, balances.

Subsequent Events - Subsequent events have been evaluated through November 6, 2018, which is the date the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 3 PLEDGES AND BEQUESTS RECEIVABLE

The Corporation has been awarded unconditional pledges and unconditional bequests receivable as of June 30, 2018 and 2017, as follows:

	Pledges and Bequests Receivable	Allowance for Doubtful Accounts (5%) and Allowance for Present Value Discount (0.5%)	Pledges and Bequests Receivable, Net
<u>June 30, 2018:</u>			
Current portion	\$ 1,084,238	\$ (54,212)	\$ 1,030,026
Total	<u>\$ 1,084,238</u>	<u>\$ (54,212)</u>	<u>\$ 1,030,026</u>
<u>June 30, 2017:</u>			
Current portion	\$ 2,041,644	\$ (56,462)	\$ 1,985,182
Long-term portion	<u>75,000</u>	<u>(9,885)</u>	<u>65,115</u>
Total	<u>\$ 2,116,644</u>	<u>\$ (66,347)</u>	<u>\$ 2,050,297</u>

NOTE 4 INVESTMENTS

The following are the major categories of investments measured at fair value on a recurring basis using the market method during the years ended June 30, 2018 and 2017, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Fair Value Measurements Using			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>June 30, 2018:</u>				
Equities	\$ 243,935	\$ -	\$ -	\$ 243,935
Fixed income	<u>417,209</u>	<u>-</u>	<u>-</u>	<u>417,209</u>
	<u>\$ 661,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,144</u>
<u>June 30, 2017:</u>				
Equities	\$ 327,362	\$ -	\$ -	\$ 327,362
Fixed income	<u>516,884</u>	<u>-</u>	<u>-</u>	<u>516,884</u>
	<u>\$ 844,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,246</u>

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NOTE 4 INVESTMENTS (Continued)

The following summarizes the investment income, including amounts earned on interest-bearing cash accounts, for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividend income, including interest earned on interest-bearing accounts	\$ 30,684	\$ 37,491
Net realized and unrealized gain on investments	14,420	35,639
Investment management fees	(6,372)	(7,741)
	\$ 38,732	\$ 65,389

NOTE 5 PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements consisted of the following at June 30, 2018 and 2017:

	Land	Building and Leasehold Improvements	Furniture Vehicles, and Equipment	Total
<u>Property, equipment, and improvements, at cost</u>				
Balance, June 30, 2016	\$ 365,482	\$ 2,121,352	\$ 1,148,885	\$ 3,635,719
Additions	-	18,153	74,435	92,588
Balance, June 30, 2017	365,482	2,139,505	1,223,320	3,728,307
Additions	-	30,659	250,712	281,371
Disposals	-	-	(26,327)	(26,327)
Balance, June 30, 2018	365,482	2,170,164	1,447,705	3,983,351
<u>Accumulated depreciation</u>				
Balance, June 30, 2016	-	1,869,544	826,719	2,696,263
Depreciation expense	-	44,739	95,691	140,430
Balance, June 30, 2017	-	1,914,283	922,410	2,836,693
Depreciation expense	-	43,726	102,586	146,312
Disposals	-	-	(13,482)	(13,482)
Balance, June 30, 2018	-	1,958,009	1,011,514	2,969,523
Property, equipment, and improvements, net	\$ 365,482	\$ 212,155	\$ 436,191	\$ 1,013,828

In addition to the vehicles shown above, the Corporation utilizes vehicles owned by the Marin County Transit District to provide transit services. The value of those County-owned vehicles is not reflected in these financial statements.

During the year ended June 30, 2013, the Corporation entered into a memorandum of understanding to renovate the existing building (see Note 16). As of June 30, 2018 and 2017, \$24,309 and \$19,569, respectively, was incurred in unreimbursed pre-development costs related to this project.

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NOTE 6 FARES PAYABLE

Fares collected by the Corporation are required to be remitted to the Marin County Transit District. At June 30, 2018 and 2017, there was a balance due to the Marin County Transit District of \$79,851 and \$71,109, respectively.

NOTE 7 CAPITAL LEASES

During the year ended June 30, 2013, the Corporation entered into a capital lease agreement for telephone equipment. The lease required 60 monthly payments of principal and interest of which all obligation under this lease expired in March of 2018.

In August 2014 the Corporation entered into a capital lease agreement for a vehicle. The lease requires 60 monthly payments of principal and interest of \$431, plus tax. During the years ended June 30, 2018 and 2017, the Corporation paid \$5,605 and \$5,194, respectively, under this lease.

Minimum future principal obligations under the long-term lease is:

Year ending <u>June 30,</u>	<u>Vehicle</u>
2019	\$ 5,083
2020	642
	<u>\$ 5,725</u>

NOTE 8 LOANS PAYABLE

On August 29, 2015, the Corporation entered into a promissory note up to \$300,000 with the Bank of Marin. The note is secured by inventory, accounts, equipment, and a motor vehicle, as described in the Security Agreement. The note allows for interest-only payments on amounts drawn at the fixed rate of 4.125% per annum for 6 months, followed by 59 payments of principal and interest of \$2,921 through the maturity date of March 5, 2021. As of June 30, 2018 and 2017, \$85,115 and \$115,907, respectively, was outstanding on this loan.

On May 5, 2016, the Corporation entered into a promissory note up to \$200,000 with the Bank of Marin. The note is secured by a motor vehicle, inventory, chattel paper, accounts, equipment, and general intangibles, as described in the Security Agreement. The note allows for interest-only payments on amounts drawn at the fixed rate of 4.125% per annum for 6 months, followed by 59 payments of principal and interest of \$743 through the maturity date of November 5, 2021. As of June 30, 2018 and 2017, \$27,759 and \$35,357, respectively, was outstanding on this loan.

On June 27, 2018, the Corporation entered into a promissory note up to \$800,000 with the Bank of Marin. The note is secured by a motor vehicle, inventory, chattel paper, accounts, equipment, and general intangibles, as described in the Security Agreement. The note allows for interest-only payments on the amounts drawn at the fixed rate of 5% per annum for 7 months, followed by 36 payments of principal and interest through the maturity date of February 5, 2022. As of June 30, 2018, \$183,400 had been drawn on this loan.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 8 LOANS PAYABLE (Continued)

The estimated future minimum payments under these loans are as follows:

Year ended June 30,	<u>Loan #1</u>	<u>Loan #2</u>	<u>Loan #3</u>	<u>Total</u>
2019	\$ 32,130	\$ 7,916	\$ 19,049	\$ 59,095
2020	36,330	8,221	59,084	103,635
2021	16,655	8,598	62,107	87,360
2022	-	3,024	43,160	46,184
	<u>\$ 85,115</u>	<u>\$ 27,759</u>	<u>\$ 183,400</u>	<u>\$ 296,274</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent donations, grants, and gifts to the Corporation, which have been restricted by time and/or purpose and consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Vehicles	\$ 65,054	\$ 65,054
Computer Lab	-	7,500
New Building Capital campaign (see Note 16)	2,900,305	3,180,976
Safetynet programs	300,000	116,667
Meals on Wheels	148,000	408,000
Transportation	-	15,000
Capacity building	30,000	-
Analytics software	30,000	-
Time-restricted	-	504,406
	<u>\$ 3,473,359</u>	<u>\$ 4,297,603</u>

NOTE 10 LINE OF CREDIT

The Corporation maintains a line of credit with Bank of Marin with a maximum borrowing of \$400,000. The line of credit is secured by a commercial security instrument and requires interest-only monthly payments, with a principal due at maturity on December 5, 2018. Amounts drawn on the loan bear interest at the bank's Prime Rate plus 0.5%, which was 4.75% in 2018 and 2017. As of June 30, 2018 and 2017, no amounts were outstanding on this line of credit.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 SPECIAL EVENTS

During the years ended June 30, 2018 and 2017, the Corporation held special events resulting in net income as follows:

	2018	2017
Special event donations	\$ 108,902	\$ 164,954
Earned income	246,722	47,184
Less: direct expenses	(96,357)	(40,305)
Net special event earned income	150,365	6,879
 Total event net income	 \$ 259,267	 \$ 171,833

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

The Corporation fulfilled the time and/or purpose restrictions of the following temporarily restricted items and they were released to unrestricted net assets at June 30, 2018 and 2017:

	2018	2017
New Building Capital campaign (see Note 16)	\$ 407,568	\$ 335,204
Safetynet programs	116,667	133,333
Meals on Wheels	260,000	110,514
Whistlestop programs	-	110,515
Disaster planning	-	10,000
Computer lab	7,500	5,000
Nutrition program	-	92,668
Transportation services	15,000	15,000
Time-restricted	504,406	-
Capacity building	40,000	-
Analytics software	20,000	-
	\$ 1,371,141	\$ 812,234

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017

NOTE 13 OPERATING LEASES AND LONG-TERM CONTRACTS

The Corporation has entered into operating leases and long-term contracts as follows:

<u>Type</u>	<u>Maturity</u>	<u>Monthly Payment</u>	<u>Expenses</u>	
			<u>2018</u>	<u>2017</u>
15 Jordan Street San Rafael Property	6/2019	\$ 11,547	\$ 142,716	\$ 138,564
Two vehicles	2/2020	\$ 462	\$ 5,544	\$ 2,334
One vehicle	8/2020	\$ 230	\$ 2,530	\$ -
Parking lot, San Rafael property	1/2020	\$6,250 - \$7,240	\$ 82,925	\$ 77,875
Parking spaces, San Rafael	6/2020	\$1,850 - \$1,982	\$ 22,872	\$ 22,200
Commercial space, San Francisco	3/2018	\$5,800 - \$6,273	\$ 75,843	\$ 73,107
Three Shuttle Buses	7/2018	\$ 3,297	\$ 39,534	\$ 46,768
Two Shuttle Buses	7/2018	\$ 2,327	\$ 30,432	\$ 30,471
Photocopier	8/2018	\$ 403	\$ 4,836	\$ 4,803
Photocopier	2/2020	\$ 413	\$ 4,956	4,130
Nine Shuttle Buses	11/2018	\$ 10,873	\$ 142,224	\$ 142,386
Four Shuttle Buses	11/2018	\$ 4,340	\$ 56,989	\$ 56,832
Postage machine	8/2019	\$ 21	\$ 231	\$ -

Minimum future obligations under these non-cancellable operating leases and long-term contracts are:

<u>Year ending June 30,</u>	<u>Parking Lots and Buildings</u>	<u>Vehicles</u>	<u>Copiers and Other Equipment</u>	<u>Total</u>
2019	\$ 258,630	\$ 60,605	\$ 10,386	\$ 329,621
2020	76,063	5,989	2,977	85,029
2021	-	460	-	460
	<u>\$ 334,693</u>	<u>\$ 67,054</u>	<u>\$ 13,363</u>	<u>\$ 415,110</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 14 TAX-SHELTERED ANNUITY PLAN

The Corporation sponsors a tax-sheltered annuity plan in accordance with Internal Revenue Code Section 403(b). Employees may participate and are allowed to direct a portion of their compensation into a tax-deferred account on his/her first day of employment with the Corporation, on condition that their normal weekly payroll hours exceed 20 hours. The Corporation may decide at their annual discretion to make a matching contribution to the plan of up to 3% of an eligible employees' compensation but not greater than equal to a plan participants' elective deferrals. In order to become an eligible participant the employee must complete one year of service, which is defined as 1,000 worked hours during the Corporation's fiscal year ending June 30th, and they must still be employed with the Corporation as of the end of the Corporations' fiscal year. Employer has made discretionary matching contributions for the years ended June 30, 2018 and 2017, totaling \$43,205 and \$52,569, respectively.

NOTE 15 CONCENTRATIONS

The Corporation has provided services to the Marin County Transit District (MCTD) for more than 20 years and earned gross revenue of approximately \$4,638,000 in the year ended June 30, 2018, which comprises approximately 40% of the Corporation's total revenue for the year (36% for 2017).

The Corporation is also the recipient of a pledge from a donor with a remaining balance of \$1,000,000 that represents 97% of the current pledge receivable balance at June 30, 2018.

NOTE 16 REDEVELOPMENT AND IMPACT OF SMART STATION SITE

Whistlestop owns the property, 930 Tamalpais Avenue, San Rafael, which currently houses the organization's Active Aging Center, Jackson Café restaurant, and administrative offices. The Sonoma Marin Area Rail Train (SMART) downtown San Rafael station platform is adjacent to the east side of the property. SMART train began operations in the late summer of 2017.

In addressing the challenges of the planned SMART downtown location, Whistlestop embarked on a redevelopment plan for its existing property and site. The redevelopment plan proposed a rebuild to include the addition of senior affordable housing units combined with a new state of the art Active Aging center. The organization has partnered with a notable nonprofit housing organization, Eden Housing, to develop, construct, and manage the housing component of the project. Whistlestop and Eden Housing submitted a formal application to the City of San Rafael's Planning department for the new redevelopment project in July, 2015.

In November 2015, Whistlestop began discussions with BioMarin who had recently purchased the 999 Third Street property from PG&E. This location is approximately 2.5 blocks from Whistlestop's 930 Tamalpais location. The concept discussed was to move the proposed Whistlestop/Eden project originally designed for the 930 Tamalpais site to the new BioMarin site at 999 Third street.

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NOTE 16 REDEVELOPMENT AND IMPACT OF SMART STATION SITE (Continued)

After several meetings involving Whistlestop, Eden Housing, BioMarin, and the City of San Rafael, it was decided that the 999 Third street property could be a more suitable site to locate the proposed Whistlestop new building project. In February 2016, BioMarin, Whistlestop and Eden Housing signed a non-binding Memorandum of Understanding (MOU) to work together and develop a co-application for the 999 Third street property. The result of this work led to the submission of a pre-application for the 999 Third street property in August, 2016. The City of San Rafael's planning department provided written feedback in November, 2016 regarding the submitted pre-application. BioMarin, Whistlestop and Eden Housing submitted a revised pre-application to the City in December, 2017, and then presented concept design plans to the City's Design Review Board and Planning Commission in February, 2018.

Whistlestop placed its filed application "on hold" for the redevelopment of the 930 Tamalpais location with the city of San Rafael effective February, 2016. If for some reason the 999 Third street application is not approved, Whistlestop will revert back to the original application filed for the 930 Tamalpais location.

In October, 2018, Whistlestop, Eden Housing, and BioMarin entered into a new binding MOU to rescind and replace the previous MOU. This new MOU describes and memorializes the parties' mutual understanding of how they will cooperate in carrying out their respective development, financial, and constructions responsibilities as sponsors of the 999 Third Street Development project. On October 5, 2018, Whistlestop, Eden Housing and BioMarin submitted their formal application for the 999 Third Street development project to the City of San Rafael's Planning department.

NOTE 17 PROGRAMMATIC EQUITY INSTRUMENTS

In August 2017, Marinspace, a 501(c)(3) nonprofit organization based in Marin CA, announced its intention to wind down its operations and gift 70 Skyview Property to a worthy nonprofit or collaboration of nonprofits. In November, 2017, after an exhaustive vetting process, the Marin Center for Independent Living (MCIL) and Whistlestop were selected to receive the gift as a result of their strategic vision for the long-term vision of creating the Marin Aging and Disability Institute.

The formation of the Marin Aging and Disability Institute (MADI) will serve as a critical community resource for Marin County residents who desire to age in place and access the social services and supports they need. MADI will take a "No-Wrong Door," approach to service delivery where community-based organizations serving older adults and people with disabilities will be invited to co-locate and/or establish offices at the Skyview campus for one-stop intake and enrollment into multi-agency services.

The MADI campus will provide what the health care sector refers to as "coordinated care", the strategic collaboration and coordination of services from multiple service providers that meets the individual where they are at and provides them with the support they need in a timely fashion. Coordinated care takes many forms: facilitating transportation to and from medical appointments, accessing food and nutritional support, participating in an adult day health program, navigating public and private benefits, hiring a caregivers to support an individual in their activities of daily living and/or reducing fall risk through home access modifications.

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NOTE 17 PROGRAMMATIC EQUITY INSTRUMENTS (Continued)

In June, 2018, the Marin Aging and Disability Institute LLC was formed for the specific purpose of holding title to property, including real and personal property located at 70 Skyview Terrace, San Rafael, California, 94903, managing, operating, leasing and otherwise dealing with the property to principally house public agencies and nonprofit organizations providing services for the public benefit and those in need, including but not limited to aging, disability, health, education, housing and human services. Whistlestop and MCIL are each 50% Members in the LLC. In June 2018, MADI was granted 501(c)(3) tax exempt status by the IRS.

MCIL and Whistlestop have established a comprehensive Operating Agreement in order to complete the organization of the company, provide for the governance of the company and establish conduct for the company's business. The establishment of MADI will move the county forward and create systems change by redefining how Marin's elders and individuals with disabilities live, learn, earn and age in place.

The management of the business and assets of the MADI LLC are vested solely in six Managers (the "Managers"), three appointed by MCIL and three appointed by Whistlestop. Each of the initial Members shall have the power to fill vacancies, and remove and replace the Managers appointed by them respectively, from time to time, with or without cause. The Managers shall have the full and sole power and authority to manage, control and conduct the business and affairs of the MADI LLC and may exercise all powers of the Company without the need for further approval by the Members or any additional or successor members of the Company.

The asset transfer from Marinspace and MADI is scheduled to be completed on October 31, 2018.

NOTE 18 CONTINGENCIES AND COMMITMENTS

The Corporation relies on a significant amount of funding received in the form of donations and grants from individuals and foundations as well as investment income to support its operations. The current global financial markets may have an impact on the level of funding provided by these funding sources and the market value of marketable equity securities held by the Corporation. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Corporation's exposure to impact from these events.

On May 3, 2017, the Buck Family Fund (MCF) Board of Trustees approved a Grant for \$2,000,000 to support the development of its Aging Access Center. Grant funds will be recorded as an asset and disbursed to Whistlestop once certain conditions have been satisfied. MCF is making the grant subject to the following conditions being met: provide MCF with evidence of building entitlements and construction permits; final project budget and proof of other committed source of funds; confirm that final project scope aligns and conforms with original grant request; and a five-year proforma operating budget and plan, and a final project team list.

The Organization, from time to time, receives information regarding claims against the Organization in the ordinary course of business. Such claims can involve current and former employees' and clients, or client families. Management has represented that its insurance company is responsible for handling any and all such claims, and believes the insurance coverage is adequate to protect the Organization in the event of a successful claim. An estimate of possible damages, if any, which the Organization would be liable for, cannot be made at this time, however management believes any such liability would be immaterial in amount.