

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

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2017 and 2016 (as Restated*)**

* See Note 13 on Page 17

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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, 2017 and 2016 (as restated; see Note 13), 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, 2017 and 2016 (restated), 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".

January 9, 2018

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016 (Restated*)

	2017	2016 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,457,228	\$ 2,524,866
Accounts and grants receivable (Note 2)	986,515	968,528
Current portion of pledges and bequests receivable (Note 3)	1,985,182	246,029
Inventory (Note 2)	18,764	37,558
Prepaid expenses	87,186	246,145
Total current assets	5,534,875	4,023,126
Rental and other deposits	84,590	114,897
Investments (Note 4)	844,246	758,751
Pledges receivable, net of current portion and present value discount (Note 3)	65,115	1,040,100
Construction in progress (Note 5)	19,569	15,279
Property, equipment and improvements, net of accumulated depreciation of \$2,836,693 at 2017 and \$2,696,263 at 2016 (Notes 2 and 5)	891,614	939,456
Total assets	\$ 7,440,009	\$ 6,891,609
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 148,437	\$ 168,076
Fares payable (Note 6)	71,109	67,463
Accrued payroll expenses	194,505	170,898
Deferred revenue (Note 2)	25,000	19,189
Accrued vacation	279,934	251,637
Capital lease, current portion (Note 7)	9,462	15,000
Loans payable, current portion (Note 8)	38,423	37,606
Total current liabilities	766,870	729,869
Capital lease, net of current portion (Note 7)	5,738	15,230
Loans payable, net of current portion (Note 8)	112,841	127,272
Total liabilities	885,449	872,371
Net assets:		
Unrestricted net assets	2,256,957	2,380,599
Temporarily restricted net assets (Note 9)	4,297,603	3,638,639
Total net assets	6,554,560	6,019,238
Total liabilities and net assets	\$ 7,440,009	\$ 6,891,609

* See Note 13

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, 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	62,500	130,000	192,500
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	181,389	-	181,389
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	855,076	-	855,076
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 ACTIVITIES (CONTINUED)
For the year ended June 30, 2016 (Restated*)

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Public support:			
Donations, pledges, and bequests	\$ 671,463	\$ 336,029	\$ 1,007,492
Special event donations (Note 11)	120,625	-	120,625
Foundation grants	<u>68,500</u>	<u>205,000</u>	<u>273,500</u>
Total support	<u>860,588</u>	<u>541,029</u>	<u>1,401,617</u>
Revenue:			
Paratransit services	4,963,750	-	4,963,750
Transportation contracts	5,105,529	-	5,105,529
Nutrition services	290,486	-	290,486
Special event, earned income (Note 11)	57,496	-	57,496
Investment income (Note 4)	39,768	-	39,768
Other	<u>212,195</u>	<u>-</u>	<u>212,195</u>
Total revenue	<u>10,669,224</u>	<u>-</u>	<u>10,669,224</u>
Net assets released from restrictions (Note 12)	<u>255,999</u>	<u>(255,999)</u>	<u>-</u>
Total support, revenue, and transfers	<u>11,785,811</u>	<u>285,030</u>	<u>12,070,841</u>
EXPENSES			
Program services	10,125,760	-	10,125,760
Management and general	727,438	-	727,438
Fundraising	<u>713,575</u>	<u>-</u>	<u>713,575</u>
Total expenses	<u>11,566,773</u>	<u>-</u>	<u>11,566,773</u>
Change in net assets	219,038	285,030	504,068
Net assets, beginning of year	<u>2,161,561</u>	<u>3,353,609</u>	<u>5,515,170</u>
Net assets, end of year	<u>\$ 2,380,599</u>	<u>\$ 3,638,639</u>	<u>\$ 6,019,238</u>

* See Note 13

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, 2017

	Program Services			Supporting Services			
	Transportation Services	Nutrition Services	Active Aging	Total Program	Management and General	Fundraising	Total
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	\$ 8,702,312	\$ 588,266	\$ 904,457	\$ 10,195,035	\$ 868,121	\$ 855,076	\$ 11,918,232

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

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the year ended June 30, 2016

	<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	\$ 5,002,816	\$ 182,361	\$ 436,454	\$ 5,621,631	\$ 430,726	\$ 252,232	\$ 6,304,589
Payroll taxes	457,872	16,699	37,207	511,778	33,060	19,402	564,240
Employee benefits	585,293	20,121	63,488	668,902	51,805	18,971	739,678
Workers compensation	518,042	7,047	3,947	529,036	5,983	1,557	536,576
Staff expenses	154,711	13,463	51,967	220,141	2,391	8,208	230,740
Consultants	218,293	5,614	22,056	245,963	100,280	169,339	515,582
Kitchen staff	-	121,529	700	122,229	-	-	122,229
Food and kitchen supplies	-	91,838	-	91,838	-	-	91,838
Vehicle leasing / maintenance	864,549	13,330	-	877,879	650	-	878,529
Insurance	304,464	10,181	4,382	319,027	10,711	4,225	333,963
Facilities expenses	396,263	61,112	60,967	518,342	35,500	11,650	565,492
Other	163,120	18,138	53,886	235,144	24,854	224,950	484,948
Depreciation expense	84,095	27,872	51,883	163,850	31,478	3,041	198,369
Total	\$ 8,749,518	\$ 589,305	\$ 786,937	\$ 10,125,760	\$ 727,438	\$ 713,575	\$11,566,773

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, 2017 and 2016 (Restated*)

	2017	2016 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 535,322	\$ 504,068
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	140,430	198,369
Loss on disposal of property, equipment, and improvements	-	8,532
Change in allowances for uncollectibility and present value discount	56,447	(5,000)
Unrealized (gain) loss on investments	(14,324)	22,181
Realized gain on investments	-	(32,843)
Changes in assets and liabilities:		
Accounts and grants receivable	(17,987)	316,227
Pledges and bequests receivable	(691,377)	(221,029)
Inventory	18,794	(11,333)
Prepaid expenses	158,959	(170,619)
Rental and other deposits	30,307	(52,549)
Accounts payable and accrued expenses	(19,639)	(37,673)
Fares payable	3,646	(75,635)
Accrued payroll expenses	23,607	(204,526)
Deferred revenue	5,811	4,087
Accrued vacation	28,297	26,987
Total adjustments	<u>(277,029)</u>	<u>(234,824)</u>
Net cash provided by operating activities	<u>258,293</u>	<u>269,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment, and improvements, including capital leases	(121,232)	(149,693)
Cash paid for work in progress	(4,290)	(7,215)
(Purchases) sales of investments	(71,171)	12,920
Net cash used by investing activities	<u>(196,693)</u>	<u>(143,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for capital campaign	20,000	1,425,000
Pledges receivable, capital campaign	(149,238)	-
Net cash (used) provided by financing activities	<u>(129,238)</u>	<u>1,425,000</u>
Net (decrease) increase in cash and cash equivalents	(67,638)	1,550,256
Cash and cash equivalents, beginning of year	<u>2,524,866</u>	<u>974,610</u>
Cash and cash equivalents, end of year	<u>\$ 2,457,228</u>	<u>\$ 2,524,866</u>
Supplementary information:		
Cash paid for interest	<u>\$ 7,863</u>	<u>\$ 6,005</u>
Non-cash transactions:		
Capital addition offset by capital lease	<u>\$ (28,644)</u>	<u>\$ 164,878</u>

* See Note 13

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, 2017 and 2016 (Restated)

NOTE 1 ORGANIZATION

For the past 63 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 adult's 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 they 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 10,000 individuals in 2016, 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 and help its clients 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 transportation. The 20 hour a day 365 days a year operation has a call center and 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 Meals on Wheels, the Jackson Café, a food bank (in collaboration with the SF/Marin Food Bank), home delivered grocery program, and the first Friday community breakfasts. Whistlestop provides over 100,000 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, 2017 and 2016 (Restated)

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 diminishment 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 diminishment 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, 2017 and 2016.

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, Grants, Pledges, and Bequests 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, 2017 and 2016 (Restated)

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 2017 or 2016.

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 printed fundraising mailers and vehicle parts. The items are recorded on a first-in, first-out basis and are valued at the lower of cost or market value.

Deferred Revenue- The Corporation has a sponsorship that allows the Corporation to receive advances on future sponsorship benefits. As of June 30, 2017 and 2016, the Corporation received \$25,000 and \$19,189, respectively, held for future sponsorship benefits.

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 \$28 per hour according to a national volunteer value database. The organization currently estimates the value of the following services at \$586,320.

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>

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016 (Restated)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising - The Corporation expenses advertising costs as incurred. During the years ended June 30, 2017 and 2016, \$81,603 and \$81,946, respectively, was paid in advertising costs.

Accounting Standards, 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, 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.

Accounting Standards, ASU 2015-11, Inventory (Topic 330) - In July 2015, the FASB issued new guidance to simplify the measurement of inventory held by the Corporation. The new guidance applies to inventory measured using the first-in, first-out or average cost method, which should be measured using the lower of cost and net realizable value (the estimated selling price in the normal course of business, less reasonably predicted costs of completion, disposal, and transportation). This new standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2016, and is not expected to have a material impact on the Corporation's financial position, results of operations, or cash flows.

Reclassification - Certain balances at, and for the year ended June 30, 2016, were reclassified to conform with June 30, 2017, balances.

Subsequent Events - Subsequent events have been evaluated through January 9, 2018, which is the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016 (Restated)

NOTE 3 PLEDGES AND BEQUESTS RECEIVABLE

The Corporation has been awarded unconditional pledges and unconditional bequests receivable as of June 30, 2017 and 2016, 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, 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>
<u>June 30, 2016:</u>			
Current portion	\$ 246,029	\$ -	\$ 246,029
Long-term portion	<u>1,050,000</u>	<u>(9,900)</u>	<u>1,040,100</u>
Total	<u>\$ 1,296,029</u>	<u>\$ (9,900)</u>	<u>\$ 1,286,129</u>

The pledges and bequests receivable are expected to be collected in future periods as follows:

<u>Year ending June 30,</u>	
2018	\$ 2,041,644
2019	<u>75,000</u>
	<u>\$ 2,116,644</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, 2017 and 2016, 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, 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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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016 (Restated)

NOTE 4 INVESTMENTS (Continued)

<u>Description</u>	<u>Fair Value Measurements Using</u>			<u>Total</u>
	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<u>June 30, 2016:</u>				
Equities	\$ 308,556	\$ -	\$ -	\$ 308,556
Fixed income	<u>450,195</u>	<u>-</u>	<u>-</u>	<u>450,195</u>
	<u>\$ 758,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 758,751</u>

The following summarizes the investment income, including amounts earned on interest-bearing cash accounts, for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividend income, including interest earned on interest-bearing accounts	\$ 58,806	\$ 36,299
Unrealized gain (loss) on investments	14,324	(22,181)
Realized gain on investments	-	32,843
Fees	<u>(7,741)</u>	<u>(7,193)</u>
	<u>\$ 65,389</u>	<u>\$ 39,768</u>

NOTE 5 PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements consisted of the following at June 30, 2017 and 2016:

<u>Property, equipment, and improvements, at cost</u>	<u>Land</u>	<u>Building and Leasehold Improvements</u>	<u>Furniture Vehicles, and Equipment</u>	<u>Total</u>
Balance, June 30, 2015	\$ 365,482	\$ 2,072,970	\$ 1,366,504	\$ 3,804,956
Additions	-	48,382	244,888	293,270
Disposals	<u>-</u>	<u>-</u>	<u>(462,507)</u>	<u>(462,507)</u>
Balance, June 30, 2016	365,482	2,121,352	1,148,885	3,635,719
Additions	<u>-</u>	<u>18,153</u>	<u>74,435</u>	<u>92,588</u>
Balance, June 30, 2017	<u>365,482</u>	<u>2,139,505</u>	<u>1,223,320</u>	<u>3,728,307</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5 PROPERTY, EQUIPMENT, AND IMPROVEMENTS (Continued)

	Land	Building and Leasehold Improvements	Furniture Vehicles, and Equipment	Total
<u>Accumulated depreciation</u>				
Balance, June 30, 2015	-	1,744,915	1,214,169	2,959,084
Depreciation expense	-	124,629	73,740	198,369
Disposals	-	-	(461,190)	(461,190)
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
Property, equipment, and improvements, net	<u>\$ 365,482</u>	<u>\$ 225,222</u>	<u>\$ 300,910</u>	<u>\$ 891,614</u>

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 17). As of June 30, 2017 and 2016, \$19,569 and \$15,279, respectively, was incurred in unreimbursed pre-development costs related to this project.

NOTE 6 FARES PAYABLE

Fares collected by the Corporation are required to be remitted to the Marin County Transit District. At June 30, 2017 and 2016, there was a balance due to the Marin County Transit District of \$71,109 and \$67,463, 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 requires 60 monthly payments of principal and interest of \$916 plus tax, and has a \$1 purchase option at maturity. During the years ended June 30, 2017 and 2016, the Corporation paid \$11,034 and \$11,044, respectively, under this lease.

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, 2017 and 2016, the Corporation paid \$5,194 and \$5,172, respectively, under this lease.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016 (Restated)

NOTE 7 CAPITAL LEASES (Continued)

Minimum future principal obligations under these capital leases are:

Year ending June 30,	Phone Equipment	Vehicle	Total
2018	\$ 4,489	\$ 4,973	\$ 9,462
2019	-	5,738	5,738
	<u>\$ 4,489</u>	<u>\$ 10,711</u>	<u>\$ 15,200</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 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, 2017 and 2016, \$115,907 and \$144,601, respectively, had been drawn 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 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, 2017 and 2016, \$35,357 and \$20,277, respectively, had been drawn on this loan.

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

Year ended June 30,	Loan #1	Loan #2	Total
2018	\$ 30,669	\$ 7,754	\$ 38,423
2019	31,976	7,920	39,896
2020	33,336	8,253	41,589
2021	19,926	8,600	28,526
Thereafter	-	2,830	2,830
	<u>\$ 115,907</u>	<u>\$ 35,357</u>	<u>\$ 151,264</u>

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NOTES TO FINANCIAL STATEMENTS
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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, 2017 and 2016:

	2017	2016
Vehicles	\$ 65,054	\$ 65,054
Computer Lab	7,500	5,000
New Building Capital campaign (see Note 17)	3,180,976	3,147,556
Safetynet programs	116,667	200,000
Meals on Wheels	408,000	110,514
Whistlestop programs	-	110,515
Transportation	15,000	-
Time-restricted	504,406	-
	<u>\$ 4,297,603</u>	<u>\$ 3,638,639</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 2017 and 3.75% in 2016. As of June 30, 2017 and 2016, no amounts were outstanding on this line of credit.

NOTE 11 SPECIAL EVENTS

During the years ended June 30, 2017 and 2016, the Corporation held special events resulting in net income as follows:

	2017	2016
Special event donations	\$ 164,954	\$ 120,625
Earned income	47,184	57,496
Less: direct expenses	(40,305)	(46,464)
Net special event earned income	6,879	11,032
Total event net income	<u>\$ 171,833</u>	<u>\$ 131,657</u>

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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, 2017 and 2016:

	2017	2016
New Building Capital campaign (see Note 17)	\$ 335,204	\$ 155,999
Safetynet programs	133,333	100,000
Meals on Wheels	110,514	-
Whistlestop programs	110,515	-
Disaster planning	10,000	-
Computer lab	5,000	-
Nutrition program	92,668	-
Transportation services	15,000	-
	\$ 812,234	\$ 255,999

NOTE 13 PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2017, the Corporation discovered a capital campaign unconditional pledge of \$100,000 made during the year ended June 30, 2016, which was not fully accrued in that period. As a result, a prior period adjustment was made to record the \$75,000 balance remaining on that pledge as of June 30, 2016 as an increase in that year's revenue, and an increase in pledges receivable (\$25,000 current and \$50,000 long-term) and temporarily restricted net assets for the year ended June 30, 2016.

NOTE 14 OPERATING LEASES AND LONG-TERM CONTRACTS

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

Type	Maturity	Monthly Payment	Expenses	
			2017	2016
15 Jordan Street San Rafael Property	6/2019	\$ 11,547	\$ 138,564	\$ 138,564
Two vehicles	2/2017	\$ 454	\$ 2,729	\$ 5,448
Two vehicles	2/2020	\$ 474	\$ 2,334	N/A
Parking lot, San Rafael property	1/2020	\$6,250 - \$7,240	\$ 77,875	\$ 75,000
Parking spaces, San Rafael	6/2020	\$1,850 - \$1,982	\$ 22,200	\$ 17,655
Commercial space, San Francisco	3/2018	\$5,800 - \$6,273	\$ 73,107	\$ 70,296

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NOTES TO FINANCIAL STATEMENTS
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NOTE 14 OPERATING LEASES AND LONG-TERM CONTRACTS (Continued)

<u>Type</u>	<u>Maturity</u>	<u>Monthly Payment</u>	<u>Expenses</u>	
			<u>2017</u>	<u>2016</u>
Three Shuttle Buses	10/2018	\$ 3,297	\$ 46,768	\$ 39,622
Two Shuttle Buses	10/2018	\$ 2,327	\$ 30,471	\$ 27,962
Photocopier	8/2018	\$ 403	\$ 4,386	\$ 4,401
Photocopier	1/2020	\$ 413	\$ 4,130	N/A
Nine Shuttle Buses	11/2018	\$ 10,873	\$ 142,386	\$ 95,032
Four Shuttle Buses	11/2018	\$ 4,340	\$ 56,832	\$ 33,187

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>
2017	\$ 304,973	\$ 255,732	\$ 9,792	\$ 570,497
2018	255,282	83,412	5,762	344,456
2019	74,464	3,318	2,891	80,673
	<u>\$ 634,719</u>	<u>\$ 342,462</u>	<u>\$ 18,445</u>	<u>\$ 995,626</u>

NOTE 15 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 after 90 days of employment. The Corporation also contributes up to 3% of eligible participants' compensation to the employees' account after one year of service. Employer contributions made for the years ended June 30, 2017 and 2016, totaled \$52,569 and \$48,223, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 16 CONCENTRATIONS

The Corporation has provided services to the Marin County Transit District (MCTD) for more than 20 years and earned gross revenue of approximately \$4,515,000 in the year ended June 30, 2017, which comprises approximately 36% of the Corporation's total revenue for the year (62% for 2016).

The Corporation is also the recipient of a pledge from a donor with a remaining balance of \$1,000,000 that represents 50% of the current pledge receivable balance at June 30, 2017.

NOTE 17 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.

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 are planning to submit a revised pre-application to the City in December, 2017, and then present concept design plans to the City's Design Review Board and Planning Commission in January, 2018.

As a result of this new opportunity 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.

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NOTES TO FINANCIAL STATEMENTS
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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 September 21, 2017, MSCC received a summons to appear in Marin County Superior Court as a Defendant in a civil case brought by a consumer. MSCC has provided the relevant information to their liability insurance legal counsel who intends to fight any claims that may have financial adverse effect on the Corporation. Due to the developing status of this matter and the uncertainty of its outcome, the Corporation cannot reasonably estimate possible loss that may arise from this matter or whether this matter will have a material impact on its financial condition or operating results. MSCC maintains an appropriate level of liability insurance for coverage of incidences such as these.

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.