

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

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2019 and 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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".

December 11, 2019

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,177,501	\$ 3,566,804
Accounts and grants receivable (Note 2)	1,367,123	1,131,058
Current portion of pledges and bequests receivable, net (Note 4)	1,017,926	1,030,026
Inventory (Note 2)	22,741	18,804
Prepaid expenses	79,247	68,365
Total current assets	4,664,538	5,815,057
Rental and other deposits	37,477	80,510
Investments (Note 5)	672,385	661,144
Pledges receivable, net of current portion and allowances (Note 4)	146,308	-
Charitable remainder trust (Note 6)	119,523	-
Programmatic equity instruments (Note 7)	1,074,477	-
Construction in progress (Note 8)	28,959	24,309
Property, equipment and improvements, net of accumulated depreciation of \$2,994,633 at 2019 and \$2,969,523 at 2018 (Notes 2 and 8)	1,473,555	1,013,828
Total assets	\$ 8,217,222	\$ 7,594,848
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 148,303	\$ 180,909
Fares payable (Note 9)	84,131	79,851
Accrued payroll expenses	236,325	178,193
Deferred revenue (Note 2)	-	5,000
Accrued vacation	297,356	286,980
Capital lease, current portion (Note 10)	630	5,083
Loans payable, current portion (Note 11)	298,266	59,095
Total current liabilities	1,065,011	795,111
Capital lease, net of current portion (Note 10)	-	642
Loans payable, net of current portion (Note 11)	426,497	237,179
Total liabilities	1,491,508	1,032,932
Net assets:		
Net assets without donor restrictions	1,926,120	3,088,557
Net assets with donor restrictions (Note 12)	4,799,594	3,473,359
Total net assets	6,725,714	6,561,916
Total liabilities and net assets	\$ 8,217,222	\$ 7,594,848

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Public support:			
Donations, pledges, and bequests	\$ 799,075	\$ 609,758	\$ 1,408,833
Special event donations (Note 14)	167,024	-	167,024
Foundation grants	105,500	30,000	135,500
Programmatic equity instruments (Note 7)	-	1,074,477	1,074,477
Total support	<u>1,071,599</u>	<u>1,714,235</u>	<u>2,785,834</u>
Revenue:			
Paratransit services	5,470,215	-	5,470,215
Transportation contracts	3,941,038	-	3,941,038
Nutrition services	295,765	-	295,765
Special event, earned income (Note 14)	110,357	-	110,357
Investment income (Note 5)	63,384	-	63,384
Other	234,963	-	234,963
Total revenue	<u>10,115,722</u>	<u>-</u>	<u>10,115,722</u>
Net assets released from restrictions, fulfillment of purpose and/or time restrictions	<u>388,000</u>	<u>(388,000)</u>	<u>-</u>
Total support, revenue, and transfers	<u>11,575,321</u>	<u>1,326,235</u>	<u>12,901,556</u>
EXPENSES AND LOSSES			
Program services	10,229,505	-	10,229,505
Management and general	1,338,231	-	1,338,231
Fundraising	1,170,022	-	1,170,022
Total expenses and losses	<u>12,737,758</u>	<u>-</u>	<u>12,737,758</u>
Change in net assets	(1,162,437)	1,326,235	163,798
Net assets, beginning of year	<u>3,088,557</u>	<u>3,473,359</u>	<u>6,561,916</u>
Net assets, end of year	<u>\$ 1,926,120</u>	<u>\$ 4,799,594</u>	<u>\$ 6,725,714</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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Public support:			
Donations, pledges, and bequests	\$ 869,717	\$ 116,897	\$ 986,614
Special event donations (Note 14)	108,902	-	108,902
Foundation grants	72,500	430,000	502,500
In-kind donation (Note 2)	27,000	-	27,000
Total support	<u>1,078,119</u>	<u>546,897</u>	<u>1,625,016</u>
Revenue:			
Paratransit services	4,909,958	-	4,909,958
Transportation contracts	4,255,539	-	4,255,539
Nutrition services	300,095	-	300,095
Special event, earned income (Note 14)	246,722	-	246,722
Investment income (Note 5)	38,732	-	38,732
Other	147,377	-	147,377
Total revenue	<u>9,898,423</u>	<u>-</u>	<u>9,898,423</u>
Net assets released from restrictions, fulfillment of purpose and/or time restrictions	<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 AND LOSSES			
Program services	9,694,283	-	9,694,283
Management and general	787,543	-	787,543
Fundraising	1,034,257	-	1,034,257
Total expenses and losses	<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 FUNCTIONAL EXPENSES
For the year ended June 30, 2019

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Transportation</u>	<u>Active Aging Center</u>	<u>Nutrition</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	
Salaries	\$ 5,494,824	\$ 216,754	\$ 224,663	\$ 5,936,241	\$ 674,766	\$ 403,210	\$ 7,014,217
Payroll taxes	475,147	17,397	19,391	511,935	53,585	30,243	595,763
Employee benefits	588,761	14,771	21,935	625,467	74,631	27,272	727,370
Workers compensation	326,820	676	6,486	333,982	5,738	1,644	341,364
Staff expenses	158,684	6,521	11,672	176,877	26,517	5,665	209,059
Consultants	203,185	40,654	9,412	253,251	295,200	534,728	1,083,179
Kitchen Staff	-	-	136,210	136,210	-	-	136,210
Food and kitchen supplies	-	85	93,801	93,886	-	-	93,886
Vehicle leasing/maintenance	792,742	-	16,811	809,553	544	-	810,097
Insurance	263,160	4,131	13,200	280,491	8,373	4,518	293,382
Facilities expense	556,415	71,949	81,912	710,276	68,644	102,240	881,160
Other	115,915	4,310	4,354	124,579	15,839	58,295	198,713
Event facility, food and entertainment expense	-	-	-	-	104,454	-	104,454
Depreciation expense	218,666	9,871	8,220	236,757	9,940	2,207	248,904
Total expenses included in the expenses section on the Statement of Activities	\$ 9,194,319	\$ 387,119	\$ 648,067	\$ 10,229,505	\$ 1,338,231	\$ 1,170,022	\$ 12,737,758

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, 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 expenses included in the expenses section on the Statement of Activities	\$ 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 CASH FLOWS
For the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 163,798	\$ 7,356
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	248,904	146,312
Loss (gain) on disposal of property, equipment, and improvements	8,103	(12,011)
Change in allowances for uncollectibility and present value discount	16,268	(12,135)
Net realized/unrealized gain on investments	(21,548)	(14,420)
Donation of charitable remainder trust	(119,523)	-
Donation of programmatic equity instruments	(1,074,477)	-
Changes in assets and liabilities:		
Accounts and grants receivable	(236,065)	(144,543)
Pledges and bequests receivable	-	912,406
Inventory	(3,937)	(40)
Prepaid expenses	(10,882)	18,821
Rental and other deposits	43,033	4,080
Accounts payable and accrued expenses	(32,606)	32,472
Fares payable	4,280	8,742
Accrued payroll expenses	58,132	(16,312)
Deferred revenue	(5,000)	(20,000)
Accrued vacation	10,376	7,046
Total adjustments	<u>(1,114,942)</u>	<u>910,418</u>
Net cash (used) provided by operating activities	<u>(951,144)</u>	<u>917,774</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment, and improvements, including capital leases	(293,340)	(145,836)
Cash paid for work in progress	(4,650)	(4,740)
Proceeds from disposals of property, equipment and improvements	-	24,856
Sales (purchases) of investments	10,307	197,522
Net cash (used) provided by investing activities	<u>(287,683)</u>	<u>71,802</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for capital campaign	56,524	120,000
Pledges receivable, capital campaign	(207,000)	-
Net cash (used) provided by financing activities	<u>(150,476)</u>	<u>120,000</u>
Net (decrease) increase in cash and cash equivalents	(1,389,303)	1,109,576
Cash and cash equivalents, beginning of year	<u>3,566,804</u>	<u>2,457,228</u>
Cash and cash equivalents, end of year	<u>\$ 2,177,501</u>	<u>\$ 3,566,804</u>
Supplementary information:		
Cash paid for interest	<u>\$ 32,588</u>	<u>\$ 5,879</u>
Non-cash transactions:		
Capital addition offset by capital lease / loan	<u>\$ 423,394</u>	<u>\$ 135,535</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, 2019 and 2018

NOTE 1 ORGANIZATION

For the past 65 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 14,000 individuals in 2018, 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 65 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), and the Friday community breakfasts. Whistlestop provides over 121,000 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, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

Contributions - Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional.

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 \$5,000 (\$1,000 prior to July 1, 2018).

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 2019 or 2018.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities, which are allocated on a square footage basis; payroll processing costs, which are allocated to each department according to a percentage of the total number of employees per department, as well as salaries and wages, benefits, payroll taxes, workers compensation, and other, which are allocated on the basis of estimates of time and effort.

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, the Corporation received \$5,000, held for future sponsorship benefits, which were recognized in the subsequent year.

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

Volunteer Service - Whistlestop receives contributions through services provided by over 324 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. The organization currently estimates the value of the following services at \$602,887

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Volunteer Service (Continued) -

Volunteer hours provided:	
Center Administrative Services	1,516
Community Breakfast	90
Computer Services	299
Jackson Café Service	4,547
Meals on Wheels	5,402
Resource Office	538
Special Event	532
Transportation Services	8,027
Total service hours provided	<u>20,951</u>

Advertising - The Corporation expenses advertising costs as incurred. During the years ended June 30, 2019 and 2018, \$25,316 and \$34,649, 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 has 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 (four years for California). 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 applied 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 was effective for the Corporation for annual reporting periods beginning after December 15, 2017. In the opinion of management, the implementation of this standard did 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 applied to most nonprofit financial statements. The new guidance impacted net asset classes, the presentation of investment return, and other changes, and was effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The new standard did not have a material effect on the Corporation's financial position, results of operations, or cash flows.

MARIN SENIOR COORDINATING COUNCIL INCORPORATED
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

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 could 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, 2018, were reclassified to conform with June 30, 2019, balances.

Subsequent Events - Subsequent events have been evaluated through December 11, 2019, 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, 2019 and 2018

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets that are available for general operating purposes, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

Cash and cash equivalents	\$ 402,630
Accounts and grants receivable	1,472,884
Operating investments and cash	<u>712,659</u>
	<u>\$ 2,588,173</u>

Whistlestop has a policy to position its financial assets to be available as its general operating expenditures, liabilities, and other obligations come due, with a goal to maintain financial assets (cash, receivables, and short-term investments) sufficient to meet at least 60 days of operational cash flow needs, which is approximately \$2,000,000. The Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. The Organization also has a line of credit available for use, up to \$400,000 as of June 30, 2019, upon which it could draw to manage short-term liquidity needs.

NOTE 4 PLEDGES AND BEQUESTS RECEIVABLE

The Corporation has been awarded unconditional pledges and unconditional bequests receivable as of June 30, 2019 and 2018, as follows:

<u>Description:</u>	<u>Pledges and Bequests Receivable</u>	<u>Allowance for Doubtful Accounts (5%) and Allowance for Present Value Discount (A)</u>	<u>Pledges and Bequests Receivable, Net</u>
<u>June 30, 2019:</u>			
Current portion	\$ 1,072,714	\$ (54,788)	\$ 1,017,926
Long-term portion	<u>162,000</u>	<u>(15,692)</u>	<u>146,308</u>
Total	<u>\$ 1,234,714</u>	<u>\$ (70,480)</u>	<u>\$ 1,164,234</u>
<u>June 30, 2018:</u>			
Current portion	<u>\$ 1,084,238</u>	<u>\$ (54,212)</u>	<u>\$ 1,030,026</u>
Total	<u>\$ 1,084,238</u>	<u>\$ (54,212)</u>	<u>\$ 1,030,026</u>

(A) 1.75% for 2019; 0.5% for 2018

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5 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, 2019 and 2018, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Description</u>	Fair Value Measurements Using			<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, 2019:</u>				
Equities	\$ 268,610	\$ -	\$ -	\$ 268,610
Fixed income	<u>403,775</u>	<u>-</u>	<u>-</u>	<u>403,775</u>
	<u>\$ 672,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,385</u>
 <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>

The following summarizes the investment income, including amounts earned on interest-bearing cash accounts, for the years ended June 30, 2019 and 2018:

	2019	2018
Interest and dividend income, including interest earned on interest-bearing accounts	\$ 47,949	\$ 30,684
Net realized and unrealized gain on investments	21,548	14,420
Investment management fees	<u>(6,113)</u>	<u>(6,372)</u>
	<u>\$ 63,384</u>	<u>\$ 38,732</u>

NOTE 6 CHARITABLE REMAINDER TRUST

The Corporation is the charitable remainder beneficiary for a charitable remainder trust (CRT) holding cash and marketable securities. The CRT is subject to a life estate, whereby the assets, upon death of the income beneficiary, are distributed to the Corporation.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

NOTE 6 CHARITABLE REMAINDER TRUST (Continued)

The CRT is measured at fair value using the market approach on a recurring basis during the year ended June 30, 2019, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Description:	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)	
Charitable remainder trust	\$ -	\$ 119,523	\$ -	\$ 119,523

The following is a reconciliation of the beginning and ending balances for assets, using the market approach, measured at fair value on a recurring basis using significant other observable inputs (Level 2) during the year ended June 30, 2019:

Initial recognition	\$ 119,523
Unrealized gain/loss	-
Balance, June 30, 2019	\$ 119,523

NOTE 7 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 7 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 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 to MADI was completed on October 31, 2018. Whistlestop, as a 50% Member of the MADI LLC, recorded a programmatic investment in the amount of \$1,074,477 based on the net assets of that organization as of June 30, 2019.

The summarized financial statements for MADI LLC at June 30, 2019, are as follows:

<u>Assets</u>	
Cash and cash equivalents	\$ 228,784
Deposit	2,560
Intangibles, net	41,640
Land and buildings, net	<u>2,454,439</u>
Total assets	<u>\$ 2,727,423</u>
<u>Liabilities and net assets</u>	
Prepaid rents	\$ 12,806
Tenant security deposit	29,316
Long-term loan	<u>536,347</u>
Total liabilities	578,469
Net assets (Whistlestop 50% = \$1,074,477)	<u>2,148,954</u>
Total liabilities and net assets	<u>\$ 2,727,423</u>

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For the years ended June 30, 2019 and 2018

NOTE 7 PROGRAMMATIC EQUITY INSTRUMENTS (Continued)

The programmatic equity instrument is measured at fair value using the equity approach on a recurring basis during the year ended June 30, 2019, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Description:</u>	Fair Value Measurements Using			<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>	
Programmatic equity instrument	\$ -	\$ 1,074,477	\$ -	\$ 1,074,477

The following is a reconciliation of the beginning and ending balances for assets, using the market approach, measured at fair value on a recurring basis using significant other observable inputs (Level 2) during the year ended June 30, 2019:

Initial recognition	\$ 1,074,477
Unrealized gain/loss	<u>-</u>
Balance, June 30, 2019	<u>\$ 1,074,477</u>

NOTE 8 PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements consisted of the following at June 30, 2019 and 2018:

<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, 2017	\$ 365,482	\$ 2,139,505	\$ 1,223,320	\$ 3,728,307
Additions	-	30,659	250,712	281,371
Disposals	<u>-</u>	<u>-</u>	<u>(26,327)</u>	<u>(26,327)</u>
Balance, June 30, 2018	365,482	2,170,164	1,447,705	3,983,351
Additions	-	45,066	671,668	716,734
Disposals	<u>-</u>	<u>-</u>	<u>(231,897)</u>	<u>(231,897)</u>
Balance, June 30, 2019	<u>365,482</u>	<u>2,215,230</u>	<u>1,887,476</u>	<u>4,468,188</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 PROPERTY, EQUIPMENT, AND IMPROVEMENTS (Continued)

	Land	Building and Leasehold Improvements	Furniture Vehicles, and Equipment	Total
<u>Accumulated depreciation</u>				
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
Depreciation expense	-	36,215	212,689	248,904
Disposals	-	-	(223,794)	(223,794)
Balance, June 30, 2019	-	1,994,224	1,000,409	2,994,633
Property, equipment, and improvements, net	<u>\$ 365,482</u>	<u>\$ 221,006</u>	<u>\$ 887,067</u>	<u>\$ 1,473,555</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 18). As of June 30, 2019 and 2018, \$28,959 and \$24,309, respectively, was incurred in unreimbursed pre-development costs related to this project.

NOTE 9 FARES PAYABLE

Fares collected by the Corporation are required to be remitted to the Marin County Transit District. At June 30, 2019 and 2018, there was a balance due to the Marin County Transit District of \$84,131 and \$79,851, respectively.

NOTE 10 CAPITAL 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, 2019 and 2018, the Corporation paid \$5,095 and \$5,605, respectively, under this lease.

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

Year ending <u>June 30,</u> 2020	<u>\$ 630</u>
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

NOTE 11 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, 2019 and 2018, \$29,987 and \$85,115, 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, 2019 and 2018, \$19,853 and \$27,759, 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 of \$23,999 through the maturity date of February 5, 2022. As of June 30, 2019 and 2018, \$674,923 and \$183,400, respectively, was outstanding on this loan.

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

Year ended June 30,	Loan #1	Loan #2	Loan #3	Total
2020	\$ 29,987	\$ 8,218	\$ 260,061	\$ 298,266
2021	-	8,598	273,458	282,056
2022	-	3,037	141,404	144,441
	<u>\$ 29,987</u>	<u>\$ 19,853</u>	<u>\$ 674,923</u>	<u>\$ 724,763</u>

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions 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, 2019 and 2018:

	2019	2018
Vehicles	\$ 65,054	\$ 65,054
New Building Capital campaign (see Note 18)	3,290,540	2,900,305
Programmatic equity instruments	1,074,477	-
Safetynet programs	150,000	300,000
Meals on Wheels	-	148,000
Capacity building	-	30,000
Analytics software	-	30,000
Time-restricted	<u>219,523</u>	<u>-</u>
	<u>\$ 4,799,594</u>	<u>\$ 3,473,359</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 13 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, 2019. Amounts drawn on the loan bear interest at the bank's Prime Rate plus 0.5%, which was 4.75% in 2019 and 2018. As of June 30, 2019 and 2018, no amounts were outstanding on this line of credit.

NOTE 14 SPECIAL EVENTS

During the years ended June 30, 2019 and 2018, the Corporation held special events resulting in net income as follows:

	<u>2019</u>	<u>2018</u>
Special event donations	\$ 167,024	\$ 108,902
Earned income	110,357	246,722
Less: direct expenses	<u>(104,454)</u>	<u>(96,357)</u>
Net special event earned income	<u>5,903</u>	<u>150,365</u>
 Total event net income	 <u>\$ 172,927</u>	 <u>\$ 259,267</u>

NOTE 15 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>2019</u>	<u>2018</u>
15 Jordan Street San Rafael Property	6/2022	\$12,250-\$13,386	\$ 147,000	\$ 142,716
Parking lot, San Rafael property	1/2020	\$6,250 - \$7,240	\$ 85,410	\$ 82,925
Parking spaces, San Francisco	6/2020	\$1,850 - \$1,982	\$ 22,872	\$ 22,872
Mobile Office Container	4/2020	\$ 279	\$ 3,348	\$ 558
Mobile Office Container	8/2021	\$ 305	\$ -	\$ -
Two vehicles	1/2020	\$ 462	\$ 5,544	\$ 5,544
One vehicle	8/2020	\$ 230	\$ 2,530	\$ 2,530

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NOTES TO FINANCIAL STATEMENTS
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NOTE 15 OPERATING LEASES AND LONG-TERM CONTRACTS (Continued)

Type	Maturity	Monthly Payment	Expenses	
			2019	2018
Photocopier	2/2023	\$ 670	\$ 6,423	\$ 4,836
Photocopier	6/2023	\$ 650	\$ 5,600	4,956
Nine Shuttle Buses	11/2018	\$ 10,873	\$ 47,606	\$ 142,224
Four Shuttle Buses	11/2018	\$ 4,340	\$ 23,672	\$ 56,989
Postage machine (2)	9/2020	\$ 46	\$ 548	\$ 231
Three vehicles	9/2024	\$ 3,594	\$ -	\$ -

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

Year ending June 30,	Parking Lots and Buildings	Vehicles	Other Equipment	Total
2020	\$ 231,720	\$ 41,929	\$ 16,388	\$ 290,037
2021	159,612	43,358	15,954	218,924
2022	161,242	43,128	15,840	220,210
2023	-	43,128	-	43,128
2024	-	7,108	-	7,108
	<u>\$ 552,574</u>	<u>\$ 178,651</u>	<u>\$ 48,182</u>	<u>\$ 779,407</u>

NOTE 16 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. 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, 2019 and 2018, totaling \$42,901 and \$43,205, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 17 CONCENTRATIONS

The Corporation has provided services to the Marin County Transit District (MCTD) for more than 20 years and earned gross revenue of approximately \$5,330,704 in the year ended June 30, 2019, which comprises approximately 42% of the Corporation's total revenue for the year (40% for 2018).

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, 2019.

NOTE 18 NEW HEALTHY AGING CAMPUS BUILDING PROJECT

Whistlestop owns the property, 930 Tamalpais Avenue, San Rafael, which currently houses the organization's Active Aging Center, Jackson Café, 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 SMART downtown location, Whistlestop embarked on a redevelopment plan for its existing property and site. The redevelopment plan proposed a re-build to include the addition of senior affordable housing units combined with a new state of the art Healthy Aging Center. The organization 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 west 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 October 2018, Whistlestop, Eden Housing, and BioMarin entered into a binding MOU that 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.

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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NOTE 18 NEW HEALTHY AGING CAMPUS BUILDING PROJECT (Continued)

As of October 2019, the proposed new Healthy Aging Campus building project at Biomarin's 999 Third street property is in the final stages of the entitlement approval process with the City of San Rafael. The project is expected to go to the City Council for approval in January 2020. Once entitlement approval process is in place, Eden Housing can begin their work to secure the appropriate financing for the project's estimated cost of \$48 million. Whistlestop is responsible for \$10 million of the new building's cost, and has already raised over \$7.5 million in Capital Campaign pledges. Whistlestop expects to finish the Capital Campaign by the spring of 2020. New construction could begin by late 2020. The new opening of the Healthy Aging Campus is estimated to take place in mid-2022.

NOTE 19 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.

On December 31, 2018, Whistlestop received notice that the William G. Irwin Charity Foundation Board of Trustees approved a grant pledge of \$300,000 to support the capital campaign for the Healthy Aging Campus. With respect to construction of the new facility, the grant is to applied only to "hard" costs. The grant is not intended to cover "soft" costs, such as architects, engineers, or municipal planning agencies. Per funder conditions, grant funds will be recorded as an asset and disbursed to Whistlestop once all the necessary funds for this project have been received in cash or pledges, or when substantial work on the building construction has begun.

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.