VIVALON

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

VIVALON

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Vivalon

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Vivalon as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vivalon and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of July 1, 2022, Vivalon adopted Accounting Standards Update (ASU) No. 2016-02 "Leases" (ASC Topic 842). Our opinion is not modified with respect to that matter.

As discussed in Note 19 to the financial statements, management has determined there to be certain errors in presentation of net property, equipment and improvements, obligations under capital leases, and net assets in Vivalon's June 30, 2022, financial statements. Accordingly, net property, equipment and improvements and obligations under capital leases as of June 30, 2022 have been restated in the June 30, 2022, financial statements to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vivalon's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

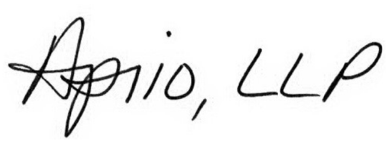
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that auditing conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Vivalon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vivalon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Walnut Creek, CA
March 12, 2024

VIVALON
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS

	2023	2022 (Restated)
Current assets		
Cash and cash equivalents	$ 1,175,559	$ 679,035
Restricted cash and cash equivalents	5,189,416	6,779,114
Accounts receivable	1,208,586	556,947
Grants receivable	64,592	45,355
Employee retention credit receivables	742,643	1,691,942
Pledges receivable, net	504,800	61,750
Inventory	30,298	55,278
Prepaid expenses	94,666	121,708
Short-term investments, at fair value	1,488,531	1,094,309
Total current assets	10,499,091	11,085,438
Long-term assets		
Property, equipment, and improvements, net	11,627,449	4,239,400
Security deposits	38,489	35,178
Long-term investments, at fair value	197,496	527,053
Programmatic Investment	1,094,347	1,089,341
Finance lease right of use assets, net	768,934	-
Operating lease right of use assets, net	734,943	-
Total long-term assets	14,461,658	5,890,972
Total assets	$ 24,960,749	$ 16,976,410

LIABILITIES AND NET ASSETS

	2023	2022 (Restated)
Current liabilities		
Accounts payable	$ 320,492	$ 156,177
Line of credit	1,000,000	-
Accrued expenses	771,749	481,356
Construction contracts payable	2,323,447	-
Obligations under capital leases, current portion	-	140,814
Deferred revenue	460	747
Current portion of finance lease liabilities	215,374	-
Current portion of operating lease liabilities	142,507	-
Other current liabilities	7,232	7,734
Total current liabilities	4,781,261	786,828
Long-term liabilities:		
Obligations under capital leases, net of current portion	-	304,207
Finance lease liabilities, net of current portion	628,211	-
Operating lease liabilities, net of current portion	620,282	-
Total long-term liabilities	1,248,493	304,207
Total liabilities	6,029,754	1,091,035
Net assets		
Without donor restrictions	15,208,138	8,823,885
With donor restrictions	3,722,857	7,061,490
Total net assets	18,930,995	15,885,375
Total liabilities and net assets	$ 24,960,749	$ 16,976,410

See independent auditors' report and notes to the financial statements

VIVALON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Grants	$ -	$ 4,208,208	$ 4,208,208
Donations and pledges	865,045	527,765	1,392,810
Bequests	337,212	31,835	369,047
Special events, net of expenses of $46,543	330,257	-	330,257
Total support	1,532,514	4,767,808	6,300,322
Revenue			
Paratransit services	42,271	-	42,271
Transportation contracts	8,857,684	-	8,857,684
Active Aging Center income	347,038	-	347,038
Nutrition services	430,740	38,402	469,142
Programmatic equity instruments	-	5,006	5,006
Investment income, net	90,988	15,022	106,010
Other income	56,705	5,191	61,896
Gain on disposal of fixed assets	16,372	-	16,372
Net assets released from restrictions	8,170,062	(8,170,062)	-
Total revenue	18,011,860	(8,106,441)	9,905,419
Total support and revenue	19,544,374	(3,338,633)	16,205,741
Expenses			
Program services	9,362,802	-	9,362,802
Supporting activities:			
Management and general	2,946,367	-	2,946,367
Fundraising and development	850,952	-	850,952
Total expenses	13,160,121	-	13,160,121
Change in net assets	6,384,253	(3,338,633)	3,045,620
Net assets at beginning of year	8,823,885	7,061,490	15,885,375
Net assets at end of year	$15,208,138	$ 3,722,857	$18,930,995

VIVALON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total (Restated)
Support			
Grants	$ 2,000	$ 348,760	$ 350,760
Donations and pledges	877,847	219,167	1,097,014
Bequests	176,886	189,620	366,506
Special events, net of expenses of $56,805	460,863	-	460,863
Total support	1,517,596	757,547	2,275,143
Revenue			
Paratransit services	2,705,012	1,590	2,706,602
Transportation contracts	3,185,974	-	3,185,974
Active Aging Center income	294,969	-	294,969
Nutrition services	375,618	29,582	405,200
Programmatic equity instruments	-	(4,251)	(4,251)
Investment loss, net	(73,422)	(50,814)	(124,236)
Other income	62,353	62,000	124,353
Gain on exchange of property	2,837,301	-	2,837,301
Pandemic government assistance	4,767,492	-	4,767,492
Net assets released from restrictions	3,726,261	(3,726,261)	-
Total revenue	17,881,558	(3,688,154)	14,193,404
Total support and revenue	19,399,154	(2,930,607)	16,468,547
Expenses:			
Program	7,962,306	-	7,962,306
Supporting activities:			
Management and general	2,664,353	-	2,664,353
Fundraising and development	948,349	-	948,349
Total expenses	11,575,008	-	11,575,008
Change in net assets	7,824,146	(2,930,607)	4,893,539
Net assets at beginning of year	999,739	9,992,097	10,991,836
Net assets at end of year	$ 8,823,885	$ 7,061,490	$15,885,375

VIVALON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Activities		
	Transportation	Active Aging Center	Nutrition	Total	Management and General	Fundraising and Development	Total
Personnel costs							
Salaries & wages	$ 3,762,837	$ 529,430	$ 280,202	$ 4,572,469	$ 1,678,839	$ 482,400	$ 6,733,708
Employee benefits	308,563	46,425	19,044	374,032	154,791	35,216	564,039
Payroll taxes	315,070	42,623	23,796	381,489	116,160	37,124	534,773
Staff expenses	215,272	25,117	17,140	257,529	54,758	7,743	320,030
Workers compensation	129,271	957	4,852	135,080	5,973	1,009	142,062
Kitchen staff	-	-	97,200	97,200	-	-	97,200
Total personnel costs	4,731,013	644,552	442,234	5,817,799	2,010,521	563,492	8,391,812
Non-personnel costs							
Vehicle leasing & maintenance	1,143,529	115	21,030	1,164,674	-	1,808	1,166,482
Consultants	62,739	196,174	3,918	262,831	309,928	85,569	658,328
Rent	364,984	-	4,186	369,170	118,130	-	487,300
Insurance	294,669	13,866	38,354	346,889	79,756	4,955	431,600
Utilities & telecommunications	130,572	24,429	32,813	187,814	58,354	2,648	248,816
Software license & maintenance	154,122	2,226	321	156,669	43,054	24,023	223,746
Postage & printing	5,636	31,392	-	37,028	6,727	134,236	177,991
Repairs & maintenance	78,423	15,656	33,564	127,643	43,827	39	171,509
Supplies & equipment	43,315	54,504	9,796	107,615	19,687	3,343	130,645
Marketing & promotion	28,065	24,777	63	52,905	27,465	19,738	100,108
Interest expense	-	-	-	-	101,904	-	101,904
Food & kitchen supplies	-	-	59,534	59,534	-	-	59,534
Bank fees	65	16	-	81	20,660	-	20,741
Facilities	3,081	-	1,657	4,738	4,860	-	9,598
Depreciation and amortization expense	606,405	19,067	15,201	640,673	10,746	3,800	655,219
Other expenses	18,964	7,575	200	26,739	90,748	53,844	171,331
Total non-personnel costs	2,934,569	389,797	220,637	3,545,003	935,846	334,003	4,814,852
Total expenses by function	7,665,582	1,034,349	662,871	9,362,802	2,946,367	897,495	13,206,664
Less expenses included with revenues on the statement of activities							
Special events expenses	-	-	-	-	-	(46,543)	(46,543)
Total functional expenses	$ 7,665,582	$ 1,034,349	$ 662,871	$ 9,362,802	$ 2,946,367	$ 850,952	$ 13,160,121

See independent auditors' report and notes to the financial statements

VIVALON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Activities		
	Transportation	Active Aging Center	Nutrition	Total Program	Management and General	Fundraising and Development	Total (Restated)
Personnel costs							
Salaries and wages	$ 3,519,058	$ 360,500	$ 253,121	$ 4,132,679	$ 1,508,806	$ 373,611	$ 6,015,096
Employee benefits	296,795	19,919	16,465	333,179	125,231	38,508	496,918
Payroll taxes	296,345	22,239	19,933	338,517	100,856	27,392	466,765
Staff expenses	120,305	25,253	16,212	161,770	82,926	5,250	249,946
Workers compensation	141,238	549	5,264	147,051	6,826	978	154,855
Kitchen staff	-	-	97,300	97,300	-	-	97,300
Total personnel costs	4,373,741	428,460	408,295	5,210,496	1,824,645	445,739	7,480,880
Non-personnel costs							
Vehicle leasing & maintenance	559,256	-	27,819	587,075	656	1,856	589,587
Consultants	99,411	84,956	18,805	203,172	396,007	260,889	860,068
Rent	395,021	-	3,889	398,910	86,880	-	485,790
Insurance	298,048	5,694	20,546	324,288	18,274	5,355	347,917
Utilities & telecommunications	125,969	26,435	32,268	184,672	31,341	8,569	224,582
Software license & maintenance	53,931	2,583	308	56,822	27,359	11,258	95,439
Postage & printing	5,885	22,463	1,427	29,775	17,351	151,197	198,323
Repairs & maintenance	38,491	5,343	17,187	61,021	42,397	-	103,418
Supplies & equipment	25,474	17,842	9,925	53,241	15,636	4,172	73,049
Marketing & promotion	47,851	20,634	4,169	72,654	81,913	49,681	204,248
Interest expense	35,078	-	-	35,078	-	-	35,078
Food and kitchen supplies	-	758	119,841	120,599	-	-	120,599
Bank fees	56	-	50	106	26,900	-	27,006
Facilities expense	2,703	-	1,658	4,361	7,896	-	12,257
Depreciation expense	557,144	12,694	10,146	579,984	7,159	2,549	589,692
Other	35,519	4,274	259	40,052	79,939	63,889	183,880
Total non-personnel costs	2,279,837	203,676	268,297	2,751,810	839,708	559,415	4,150,933
Total expenses by function	6,653,578	632,136	676,592	7,962,306	2,664,353	1,005,154	11,631,813
Less expenses included with revenues on the statement of activities							
Special events expenses	-	-	-	-	-	(56,805)	(56,805)
Total functional expenses	$ 6,653,578	$ 632,136	$ 676,592	$ 7,962,306	$ 2,664,353	$ 948,349	$ 11,575,008

See independent auditors' report and notes to the financial statements

VIVALON
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2023	2022 (Restated)
Cash flows from operating activities		
Change in net assets	$ 3,045,620	$ 4,893,539
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	484,449	589,692
Gain on disposal of property, equipment and improvements	(16,372)	(2,837,301)
Amortization of right of use assets	299,201	-
Change in allowance for uncollectibility and present value discount	-	(3,069)
Net realized and unrealized loss (gain) on marketable securities	(106,010)	158,899
Unrealized loss (gain) on programmatic equity instruments	(5,006)	4,250
Forgiveness of Paycheck Protection Program loan	-	(3,075,550)
Donation of stock	(76,018)	(52,596)
Proceeds from contributions restricted for capital campaign	(3,694,883)	(434,959)
Changes in operating assets and liabilities:		
Accounts receivable	(651,639)	719,357
Grants receivable	(19,237)	(34,495)
Employee retention credit receivables	949,299	(1,691,942)
Pledges receivable	(443,050)	134,702
Inventory	24,980	(1,431)
Prepaid expenses	27,042	(42,574)
Security deposits	(3,311)	42,281
Charitable remainder trust	-	212,215
Accounts payable	164,315	(29,456)
Accrued expenses	290,393	(176,711)
Deferred revenue	(287)	747
Operating lease liabilities	(100,585)	-
Other current liabilities	(502)	1,508
Total adjustments	(2,877,221)	(6,516,433)
Net cash provided by (used in) operating activities	168,399	(1,622,894)
Cash flows from investing activities		
Proceeds from the sales of marketable securities	117,363	63,649
Purchases of investments	-	(920,982)
Proceeds from the sale of property, equipment, and improvements	16,372	3,366,446
Purchases of property, equipment, and improvements	(5,925,006)	(2,571,736)
Net cash used in investing activities	(5,791,271)	(62,623)
Cash flows from financing activities		
Contributions received, restricted for capital campaign	3,694,883	434,959
Proceeds from loan payable	250,000	-
Principal payments on loan payable	(250,000)	(144,928)
Proceeds from line of credit - net	1,000,000	-
Principal payments on finance lease obligations	(165,185)	-
Principal payments on capital lease obligations	-	(132,146)
Net cash provided by financing activities	4,529,698	157,885
Decrease in cash and cash equivalents	(1,093,174)	(1,527,632)
Cash and cash equivalents and restricted cash, beginning of year	7,458,149	8,985,781
Cash and cash equivalents and restricted cash, end of year	$ 6,364,975	$ 7,458,149

See independent auditors' report and notes to the financial statements

VIVALON
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2023	2022 (Restated)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 101,904	$ 35,078
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTED OF THE FOLLOWING:		
Cash and cash equivalents	$ 1,175,559	$ 679,035
Restricted cash and cash equivalents	5,189,416	6,779,114
	$ 6,364,975	$ 7,458,149

Note 1
Nature of Organization

For the past 70 years since 1954, Vivalon (the "Organization"), formally known as Marin Senior Coordinating Council Incorporated, d.b.a. Whistlestop, has been providing much needed services for the ever-increasing number of Marin County, California's (the "County") 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 the County.

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

During the year ended June 30, 2023, the Organization's services reached over 13,000 individuals, the vast majority of whom are low income and adults over 60 years old with a broad variety of services such as:

- Special Needs Transportation. Since 1969, the Organization, in partnerships with other nonprofit organizations, serves residents with special transportation needs in the County and individuals traveling to or through the County and neighboring counties. The Organization acts as a lifeline to their clients through helping to maintain their independence by transporting them to medical appointments, special day care programs, stores, and more, keeping them connected with anywhere they need to go in the County as well as in San Francisco and Sonoma counties. The Organization operates these transportation services with over 90 specialized vehicles focused on providing high-quality transportation services. The transportation operation includes a Call Center as well as compassionate drivers who help residents remain independent. This service is backed up by the Organization's CarePool program, utilizing trained volunteer drivers to assist older adults with their transportation needs. During June 30, 2023, the Organization provided almost 178,000 rides.

- Social Connection Activities and Classes comprising of 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, the Organization has partnered with Love is the Answer ("LITA") of Marin on an in-home social visiting program for homebound seniors, called Caring Connections. The Organization has also been working with Tech4Life providing digital literacy programs and has partnered with Covia in the County for a phone-visiting program for seniors called Social Call.

- Nutrition programs include Vivalon Nourish, Meals on Wheels, the Jackson Café, a food brown bag pantry (in collaboration with the San Francisco-Marin Food Bank) and congregate meals. The Organization provided over 222,000 food servings and distributed almost 186,000 pounds of food to older and disabled County residents during the year ended June 30, 2023.

Note 1
Nature of Organization (Continued)

- 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.

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

Note 2
Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Organization are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Note 2
Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued):

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.

Restricted Cash and Cash Equivalents:

Amounts of cash with donor restricted use are recorded separately on the statements of cash flows and within the liquidity disclosure (Note 3). Within these restricted amounts is $1,696,025 and $6,270,073 at June 30, 2023 and 2022, respectively, that is required to be held in a separate escrow cash account for the new Healthy Aging Campus project (see Note 15).

Leases:

The Organization adopted ASC 842 - Leases ("ASC 842") effective July 1, 2022, with all the available practical expedients, retrospectively at the beginning of the period of adoption. There was no impact on net assets per the adoption of ASC 842. The Organization recognizes and measures its leases in accordance with ASC 842. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right of use ("ROU") asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Organization's incremental borrowing rate. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, the Organization accounts for both components as a single lease component.

Note 2
Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

The Organization 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 18 regarding conditional commitments that have not been recognized in the accompanying financial statements because the conditions have not yet been met.

A portion of the Organization'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 the Organization 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.

Balances from contracts with customers were as follows at the beginning and end of the periods presented:

	2023	2022	2021
Accounts receivable	$ 1,208,586	$ 556,947	$ 1,276,304

In-Kind Donations:

The Organization did not receive any in-kind donations during the years ended June 30, 2023 and 2022.

Accounts Receivable:

Accounts receivable is recorded on the accrual basis of accounting and consists primarily of amounts due for services which are stated at the amount management expects to collect from outstanding balances.

It is the practice of the Organization to expense uncollectibles only after exhausting all efforts to collect the amounts due.

Grants Receivable:

Grants receivable consists of amounts due to the Organization per signed grant agreements. Grants receivable are stated at the amount management expects to collect from outstanding balances.

It is the practice of the Organization to expense uncollectibles only after exhausting all efforts to collect the amounts due. All grants receivable are anticipated to be collected within the next fiscal year.

Note 2
Summary of Significant Accounting Policies (Continued)

Pledges Receivable:

Pledges receivable consists of amounts due to the Organizations per unconditional pledges.

The Organization has determined that an allowance of $5,000 at both June 30, 2023 and 2022, is sufficient to cover the amount of these receivables that may not be fully collectible. This is based on previous experience and management's analysis. All pledges and bequests receivable are anticipated to be collected within the next fiscal year.

Inventory:

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

Investments:

Investments are carried at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restriction, unless their use is restricted by explicit donor stipulations, or by law. Investment income and gains and losses on investments whose use is restricted by explicit donor stipulation, or by law, but whose restrictions expire in the same reporting period as earned, are reported as investment income without donor restriction.Investments primarily include publicly-traded 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.

Equity method investment:

The Organization accounts for its investment in Marin Aging and Disability Institute ("MADI"), in which it owns 50% interest using the equity method. The Organization has significant influence, but not control over MADI; therefore, the Organization's investment in MADI is accounted for using the equity method whereby the Organization reflects its investment as the net balance of all cash investments, reduced by distributions and increased by the pro rata share of MADI's annual income or loss.

Note 2
Summary of Significant Accounting Policies (Continued)

Fair Value Measurements:

The Organization applies FASB ASC 820, *Fair Value Measurements* ("ASC 820"), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value 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. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The three general valuation techniques that may be used to measure fair value are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following are descriptions of the valuation methods and assumptions used by the Organization to estimate the fair values of certain financial instruments. There have been no changes to the methodologies used at June 30, 2023 and 2022:

Cash and cash equivalents: Fair values of money market funds are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 1 inputs).

Fixed Income Securities: Fixed income securities are invested primarily in high grade fixed income securities, which are one to six years in duration. The fair values of these investments are readily marketable and are determined by obtaining quoted prices on a nationally recognized securities exchanges (Level 1 inputs).

Equity Securities and Mutual Funds: Consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Note 2
<u>Summary of Significant Accounting Policies (Continued)</u>

<u>Property and Equipment</u>:

The Organization 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 estimated useful lives of the respective assets as follows in accordance with FASB guidelines:

Building and improvements	7 - 40 years
Furniture and equipment	5 - 10 years
Vehicles and transportation equipment	5 years

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

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the full carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying value 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 2023 or 2022.

<u>Net Assets</u>:

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.

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. Depreciation is allocated based on estimated percentages of fixed property, equipment, and improvements related to each program or supporting function.

The Organization allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Expenses common to several functions are allocated according to formulas developed by management.

Advertising:

Advertising costs are expensed as incurred and paid. For the years ended June 30, 2023 and 2022 advertising expense totaled $19,820 and $59,310, respectively.

Tax Exempt Status:

The Organization is a nonprofit organization exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for Federal income taxes is required. The Organization applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes. The Organization is no longer subject to income tax examinations for tax years up to and including 2020.

Reclassifications:

Certain reclassifications have been made to the prior year financial statements in order to make prior year amounts comparable to those of the current year. Such reclassifications had no effect on previously reported net assets or changes in net assets.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at two commercial banks, these balances can exceed the FDIC insured deposit limit of $250,000 per financial institution. At June 30, 2023 and 2022, the Organization's cash balances held at the commercial banks exceeded the FDIC limit by approximately $5,991,000 and $7,081,000, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued. In July 2023, the Organization added a new demand deposit marketplace ("DDM") sweep account to its primary operating cash account to limit the daily balance to $250,000 in line with the FDIC insured deposit limit.

Note 3
Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of June 30, 2023 and 2022:

	2023	2022
Financial assets available for general expenditure within one year:		
Cash and cash equivalents	$ 1,175,559	$ 679,035
Restricted cash	5,189,416	6,779,114
Accounts receivable	1,208,586	556,947
Grants receivable	64,592	45,355
Employee retention credit receivables	742,643	1,691,942
Pledges receivable, net	504,800	61,750
Inventory	30,298	55,278
Short-term investments, at fair value	1,488,531	1,094,309
Total financial assets	10,404,425	10,963,730
Donor-restricted contributions	3,722,857	7,061,490
Programmatic equity investment	(1,094,347)	(1,089,341)
Time restricted	-	(10,500)
Total current donor restriction assets	2,628,510	5,961,649
Total financial assets available for general expenditure within one year	$ 7,775,915	$ 5,002,081

The Organization 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 $1,500,000 as of June 30, 2023. The Organization invests cash in excess of daily requirements in short-term investments and money market funds. The Organization also has two lines of credit available totaling up to $1,400,000 as of June 30, 2023 and 2022. The Organization had $400,000 remaining on the lines of credit as of June 30, 2023, upon which it could draw to manage short-term liquidity needs. The Organization had not used any amounts on the lines of credit as of June 30, 2022.

Note 4
Pledges Receivable

The Organization has received unconditional pledges receivable as of June 30, 2023 and 2022, as follows:

Description	Pledges Receivable	Allowance for Doubtful Accounts	Pledges Receivable, Net
June 30, 2023	$ 509,800	$ (5,000)	$ 504,800
June 30, 2022	$ 66,750	$ (5,000)	$ 61,750

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, 2023 and 2022, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Assets at Fair Value as of June 30, 2023			
	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Investments:				
Cash equivalents	$ 203,963	$ -	$ -	$ 203,963
Fixed income, preferred	133,224	-	-	133,224
Fixed income, government and non-government	266,689	488,805	-	755,494
Exchange traded funds	585,496	-	-	585,496
Accrued interest	3,506	4,344	-	7,850
Total assets at fair value	$ 1,192,878	$ 493,149	$ -	$ 1,686,027

Note 5
Investments (Continued)

	Assets at Fair Value as of June 30, 2022			
	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Investments:				
Fixed income, preferred	$ 365,173	$ -	$ -	$ 365,173
Fixed income, government and non-government	-	523,132	-	523,132
Cash and cash equivalents	227,361	-	-	227,361
Exchange traded funds	499,484	-	-	499,484
Accrued interest	2,291	3,921	-	6,212
Total assets at fair value	$ 1,094,309	$ 527,053	$ -	$ 1,621,362

In accordance with the ASC 820, the Organization's investments are considered to be Level 1 and Level 2 within the fair value hierarchy. Level 2 investments are valued using quoted prices for identical or similar assets in active markets. There were no significant transfers between the levels during the year. The Organization’s policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

During the years ended June 30, 2023 and 2022, the Organization received and recognized $76,018 and $52,596, respectively, in stock donations which are immediately sold and either withdrawn or reinvested.

The components of investment return are as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividend income	$ 61,551	$ 45,716
Realized gains	24,154	-
Unrealized gains (losses)	34,903	(158,899)
Less: investment expenses	(14,598)	(11,053)
	$ 106,010	$ (124,236)

Note 6
Charitable Remainder Trust

The Organization 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 Organization. Such events occurred during the year ended June 30, 2022. A receivable was remaining for the final payment from the CRT as of June 30, 2022, in the amount of $31,835, which is located within other receivables on the statements of financial position and was received in fiscal year 2023; therefore, there was no balance remaining in the CRT as of June 30, 2023. The NAV of the CRT was zero as of June 30, 2022.

Note 7
Programmatic Equity Instrument

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

The formation of the MADI will serve as a critical community resource for the 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 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 caregivers to support an individual in their activities of daily living and/or reducing fall risk through home access modifications.

In June, 2018, MADI (a limited liability company) 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. The Organization and MCIL (the "Members") own 50% of MADI. In June 2018, MADI was granted 501(c)(3) tax exempt status by the Internal Revenue Service.

MCIL and the Organization have established a comprehensive operating agreement for MADI in order to complete the organization of MADI, provide for the governance of MADI and establish conduct for MADI’s operations. The establishment of MADI will move the County forward and create systems change by redefining how the County’s elders and individuals with disabilities live, learn, earn and age in place.

Management of the business and assets of MADI are vested solely in six Managers (the “Managers”) as described in MADI's operating agreement, three appointed by each of the Members. 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 MADI and may exercise all powers of MADI without the need for further approval by the Members or any additional or successor members of MADI.

The asset transfer from Marinspace to MADI was completed on October 31, 2018. The Organization, as a 50% member of MADI, recorded a programmatic investment income in the amount of $5,006 and loss in the amount of $4,251 for the years ended June 30, 2023 and 2022, respectively.

Note 7
Programmatic Equity Instrument (Continued)

The summarized internal financial statements for MADI at June 30, 2023 and 2022, are as follows:

	2023	2022
Assets		
Cash and cash equivalents	$ 149,391	$ 445,412
Accounts receivable	12,589	5,000
Deposit	2,560	2,560
Intangibles, net	38,698	39,846
Land and buildings, net	2,608,313	2,338,279
Total assets	$ 2,811,551	$ 2,831,097
Liabilities		
Accounts payable	$ 74,589	$ 108,795
Tenant security-deposits	22,746	14,460
Deferred rent	4,891	-
Mortgage loan	520,632	529,161
Total liabilities	622,858	652,416
Net assets	2,188,693	2,178,681
Total liabilities and net assets	$ 2,811,551	$ 2,831,097

Note 8
Property, Equipment, and Improvements

The following is a summary of property, equipment, and improvements at cost at June 30, 2023 and 2022:

	2023	2022
Land	$ 63,000	$ 63,000
Buildings and improvements	3,216,520	3,195,842
Leasehold improvements	339,410	339,410
Furniture and equipment	522,021	457,330
Vehicles and transportation equipment	3,010,603	2,430,811
Vehicles under capital lease	-	765,010
Construction in process	8,841,884	1,239,972
	15,993,438	8,491,375
Less: accumulated depreciation	(4,365,989)	(4,251,975)
Property, equipment and improvements, net	$ 11,627,449	$ 4,239,400

Depreciation expense for the years ended June 30, 2023 and 2022 totaled $484,449 and $589,692, respectively.

Note 9
Lines of Credit

In December 2019, the Organization secured a new $1,500,000 non-revolving credit line with Bank of Marin. The non-revolving credit line was reduced to $1,000,000 upon the Organization's notification to the bank of the sale and receipt of proceeds from the sale of air rights to Eden Housing per the terms of the agreement. In March 2022, the Organization refinanced its existing $400,000 revolving line of credit and the non-revolving line of credit. 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 now March 5, 2024, and the new line of credit matures January 5, 2025. Amounts drawn on the credit lines bear interest at the bank's Prime Rate minus 0.5% for the smaller line and Prime Rate plus 0.25% for the larger line. The bank's Prime Rate was 8.25% and 4.75% as of June 30, 2023. As of June 30, 2023, $1,000,000 was outstanding on the lines of credit, which was used to help fund operations to bridge the timing gap caused by the delayed Employee Retention Credit ("ERC") refund. As of June 30, 2022, there were no amounts outstanding on either line of credit.

Note 10
Notes Payable

Loan #1:

On May 5, 2016, the Organization executed a promissory note up to $200,000 with the Bank of Marin. The note was secured by motor vehicles, inventory, chattel paper, accounts, equipment, and general intangibles. The note allowed for interest-only monthly payments on amounts drawn at the fixed rate of 4.125% per annum for 6 months, followed by 59 monthly payments of principal and interest of $743 and matured November 5, 2021.

Loan #2:

On June 27, 2018, the Organization executed a promissory note up to $800,000 with the Bank of Marin. The note was secured by motor vehicles, inventory, chattel paper, accounts, equipment, and general intangibles. The note allowed for interest-only monthly payments on the amounts drawn at the fixed rate of 5% per annum for 7 months, followed by 36 monthly payments of principal and interest of $23,999 through the maturity date of February 5, 2022.

Loan #3

On March 9, 2023, the Organization executed a promissory note up to $250,000 with the Bank of Marin. The note was secured by inventory, chattel paper, accounts, equipment, and general intangibles, as described in the Security Agreement. The note allowed for interest-only monthly payments on the amounts drawn at the rate of 0.25% above the prime rate. The loan matured on July 5, 2023, but was paid in full by the Organization prior to June 30, 2023.

Note 11
Pandemic Government Assistance

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law in March 2020 and included various programs to provide economic assistance to U.S. individuals, businesses, and industries. The programs which the Organization was able to partake in are explained below including the pertinent amounts related to the years presented in the financial statements.

The Organization received a $1,537,775 Small Business Administration ("SBA") Paycheck Protection Program ("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 the second PPP loan was fully forgiven by the SBA on March 25, 2022.

Additionally, on April 18, 2022, the Organization also submitted amended 941 payroll tax filings for the first three quarters of 2021 for ERC tax refunds under the CARES Act. The eligible tax refunds submitted totaled $1,691,942. In May 2023, the Organization received the first and third quarter ERC refunds with an additional $37,604 of interest. At this time, it was identified that their payroll provider erroneously did not file the second quarter refund in the amount of $742,643. This refund was subsequently resubmitted and was still outstanding as of June 30, 2023.

All pandemic government assistance funding received by the Organization was used to help fund operations and keep as many staff as possible employed during the pandemic.

Note 12
Net Assets With Donor Restrictions

Net assets with donor restrictions represent donations, grants, and gifts to the Organization, which have been restricted by time and/or purpose and consisted of the following as of June 30, 2023:

	Beginning Balance	Contributions and Income	Released from Restrictions	Ending Balance
New Building Capital Campaign	$ 5,083,865	$ 4,160,413	$ (7,470,475)	$ 1,773,803
Programmatic Equity Instruments	1,089,340	5,006	-	1,094,346
Nutrition Programs	5,833	157,879	(163,712)	-
Lifelong Learning Program ("LLLP")	829,186	15,022	-	844,208
Healthy Aging Program ("HAP")	8,000	254,908	(262,908)	-
AAI Inform and Consent	34,766	(6,217)	(28,549)	-
Time-Restricted - Trusts	10,500	-	-	10,500
Meals on Wheels Infrastructure Grants	-	244,418	(244,418)	-
	$ 7,061,490	$ 4,831,429	$ (8,170,062)	$ 3,722,857

Note 12
Net Assets With Donor Restrictions (Continued)

Net assets with donor restrictions represent donations, grants, and gifts to the Organization, which have been restricted by time and/or purpose and consisted of the following as of June 30, 2022:

	Beginning Balance	Contributions and Income	Released from Restrictions	Ending Balance
Vehicles	$ 481,456	$ -	$ (481,456)	$ -
New Building Capital Campaign	7,187,872	127,168	(2,231,175)	5,083,865
Programmatic Equity Instruments	1,093,591	(4,251)	-	1,089,340
Nutrition Programs	-	151,981	(146,148)	5,833
CarePool Program	-	35,000	(35,000)	-
Healthcare Rides	28,463	-	(28,463)	-
LLLP	880,000	(50,814)	-	829,186
HAP	38,000	194,500	(224,500)	8,000
County Emergency Services	-	1,590	(1,590)	-
AAI Inform and Consent	60,000	60,000	(85,234)	34,766
Salesforce Implementation	-	90,860	(90,860)	-
Time-Restricted - Trusts	222,715	189,620	(401,835)	10,500
	$ 9,992,097	$ 795,654	$ (3,726,261)	$ 7,061,490

Note 13
Special Events

During the years ended June 30, 2023 and 2022, the Organization held special events resulting in net income as follows:

	2023	2022
Special event donations:	$ 274,350	$ 356,543
Earned income:		
Earned income	102,450	161,125
Less: direct expenses	(46,543)	(56,805)
Net special event earned income	55,907	104,320
Total event net income	$ 330,257	$ 460,863

Note 14
Concentrations

The Organization has identified its financial instruments which are potentially subject to credit risk as cash and cash equivalents, investments, and receivables. Investments are diversified in order to limit market risk. See the disclosure of cash concentrations in Note 2.

Transportation services provided to Regional Centers through the transportation broker R&D resulted in gross revenue of approximately $7,587,536 and $2,602,263 in the years ended June 30, 2023 and 2022, respectively, which represented 85% and 44% of transportation service revenue and 47% and 29% of total revenues for the years, respectively.

Note 14
Concentrations (Continued)

While the Organization has provided services to the Marin County Transit District ("MCTD") for more than 20 years, this contract terminated January 31, 2022. However, the Corporation earned gross revenues of approximately $2,667,507 in the year ended June 30, 2022, which comprised approximately 30% of the Organization's total operating (excludes PPP & ERC) revenues for the year.

In the years ended June 30, 2023 and 2022, the Organization recorded pledges of $4,160,383 and $119,098, respectively, toward its capital campaign, which represented 26% and 1% of the total revenues for the years, respectively.

Outstanding receivables from Regional Center transportation contracts totaled $1,000,007 and $311,147 as of June 30, 2023 and 2022, respectively, which represented 58% and 55% of the accounts and grants receivable balances at June 30, 2023 and 2022, respectively (excludes ERC). These balances represent one month of billing activities for three and two Regional Center transportation contracts, respectively.

Additionally, in May 2023, it was identified that the Organization's payroll provider erroneously did not file one of the three ERC tax refunds eligible under the CARES Act originally filed in April 2022 in the amount of $742,625. This refund was subsequently resubmitted and was still outstanding as of June 30, 2023 (see Note 11). The entire $1,691,924 of eligible ERC tax refunds submitted under the CARES Act in April 2022 was outstanding as of June 30, 2022.

Note 15
New Healthy Aging Campus Building Project

The Organization 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, the Organization 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. The Organization 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, the Organization 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 the Organization's 930 Tamalpais location. The concept discussed was to move the proposed project originally designed for the 930 Tamalpais site to the new BioMarin site at 999 Third Street.

Note 15
New Healthy Aging Campus Building Project (Continued)

After several meetings involving the Organization, 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 new building project. In October 2018, the Organization, 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, the Organization, 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. The Organization, BioMarin and Eden Housing converted the MOU into a Property Exchange Agreement that was signed by all parties on September 14, 2020.

The property swap with BioMarin was finalized in January 2022, with the following transaction recorded.

Property swap with BioMarin:		
Property received by the Organization - 999 Third Street		$ 1,420,000
Property given up by the Organization		
Land - 648 Lindaro	$ 302,482	
Buildings - 648 Lindaro	113,094	
Accumulated depreciation - 648 Lindaro	(70,877)	
		344,699
Gain on exchange of property		$ 1,075,301

The Organization sold the air rights for the top four floors of the six-story building to Eden Housing in April 2022. At this closing, a construction escrow account was set up to fund the Organization's estimated $7 million portion of the base building project from its Capital Campaign proceeds and the following transaction was recorded.

Sale of air rights to Eden Housing	
Gain on exchange of property	$ 1,762,000

Eden Housing secured financing for their project's estimated cost of $41 million for the 67 units of affordable housing. The Organization is responsible for over $16 million of the new building's cost, including both the base building and the tenant improvement costs related to the first floor medical clinic and the café, community programming spaces, and employee offices on the second floor. The Organization has already raised over $12.5 million in Capital Campaign pledges as of June 30, 2023. The Organization expects to continue raising funds for the Capital Campaign through 2023 due to the escalation of construction materials over the last several years. Construction on the project started in April 2022 and is expected to continue through December 2023, with an estimated opening date in January 2024.

Note 16
Retirement Plan

The Organization sponsors a 403(b) defined contribution plan known as Vivalon, Inc. 403(b) Plan (the "Plan"). Under the Plan, all employees who are not non-resident aliens are eligible to participate in the Plan upon their date of hire. Employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Plan allows for the Organization to make discretionary matching contributions to the Plan typically equal to 100% of elective deferrals that do not exceed 3% of compensation, plus 50% of elective deferrals exceeding 3% but not over 5% of compensation. The Organization's discretionary matching contributions for the years ended June 30, 2023 and 2022, totaled $57,186 and $46,384, respectively. The Organization's contributions and employee contributions are 100% vested per the Plan's provisions.

Note 17
Right of Use Assets

The Organization's lease portfolio consists of non-cancelable operating and finance leases for office space, vehicles, and equipment. The operating leases have remaining lease terms of approximately two to five years while the finance leases have remaining lease terms of approximately one to six years. Payments due under the lease contracts include mainly fixed payments. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less). As of June 30, 2023, the Organization has short-term lease expense of $194,219.

The components of the leases for the year ending June 30, 2023 are as follows:

Operating lease cost	$	164,241
Finance lease interest expense	$	35,349
Finance lease amortization	$	170,770
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$	35,349
Operating cash flows from operating leases	$	164,241
Financing cash flows from finance leases	$	53,723
Lease liabilities arising from obtaining right of use assets - operating leases	$	863,374
Lease liabilities arising from obtaining right of use assets - finance leases	$	551,598
Weighted-average remaining lease term - operating leases		3.81 years
Weighted-average remaining lease term - finance leases		2.06 years
Weighted-average discount rate - operating leases		7.00 %
Weighted-average discount rate - finance leases		9.74 %

Note 17
Right of Use Assets (Continued)

Maturities of the lease liability under the noncancelable lease agreements as of June 30, 2023, are as follows:

Year Ending June 30,	Operating	Finance
2024	$ 183,969	$ 281,025
2025	225,112	274,439
2026	206,703	115,881
2027	201,788	115,881
2028	46,389	115,881
Thereafter	-	145,437
Total undiscounted lease payments	863,961	1,048,544
Less: imputed interest	(101,172)	(204,960)
Total lease liability	$ 762,789	$ 843,584

Note 18
Commitments and Contingencies

Capital Leases:

Effective for the year ended June 30, 2023, due to implementation of ASC 842, capital leases are classified as finance leases. Capital leases and related future minimum payments including interest were comprised of the following at June 30, 2022:

The Organization leases vehicles under an agreement that expires in October 2024. The lease is payable in monthly installments totaling $3,594 with a balloon payment due upon expiration of the lease totaling $20,200, including interest at 6.07% per annum.	$ 108,028
The Organization leases vehicles under an agreement that expires in February 2025. The lease is payable in monthly installments totaling $10,168 with a balloon payment due upon expiration of the lease totaling $56,400, including interest at 6.48% per annum.	336,993
Total future minimum rent payments including interest	$ 445,021

Assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the estimated useful lives or the lease term if ownership does not transfer to the Organization at the end of the lease. Depreciation of assets under capital leases is included in depreciation expense.

Note 18
Commitments and Contingencies (Continued)

Vehicles held under capital leases consist of the following as of June 30, 2022:

Cost of equipment and installation	$	765,010
Less: Accumulated depreciation		(370,435)
	$	394,575

Additional commitments and contingencies:

The Organization 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 state of the global financial markets may have an impact on the level of funding provided by these sources and the market value of marketable equity securities held by the Organization. While it is impracticable to estimate the unforeseeable impact of future market events, the Organization monitors the overall market environment and addresses potential changes in funding levels to reduce the Organization's exposure to significant losses associated with overall market events.

On May 3, 2017, the Buck Family Fund Board of Trustees through the Marin Community Foundation ("MCF") approved a grant for $2,000,000 to support the development of its Healthy Aging Campus. The grant was 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, a five-year proforma operating budget and plan, and a final project team list. All conditions were met and the grant was recorded and received during the year ended June 30, 2023.

The Organization intermittently faces legal proceedings during the Organization's ordinary course of activities potentially involving current and former employees, clients, or clients' families. The Organization maintains adequate insurance coverage to protect the Organization from potential losses arising from such legal proceedings. The Organization maintains that the ultimate outcome of such legal proceedings, if any, will not have a significant impact on the financial statements.

Note 19
Restatement

In implementing ASC 842 for the fiscal year ended June 30, 2023, management determined that two vehicle terminal rental clause agreement leases that were treated as operating leases in previous years, should have been recorded as capital leases. As a result, the Organization determined the fixed assets and related accumulated depreciation were understated. Change in net assets was also overstated due to understated depreciation and interest expense net of vehicle maintenance/leasing expense having been overstated for the year ended June 30, 2022. The statement of financial position and statement of activities and changes in net assets as of and for the year ended June 30, 2022, have been restated as follows:

	June 30, 2022 (Previously issued)	Adjustment	June 30, 2022 (Restated)
Assets:			
Property, equipment and improvements, net	$ 3,844,825	$ 394,575	$ 4,239,400
Liabilities:			
Obligations under capital leases, current portion	$ -	$ 140,814	$ 140,814
Obligations under capital leases, net of current portion	-	304,207	304,207
Total liabilities	$ -	$ 445,021	$ 445,021
Net assets:			
Without donor restrictions	$ 8,872,760	$ (48,875)	$ 8,823,885
With donor restrictions	7,063,061	(1,571)	7,061,490
Net assets, end of year	15,935,821	(50,446)	15,885,375
Less: net assets, beginning of year	11,021,427	(29,591)	10,991,836
Change in net assets	$ 4,914,394	$ (20,855)	$ 4,893,539
Expenses:			
Program	$ 7,941,451	$ 20,855	$ 7,962,306

Note 20
Subsequent Events

In mid-August 2023, Vivalon received the third and final outstanding ERC tax refund in the amount of $779,533 from the IRS, which included $36,890 of calculated interest. These funds were subsequently used to pay off the Bank of Marin line of credit that had been acquired to support operating cash flows through the pandemic.

Due to continued increases in the cost of construction materials and labor, the Organization secured two short term gap financing loans at the end of 2023 to complete the construction project. On November 28, 2023, Vivalon secured a $680,000 loan from Bank of Marin, which is a two-year interest only loan secured by the Organization's operating investments. This loan replaced the $1,000,000 non-revolving line of credit previously described at Note 9, which as paid in full in August 2023. Additionally, Vivalon secured a $1,500,000 two-year interest only loan from Marin Community Foundation, which is secured by the 930 Tamalpais Avenue property.

Note 20
Subsequent Events (Continued)

On December 6, 2023, the Golden Gate Bridge and Highway Transit District ("GGBHTD") conducted its second Community Open House to share current design updates on its San Rafael Transit Center Replacement Project. This project was formally approved by the GGBHTD Board of Directors on December 15, 2022, a project plan concept that started in 2010. While their “Move Whistlestop Alternative” option that was approved is currently in the design phase, they have received state and local approval on the plan and are now awaiting final federal environmental clearance. Although the construction of the project is not anticipated to start until 2026, they expect to begin the eminent domain process to acquire Vivalon’s 930 Tamalpais Avenue site, as well as neighboring properties, for this project by mid-2024.

On December 14, 2023, Vivalon received the Temporary Occupancy Certificate ("TCO") from the City of San Rafael to start occupying the new Vivalon Healthy Aging Campus offices and began providing classes, services and meals to the public on January 2, 2024. Final construction on the project was completed in January 2024.

Management considered all events through March 12, 2024, the date the financial statements were available to be issued, in preparing the financial statements and the related disclosures. The Organization is not aware of any other significant events that occurred subsequent to June 30, 2023, but prior to the issuance of this report, that would have a material impact on the financial statements.