

VIVALON

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



Accountants & Advisors

VIVALON

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Independent Auditors' Report

To the Board of Directors
Vivalon
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of Vivalon (a California nonprofit public benefit corporation) which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Vivalon as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Vivalon as of June 30, 2020, were audited by other auditors whose report dated January 20, 2021, expressed an unmodified opinion on those statements.

RINA Accountancy LLP

Certified Public Accountants

San Francisco, California
March 23, 2022

VIVALON

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,985,781	\$ 6,434,740
Accounts and grants receivable	1,287,164	1,883,782
Current portion of pledges and bequests receivable, net	124,521	1,997,986
Inventory	53,847	54,925
Prepaid expenses	79,134	118,878
Investments	796,480	597,982
TOTAL CURRENT ASSETS	11,326,927	11,088,293
PROPERTY, EQUIPMENT and IMPROVEMENTS, net of accumulated depreciation of \$ 3,515,692 at 2021 and \$3,147,616 at 2020		
	1,949,533	1,815,772
OTHER:		
Rental and other deposits	77,459	65,342
Long-term investments	73,852	100,327
Pledges and bequests receivable, net of current portion and allowances	71,931	86,516
Charitable remainder trust	212,215	182,573
Programmatic equity instruments	1,093,591	1,118,171
Construction in progress	286,322	33,389
TOTAL ASSETS	\$ 15,091,830	\$ 14,490,383
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT:		
Accounts payable and accrued liabilities	\$ 191,859	\$ 112,612
Accrued payroll expenses	292,454	207,122
Accrued vacation	365,612	315,259
Paycheck Protection Program loan, current portion	1,543,558	-
Loans payable, current portion	144,928	282,037
TOTAL CURRENT LIABILITIES	2,538,411	917,030
LONG-TERM:		
Conditional grant/PPP loan payable	1,531,992	1,537,775
Loans payable, net of current portion	-	144,817
Line of credit	-	900,000
TOTAL LIABILITIES	4,070,403	3,499,622
NET ASSETS:		
Without donor restrictions	1,029,330	1,647,050
With donor restrictions	9,992,097	9,343,711
TOTAL NET ASSETS	11,021,427	10,990,761
TOTAL LIABILITIES AND NET ASSETS	\$ 15,091,830	\$ 14,490,383

See notes to financial statements.

VIVALON

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Grants	\$ 168,327	\$ 104,820	\$ 273,147
Donations, pledges and bequests	1,228,193	464,601	1,692,794
In-kind donation	8,065	-	8,065
Paratransit services	4,021,045	-	4,021,045
Transportation contracts	4,140,385	36,560	4,176,945
Donated vehicles	-	481,456	481,456
Nutrition services	47,832	319,855	367,687
Programmatic equity instruments	-	(24,579)	(24,579)
Investment income, net	173,340	-	173,340
Other	353,281	-	353,281
Net assets released from restrictions, fulfillment of purpose and/or time restrictions	734,327	(734,327)	-
TOTAL SUPPORT AND REVENUE	10,874,795	648,386	11,523,181
EXPENSES:			
Program services	7,952,744	-	7,952,744
Management and general	2,422,715	-	2,422,715
Fundraising	1,117,055	-	1,117,055
TOTAL EXPENSES	11,492,515	-	11,492,515
CHANGE IN NET ASSETS	(617,720)	648,386	30,666
NET ASSETS, beginning of year	1,647,050	9,343,711	10,990,761
NET ASSETS, end of year	\$ 1,029,330	\$ 9,992,097	\$ 11,021,427

See notes to financial statements.

VIVALON
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Grants	\$ 20,000	\$ 220,573	\$ 240,573
Donations, pledges and bequests	1,142,247	4,804,333	5,946,580
Special event, net of expenses of \$35,111	131,732	-	131,732
In-kind donation	8,700	-	8,700
Paratransit services	-	5,237,856	5,237,856
Transportation contracts	4,249,423	-	4,249,423
Donated vehicles	-	491,777	491,777
Nutrition services	409,990	34,182	444,172
Programmatic equity instruments	-	43,694	43,694
Investment income	17,736	-	17,736
Other	333,435	15,000	348,435
Net assets released from restrictions, fulfillment of purpose and/or time restrictions	6,303,298	(6,303,298)	-
TOTAL SUPPORT AND REVENUE	12,616,561	4,544,117	17,160,678
EXPENSES:			
Program services	9,796,974	-	9,796,974
Management and general	1,996,454	-	1,996,454
Fundraising	1,180,363	-	1,180,363
TOTAL EXPENSES	12,973,791	-	12,973,791
CHANGE IN NET ASSETS	(357,230)	4,544,117	4,186,887
NET ASSETS, beginning of year	2,004,280	4,799,594	6,803,874
NET ASSETS, end of year	\$ 1,647,050	\$ 9,343,711	\$ 10,990,761

See notes to financial statements.

VIVALON

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			
	Transportation	Active Aging Center	Nutrition	Total Program	Management and general	Fundraising and Development	Total
Salaries and wages	\$ 3,758,779	\$ 337,890	\$ 250,932	\$ 4,347,601	\$ 1,408,005	\$ 363,785	\$ 6,119,391
Payroll taxes	282,535	26,223	21,237	329,995	92,660	25,543	448,198
Employee benefits	551,774	14,806	11,386	577,966	108,113	34,384	720,463
Workers compensation	125,011	1,588	4,706	131,305	8,586	1,253	141,144
Staff expenses	98,823	11,506	12,103	122,432	68,317	3,649	194,398
Consultants	88,042	76,729	11,562	176,333	376,981	299,197	852,511
Kitchen staff	-	-	90,501	90,501	-	-	90,501
Food and kitchen supplies	-	-	177,359	177,359	-	-	177,359
Vehicle leasing/maintenance	399,708	469	16,406	416,583	1,207	-	417,790
Insurance	406,979	4,114	21,617	432,710	19,675	6,618	459,003
Facilities expense	574,015	42,592	58,725	675,332	211,305	105,515	992,152
Other	169,879	10,217	12,501	192,597	121,829	274,961	589,387
Depreciation expense	340,889	10,707	8,559	360,155	6,037	2,150	368,342
Total expenses by function	6,796,434	536,841	697,594	8,030,869	2,422,715	1,117,055	11,570,639
Less: expenses included with revenues on the statement of activities:							
Summer Family Dinner Expenses	-	-	78,125	78,125	-	-	78,125
Total expenses included in the expenses section on the Statement of Activities	\$ 6,796,434	\$ 536,841	\$ 619,469	\$ 7,952,744	\$ 2,422,715	\$ 1,117,055	\$ 11,492,514

See notes to financial statements.

VIVALON

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services		
	Transportation	Active Aging Center	Nutrition	Total Program	Management and general	Fundraising and Development	Total
Salaries and wages	\$ 5,288,681	\$ 274,385	\$ 214,054	\$ 5,777,120	\$ 1,178,687	\$ 417,359	\$ 7,373,166
Payroll taxes	422,439	23,067	19,446	464,952	109,876	30,994	605,822
Employee benefits	579,908	17,126	14,620	611,654	104,058	30,020	745,732
Workers compensation	211,371	936	3,790	216,097	4,202	1,007	221,306
Staff expenses	192,481	8,384	12,822	213,687	59,829	5,049	278,565
Consultants	90,252	25,023	11,787	127,062	311,603	463,350	902,015
Kitchen staff	-	-	114,811	114,811	-	-	114,811
Food and kitchen supplies	-	216	65,090	65,306	-	-	65,306
Vehicle leasing/maintenance	709,631	1,084	15,181	725,896	4,471	-	730,367
Insurance	324,013	4,789	12,349	341,151	21,812	5,056	368,019
Facilities expense	565,589	41,870	56,297	663,756	166,369	131,168	961,293
Other	169,824	3,240	1,271	174,335	28,767	93,688	296,790
Event facility, food and entertainment expense	-	-	-	-	-	35,111	35,111
Depreciation expense	275,347	17,310	8,490	301,147	6,780	2,672	310,599
Total expenses by function	8,829,536	417,430	550,008	9,796,974	1,996,454	1,215,474	13,008,902
Less: expenses included with revenues on the statement of activities:							
Event facility, food and entertainment expense	-	-	-	-	-	35,111	35,111
Total expenses included in the expenses section on the Statement of Activities	<u>\$ 8,829,536</u>	<u>\$ 417,430</u>	<u>\$ 550,008</u>	<u>\$ 9,796,974</u>	<u>\$ 1,996,454</u>	<u>\$ 1,180,363</u>	<u>\$ 12,973,791</u>

See notes to financial statements.

VIVALON

STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 30,666	\$ 4,186,887
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	368,111	310,599
Loss on disposal of property, equipment and improvements	-	33,235
Change in allowances for uncollectibility and present value discount	(58,503)	(3,908)
Net unrealized loss (gain) on investments	(134,959)	33,872
Unrealized gain on charitable remainder trust	(29,642)	(63,050)
Unrealized gain on programmatic equity instruments	24,580	(43,694)
Donation of capitalized vehicles	(481,456)	(491,777)
Donation of stock	(909,557)	-
Changes in assets and liabilities:		
Accounts and grants receivable	655,121	(481,398)
Inventory	1,078	(32,184)
Prepaid expenses	39,744	(39,631)
Rental and other deposits	(12,117)	(27,865)
Accounts payable and accrued expenses	79,247	(36,321)
Fares payable	-	(5,971)
Accrued payroll expenses	85,332	(29,203)
Accrued vacation	50,353	17,903
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(292,002)</u>	<u>3,327,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and improvements, including capital leases	(20,416)	(492,183)
Cash paid for work in progress	(252,933)	(4,430)
Proceeds from sale of investments	916,704	-
Purchases of investments	(44,211)	(59,796)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>599,144</u>	<u>(556,409)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for capital campaign	434,959	2,502,539
Pledges receivable, capital campaign	1,453,091	(3,454,160)
Proceeds from conditional grant/PPP loan	1,537,775	1,537,775
Proceeds (repayments) from loan payable	(1,181,926)	900,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>2,243,899</u>	<u>1,486,154</u>
NET INCREASE IN CASH	2,551,041	4,257,239
CASH, beginning of year	<u>6,434,740</u>	<u>2,177,501</u>
CASH, end of year	<u>\$ 8,985,781</u>	<u>\$ 6,434,740</u>

See notes to financial statements.

VIVALON

STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 36,790	\$ 34,615
Non-Cash transactions:		
Capital addition offset by capital lease/loan	\$ -	\$ 297,909
Donated capitalized vehicles	\$ 481,456	\$ 491,777

See notes to financial statements.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 1. ORGANIZATION:

For the past 67 years since 1954, Vivalon 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.

Vivalon envisions a community where its older adults are celebrated and honored. Vivalon's programs and services help older adults in Marin thrive through the power of human connections. Every day Vivalon staff connect older adults and people living with disabilities with a hub of essential services like transportation, nutrition, information, social connection and delivered meals, and classes that aim to keep them active, healthy, and engaged. Vivalon helps thousands of older adults in Marin reduce feelings of loneliness and social isolation as well as improve their mental and physical health.

During the pandemic in FY21, Vivalon's services reached over 29,000 individuals, a 60% increase over the previous year, the vast majority of whom are low income and aging adults over 60 years old, with a broad variety of services such as:

- Nutrition programs including Vivalon Nourish, Meals on Wheels, the Jackson Café, a food brown bag pantry (in collaboration with the SF/Marin Food Bank), congregate meals, grocery deliveries and other special nutrition programs. Vivalon provided over 226,000 food servings and distributed over 252,000 pounds of food to older Marin residents in FY21.
- Special Needs Transportation. Since 1969, and in partnership with Marin Transit, Golden Gate Transit, and many other nonprofit organizations, Vivalon serves residents with special transportation needs in Marin County, and individuals traveling to or through Marin from the surrounding counties. Vivalon 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. Vivalon operates these transportation services with over 130 specialized vehicles 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. This service is backed up by Vivalon's CarePool program utilizing over trained volunteer drivers able to assist older adults with their transportation needs. During FY21, Vivalon provided over 56,000 rides, which was down significantly from 240,000 rides in the previous year due to the impact of the pandemic.
- 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. In addition, Vivalon has partnered with LITA (Love is the Answer) of Marin on an in-home social visiting program for homebound seniors, called Caring Connections. Vivalon has also partnered with Covia in Marin County for a phone visiting program for seniors called Social Call.
- Information and referral services that include a help line and a help desk, the Directory of Older Adult Services for Marin County, and provision of legal services in partnership with Legal Aid of Marin, including immigration assistance and legal aid counseling. Additionally, in FY21, Vivalon ran the Marin County's vaccine call center, fielding over 21,000 calls and scheduling over 10,000 vaccine appointments for Marin's aging adults.

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

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Method of accounting:

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

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.

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 Vivalon to expense uncollectibles only after exhausting all efforts to collect the amounts due.

Investments:

Investments primarily include corporate stocks and government and corporate bonds. Purchased investments in equity and debt securities with readily determinable fair values are reported at fair value based on quoted market prices. Other investment instruments are measured on the net equity basis, as reported on the K-1 or other year-end report. Investments received by donation are recorded at the fair value at the date of donation.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fair value measurements:

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Vivalon determines the fair values of its assets and liabilities based on the fair value hierarchy, which includes three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that Vivalon has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are significant other observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 3 inputs are unobservable inputs for the assets or liabilities. Unobservable inputs reflect Vivalon's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, and may include Vivalon's own data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. Vivalon's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Management has elected, as a practical expedient, to measure the fair value of investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or one that has the attributes of an investment company, on the basis of the net asset value ("NAV") per share of the investment or its equivalent, if the NAV or its equivalent is calculated in a manner consistent with the measurement principles of accounting for investment companies as of the entity's measurement date. The relevant guidance also requires disclosures by major category of investments about the attributes of investments. Management has elected to adopt this practical expedient for its investment in a limited liability corporation.

Revenue and revenue recognition:

Vivalon recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and right of return are not recognized until the conditions on which they depend have been met. See Note 19 regarding conditional commitments that have not been recognized in the accompanying financial statements because the conditions have not yet been met.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue and revenue recognition (continued):

A portion of Vivalon's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Vivalon has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Revenue, other than unconditional contributions, bequests, and grants, is recognized in the period in which service is provided.

Property, equipment and improvements:

Vivalon 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. Leased assets are depreciated over the lesser of the estimated useful life or the lease term. Vivalon capitalizes all property and equipment with a cost in excess of \$5,000.

Vivalon 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 2021 or 2020.

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.

Income taxes:

Vivalon 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.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In-kind donation:

Vivalon received the benefit of donated vehicles and other in-kind benefits during the year ended June 30, 2021, which were 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)	
Vehicles	\$ -	\$ 481,456	\$ -	\$ 481,456
Other	-	8,065	-	8,065
Total	\$ -	\$ 489,521	\$ -	\$ 489,521

Volunteer service:

Vivalon receives contributions through services provided by over 318 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 Vivalon. Vivalon currently estimates the value of the following services at \$446,513 based on an hourly rate of \$29.

Volunteer hours provided:

Jackson Café Service	201
Meals on Wheels	7,755
Carepool	3,200
Non-Meals on Wheels Transportation Services	2,943
Staff Support	75
Programs including pantry and classes	1,223
Total service hours provided	15,397

Advertising:

Vivalon expenses advertising costs as incurred. During the years ended June 30, 2021 and 2020, \$82,300 and \$29,072, respectively, was paid in advertising costs.

Reclassification of prior year presentation:

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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, 2021, and early adoption is permitted. Management is currently evaluating the impact the amendments to this ASU will have on the financial statements of Vivalon.

Note 3. NATURE OF 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.

Note 4. 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:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 8,985,781	\$ 6,434,740
Accounts and grants receivable	1,287,164	1,883,782
Current pledges and bequests receivable	124,521	1,997,986
Current investments	<u>796,480</u>	<u>597,982</u>
Totals	<u>11,193,946</u>	<u>10,914,490</u>
Donor restricted net assets	9,992,097	9,343,711
Programmatic equity investment	(1,093,591)	(1,118,171)
Time restricted	<u>(222,715)</u>	<u>(282,573)</u>
Total current donor restriction assets	<u>8,675,791</u>	<u>7,942,967</u>
Available for general expenditure	<u>\$ 2,518,155</u>	<u>\$ 2,971,523</u>

Vivalon 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. Vivalon invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Vivalon also has two lines of credit totaling up to \$1,900,000. As of June 30, 2021 and 2020, Vivalon had \$1,900,000 and \$1,000,000 remaining on the lines of credit, respectively, upon which it could draw to manage short-term liquidity needs.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 5. PLEDGES AND BEQUESTS RECEIVABLE:

Vivalon has been awarded unconditional pledges and unconditional bequests receivable as of June 30, 2021 and 2020, as follows:

Description	Pledges and Bequests Receivable,	Allowance for Doubtful Accounts (A) and Allowance for Present Value Discount (B)	Pledges and Bequests Receivable, Net
June 30, 2021:			
Current portion	\$ 129,521	\$ (5,000)	\$ 124,521
Long-term portion	<u>75,000</u>	<u>(3,069)</u>	<u>71,931</u>
Totals	<u>\$ 204,521</u>	<u>\$ (8,069)</u>	<u>\$ 196,452</u>
June 30, 2020:			
Current portion	\$ 2,052,774	\$ (54,788)	\$ 1,997,986
Long-term portion	<u>98,300</u>	<u>(11,784)</u>	<u>86,516</u>
Totals	<u>\$ 2,151,074</u>	<u>\$ (66,572)</u>	<u>\$ 2,084,502</u>

(A) 3 % for 2021 and 2020

(B) 1.75% for 2021 and 2020

Note 6. 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, 2021 and 2020, 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)	
June 30, 2021				
Fixed income, preferred	\$ 394,464	\$ -	\$ -	\$ 394,464
Fixed income, government and non-government, non-current	-	73,852	-	73,852
Cash equivalent	46,554	-	-	46,554
ETF's	352,718	-	-	352,718
Accrued interest	<u>2,744</u>	<u>-</u>	<u>-</u>	<u>2,744</u>
Totals	<u>\$ 796,480</u>	<u>\$ 73,852</u>	<u>\$ -</u>	<u>\$ 870,332</u>

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 6. INVESTMENTS (Continued):

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)	
June 30, 2020				
Fixed income, preferred	\$ 330,082	\$ -	\$ -	\$ 330,082
Fixed income, government and non-government, non-current	-	100,327	-	100,327
Equity investments	13,422	-	-	13,422
ETF's	251,251	-	-	251,251
Accrued interest	3,227	-	-	3,227
Totals	<u>\$ 597,982</u>	<u>\$ 100,327</u>	<u>\$ -</u>	<u>\$ 698,309</u>

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

	2021	2020
Interest and dividend income, including interest earned on interest-bearing accounts	\$ 45,468	\$ 58,046
Unrealized gain (loss) on investments	134,959	(33,872)
Investment management fees	(7,087)	(6,438)
Totals	<u>\$ 173,340</u>	<u>\$ 17,736</u>

Note 7. CHARITABLE REMAINDER TRUST:

Vivalon 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 Vivalon.

The CRT is measured at fair value using the market approach on a recurring basis during the years ended June 30, 2021 and 2020, as follows:

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)	Measured at Cost or NAV	
Charitable remainder trust:					
2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,215</u>	<u>\$ 212,215</u>
2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,573</u>	<u>\$ 182,573</u>

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 7. CHARITABLE REMAINDER TRUST (Continued):

The following is a reconciliation of the beginning and ending balances for the charitable remainder trust:

Balance, June 30, 2019	\$ 119,523
Unrealized gain/loss	<u>63,050</u>
Balance, June 30, 2020	182,573
Unrealized gain/loss	<u>29,642</u>
Balance, June 30, 2021	<u>\$ 212,215</u>

Note 8. 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 Vivalon 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 collocate 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.

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. Vivalon 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 Vivalon 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.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 8. PROGRAMMATIC EQUITY INSTRUMENTS (Continued):

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 Vivalon. 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. Vivalon, as a 50% member of the MADI LLC, recorded a programmatic investment in the amount of \$1,093,591 and \$1,118,171 based on the net assets of that organization as of June 30, 2021 and 2020, respectively.

The summarized internal financial statements for MADI LLC at June 30, 2021 and 2020, are as follows:

	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 371,305	\$ 341,959
Deposit	2,560	2,560
Accounts receivable	34,954	-
Intangibles, net	-	40,491
Land and buildings, net	2,361,535	2,404,313
TOTAL ASSETS	\$ 2,770,354	\$ 2,789,323
LIABILITIES:		
Accounts payable	\$ 32,481	\$ -
Tenant security deposit	23,977	23,347
Long-term loan	526,714	529,635
TOTAL LIABILITIES	583,172	552,982
NET ASSETS	2,187,182	2,236,341
TOTAL LIABILITIES AND NET ASSETS	\$ 2,770,354	\$ 2,789,323

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NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 8. PROGRAMMATIC EQUITY INSTRUMENTS (Continued):

The programmatic equity instrument is measured at fair value using the equity approach on a recurring basis during the years ended June 30, 2021 and 2020, as follows:

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)	Measured at Cost or NAV	
Programmatic Equity Instrument:					
2021	\$ -	\$ -	\$ -	\$ 1,093,591	\$ 1,093,591
2020	\$ -	\$ -	\$ -	\$ 1,118,171	\$ 1,118,171

The following is a reconciliation of the beginning and ending balances for assets, using the market approach, for the programmatic equity instruments:

Balance, June 30, 2019	\$ 1,074,477
Unrealized gain/loss	43,694
Balance, June 30, 2020	1,118,171
Unrealized gain/loss	(24,580)
Balance, June 30, 2021	\$ 1,093,591

Note 9. PROPERTY, EQUIPMENT AND IMPROVEMENTS:

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

	June 30, 2021	June 30, 2020
Land	\$ 365,482	\$ 365,482
Building and leasehold improvements	2,218,486	2,221,722
Furniture, vehicles and equipment	2,881,257	2,376,184
	5,465,225	4,963,388
Less: accumulated depreciation	(3,515,692)	(3,147,616)
Totals	\$ 1,949,533	\$ 1,815,772

Depreciation expense for the years ended June 30, 2021 and 2020, was \$368,111 and \$310,599, respectively.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 9. PROPERTY, EQUIPMENT AND IMPROVEMENTS (Continued):

In addition to the vehicles shown above, Vivalon 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, Vivalon entered into a memorandum of understanding to renovate the existing building (see Note 18). As of June 30, 2021 and 2020, \$286,322 and \$33,389, respectively, was incurred in unreimbursed pre-development costs related to this project.

Note 10. LOANS PAYABLE:

Loan #2:

On May 5, 2016, Vivalon 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, 2021 and 2020, \$3,029 and \$11,617, respectively, was outstanding on this loan.

Loan #3:

On June 27, 2018, Vivalon 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 monthly 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, 2021 and 2020, \$141,899 and \$273,439, respectively, was outstanding on this loan.

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

Year Ending June 30,	Loan #2	Loan #3	Total
2022	\$ 3,029	\$ 141,899	\$ 144,928
	\$ 3,029	\$ 141,899	\$ 144,928

Note 11. CONDITIONAL GRANT/PPP LOAN:

Vivalon received a \$1,537,775 SBA Paycheck Protection Plan (PPP) loan provided through the CARES Act on April 27, 2020 and a second PPP loan for the same amount on February 7, 2021. The first PPP loan was fully forgiven by the SBA on August 27, 2021 and Vivalon will be filing its forgiveness application for the second loan in December 2021, which it also expects to be fully forgiven. The second loan matures on February 5, 2026 and bears interest at a fixed rate of 1%.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 11. CONDITIONAL GRANT/PPP LOAN: (Continued)

The future minimum principal payments under the second loan, if the full amount is not forgiven, are as follows:

Year Ending June 30,	
2022	\$ 5,783
2023	301,496
2024	304,524
2025	307,584
2026	618,388
	<u>\$ 1,537,775</u>

Note 12. LINES OF CREDIT:

In December 2019, Vivalon refinanced its existing \$400,000 revolving line of credit and secured a new \$1,500,000 non-revolving credit line with Bank of Marin. Both lines of credit are secured by the 930 Tamalpais, San Rafael property and have interest-only monthly payments, with a principal due at maturity or upon the sale of the property. The maturity date of the original line of credit is 12/5/2021, and the new line of credit matures January 5, 2025. Amounts drawn on the loans bear interest at the bank's Prime Rate plus 0.5% for the smaller line and Prime rate plus 0.25% for the larger line. The bank's Prime Rate was 4.75% and 3.25% in 2021 and 2020. As of June 30, 2021 and 2020, there were no amounts outstanding on the original line of credit. As of June 30, 2021 and 2020, the outstanding balances on the new line of credit were \$0 and \$900,000, respectively.

Note 13. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions represent donations, grants, and gifts to Vivalon, which have been restricted by time and/or purpose and consisted of the following at June 30, 2021 and 2020:

	June 30, 2020	Contributions and Income	Released from Restrictions	June 30, 2021
Vehicles	\$ 65,054	\$ 481,456	\$ (65,054)	\$ 481,456
New Building Capital campaign	6,752,913	434,959	-	7,187,872
Programmatic equity instruments	1,118,171	(24,580)	-	1,093,591
Nutrition Programs	-	319,856	(319,856)	-
CarePool Program	-	24,994	(24,994)	-
Healthcare rides	35,000	70	(6,607)	28,463
Lifelong Learning Program (LLLP)	880,000	-	-	880,000
Healthy Aging Program (HAP)	210,000	52,820	(224,820)	38,000
County Emergency Services	-	3,496	(3,496)	-
AAI Inform and Consent	-	60,000	-	60,000
Time-restricted	282,573	29,642	(89,500)	222,715
	<u>\$ 9,343,711</u>	<u>\$ 1,382,713</u>	<u>\$ (734,327)</u>	<u>\$ 9,992,097</u>

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NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 13. NET ASSETS WITH DONOR RESTRICTIONS (Continued):

	June 30, 2019	Contributions and Income	Released from Restrictions	June 30, 2020
HAC Capital Campaign	\$ 3,290,540	\$ 3,462,373	\$ -	\$ 6,752,913
Programmatic Equity Instruments (MADI)	1,074,477	43,694	-	1,118,171
Lifelong Learning Program (LLL)	-	996,410	(158,910)	837,500
Healthy Aging Program (HAP)	150,000	252,500	(150,000)	252,500
Nutrition Programs	-	130,432	(130,432)	-
CarePool Program	-	96,876	(96,876)	-
Healthcare Rides	-	35,000	-	35,000
Vehicles	65,054	491,777	(491,777)	65,054
County Emergency Services	-	15,000	(15,000)	-
Community Census Program	-	22,447	(22,447)	-
Time-Restricted (Trusts)	219,523	63,050	-	282,573
	<u>\$ 4,799,594</u>	<u>\$ 5,609,559</u>	<u>\$ (1,065,442)</u>	<u>\$ 9,343,711</u>

Note 14. SPECIAL EVENTS:

There were no special events in the year ended June 30, 2021 due to the Covid-19 pandemic. During the year ended June 30, 2021, Vivalon held special events resulting in net income as follows:

	2021	2020
Special event donations	\$ -	\$ 143,965
Earned income:		
Earned income		22,878
Less: direct expenses		(35,111)
Net special event earned income	-	(12,233)
Total event net income	\$ -	\$ 131,732

Note 15. COMMITMENTS UNDER OPERATING LEASES:

Vivalon has entered into operating leases for parking, buildings, vehicles and equipment.

Minimum future obligations under these non-cancellable operating leases are as follows at June 30:

Year Ending June 30,	Parking Lots and Buildings	Vehicles	Other Equipment	Total
2022	\$ 445,991	\$ 178,392	\$ 19,548	\$ 643,931
2023	203,160	175,762	16,240	395,162
2024	4,750	169,785	200	174,735
2025	-	79,010	-	79,010
	<u>\$ 653,901</u>	<u>\$ 602,949</u>	<u>\$ 35,988</u>	<u>\$ 1,292,838</u>

Total rent expense during the years ended June 30, 2021 and June 30, 2020 was \$522,752 and \$422,521, respectively.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 16. TAX-SHELTERED ANNUITY PLAN:

Vivalon 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 Vivalon. Vivalon 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 Vivalon's fiscal year ending June 30th, and they must still be employed with Vivalon as of the end of Vivalon's fiscal year. Employer has made discretionary matching contributions for the years ended June 30, 2021 and 2020, totaling \$61,976 and \$51,676, respectively.

Note 17. CONCENTRATIONS:

Vivalon has provided services to the Marin County Transit District (MCTD) for more than 20 years and earned gross revenue of approximately \$3,996,052 in the year ended June 30, 2021, which comprises approximately 35% of Vivalon's total revenue for the year (31% for 2020). Services provided to Regional Centers through the transportation broker R&D resulted in gross revenue of approximately \$3,875,702 in the year ended June 30, 2021, which represented 34% of total revenues for the year (24% for 2020).

In the year ended June 30, 2021 Vivalon recorded pledges of \$434,960 toward its capital campaign, which represented 4% of the total revenues for the year.

Outstanding receivables from Regional Center transportation contracts total \$914,919, which represents 71% of the current accounts receivable balance at June 30, 2021. This balance represents three months of billing activities and is a result of delayed billing due to an alternate billing methodology approved by the Department of Developmental Services, which kept funding near historical levels, despite the reduction in service levels.

Note 18. NEW HEALTHY AGING CAMPUS BUILDING PROJECT:

Vivalon 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, Vivalon 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 Campus. The organization partnered with a notable nonprofit housing organization, Eden Housing, to develop, construct, and manage the housing component of the project. Vivalon 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, Vivalon 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 Vivalon's 930 Tamalpais location. The concept discussed was to move the proposed Vivalon/Eden project originally designed for the 930 Tamalpais site to the new BioMarin site at 999 Third Street.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 18. NEW HEALTHY AGING CAMPUS BUILDING PROJECT (Continued):

After several meetings involving Vivalon, 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 Vivalon new building project. In October 2018, Vivalon, 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 construction responsibilities as sponsors of the 999 Third Street Development project. On October 5, 2018, Vivalon, Eden Housing and BioMarin submitted their formal application for the 999 Third Street development project to the City of San Rafael's Planning department.

On March 23, 2020, the proposed new Healthy Aging Campus building project at Biomarin's 999 Third street property received a unanimous 5-0 vote of approval by the San Rafael City Council for entitlement of this new project. Vivalon, BioMarin and Eden Housing converted the MOU into a Property Exchange Agreement that was signed by all parties on September 14, 2020. Eden Housing then began their work to secure the appropriate financing for the project's estimated cost of \$43 million for the 67 units of affordable housing. Vivalon is responsible for \$13 million of the new building's cost, and has already raised over \$10 million in Capital Campaign pledges. Vivalon expects to continue raising funds for the Capital Campaign through 2023. New construction is expected to begin by April 2022.

The new opening of the Healthy Aging Campus is estimated to take place in late 2023.

Note 19. CONTINGENCIES AND COMMITMENTS:

Vivalon 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 Vivalon. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce Vivalon's exposure to impact from these events.

On May 3, 2017, the Buck Family Fund Board of Trustees through the Marin Community Foundation approved a Grant for \$2,000,000 to support the development of its Healthy Aging Campus. Grant funds will be recorded as an asset and disbursed to Vivalon 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.

Vivalon, from time to time, receives information regarding claims against it 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 Vivalon in the event of a successful claim. An estimate of possible damages, if any, which Vivalon would be liable for, cannot be made at this time, however management believes any such liability would be immaterial in amount.

VIVALON

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

Note 20. CONCENTRATIONS AND RISKS:

In November 2019, a California organization filed suit against Vivalon alleging that donations intended for them in 2017 and 2018 were misdirected to Vivalon instead. Vivalon filed a general denial in January 2020, contending that the donations were intended for a program that Vivalon has been operating since December 2012. Additionally, Vivalon filed a cross complaint for \$800,000 related to additional donations received by the plaintiff in 2014 and 2017 that were also allegedly intended for the Vivalon program. This case was settled in FY21 through legal counsel provided under our general liability insurance policy.

In November 2020, Vivalon received a demand letter in the amount of \$270,000 related to an alleged incident that occurred during one of their transportation rides performed in June 2019. This case was settled in FY21 through legal counsel provided under our auto insurance policy.

Note 21. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through March 23, 2022.

On September 1, 2021, Vivalon was notified by Marin Transit that the Marin Access paratransit contract, a service that Vivalon had been successfully providing to Marin for almost 50 years, was being awarded to a French-based for-profit organization, effective February 1, 2022. In FY21, this contract accounted for just under \$4 million, representing 35% of the Organization's total revenues and pre-pandemic the contract value was over \$5 million. While this was the Organization's largest contract, the average margin generated from it the last several years was about 2%. Therefore, while management expects a short-term financial impact as Vivalon's services ramp back up post-pandemic, the long-term financial impact on the organization is considered to be minimal.

In January 2021, Vivalon engaged in a property swap with BioMarin. The properties swapped were of similar value and will allow Vivalon to begin its new Healthy Aging Campus building project with Eden Housing as referenced in Note 18.