

VIVALON
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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, 2024 and 2023, 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.

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.

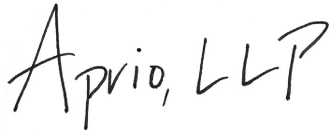
Auditors' Responsibilities for the Audit of the Financial Statements

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 an audit 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.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, CA
August 18, 2025

VIVALON
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS

	2024	2023
<u>Current assets</u>		
Cash and cash equivalents	\$ 731,948	\$ 1,175,559
Restricted cash and cash equivalents	8,311	5,189,416
Accounts receivable	1,618,565	1,208,586
Grants receivable	-	64,592
Employee retention credit receivables	-	742,643
Pledges receivable, net	230,714	504,800
Other receivables	44,907	-
Automotive parts	92,240	30,298
Prepaid expenses	218,029	94,666
Short-term investments, at fair value	1,584,535	1,488,531
Total current assets	4,529,249	10,499,091
<u>Long-term assets</u>		
Property, equipment, and improvements, net	19,311,646	11,627,449
Security deposits	32,330	38,489
Long-term investments, at fair value	199,965	197,496
Programmatic Investment	1,094,347	1,094,347
Finance lease right of use assets, net	3,592,335	768,934
Operating lease right of use assets, net	1,117,896	734,943
Total long-term assets	25,348,519	14,461,658
Total assets	\$ 29,877,768	\$ 24,960,749
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 389,135	\$ 320,492
Line of credit	-	1,000,000
Accrued expenses	1,022,839	771,749
Construction contracts payable	-	2,323,447
Deferred revenue	150	460
Current portion of finance lease liabilities	681,852	215,374
Current portion of operating lease liabilities	421,531	142,507
Other current liabilities	157,989	7,232
Current portion of long term debt	640,545	-
Total current liabilities	3,314,041	4,781,261
<u>Long-term liabilities:</u>		
Long-term debt	1,500,000	-
Finance lease liabilities, net of current portion	3,079,049	628,211
Operating lease liabilities, net of current portion	766,468	620,282
Total long-term liabilities	5,345,517	1,248,493
Total liabilities	8,659,558	6,029,754
<u>Net assets</u>		
Without donor restrictions	19,289,782	15,208,138
With donor restrictions	1,928,428	3,722,857
Total net assets	21,218,210	18,930,995
Total liabilities and net assets	\$ 29,877,768	\$ 24,960,749

See independent auditors' report and notes to the financial statements

VIVALON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support</u>			
Grants	\$ 40,737	\$ 258,161	\$ 298,898
Donations and pledges	738,202	1,980,768	2,718,970
Bequests	1,583,368	22,245	1,605,613
Special events, net of expenses of \$12,650	<u>75,475</u>	<u>-</u>	<u>75,475</u>
Total support	<u>2,437,782</u>	<u>2,261,174</u>	<u>4,698,956</u>
<u>Revenue</u>			
Transportation contracts	14,227,121	-	14,227,121
Active Aging Center income	569,921	-	569,921
Nutrition services	455,070	-	455,070
Investment income net	218,455	-	218,455
Other income	147,542	-	147,542
Shop income	33,923	-	33,923
Membership income	29,669	-	29,669
Room rental income	16,143	-	16,143
Net assets released from restrictions	<u>4,055,603</u>	<u>(4,055,603)</u>	<u>-</u>
Total revenue	<u>19,753,447</u>	<u>(4,055,603)</u>	<u>15,697,844</u>
Total support and revenue	<u>22,191,229</u>	<u>(1,794,429)</u>	<u>20,396,800</u>
<u>Expenses</u>			
Program services	13,426,960	-	13,426,960
Supporting activities:			
Management and general	3,497,411	-	3,497,411
Fundraising and development	<u>1,185,214</u>	<u>-</u>	<u>1,185,214</u>
Total expenses	<u>18,109,585</u>	<u>-</u>	<u>18,109,585</u>
Change in net assets	4,081,644	(1,794,429)	2,287,215
Net assets at beginning of year	<u>15,208,138</u>	<u>3,722,857</u>	<u>18,930,995</u>
Net assets at end of year	<u>\$ 19,289,782</u>	<u>\$ 1,928,428</u>	<u>\$ 21,218,210</u>

See independent auditors' report and notes to the financial statements

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support</u>			
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	<u>330,257</u>	<u>-</u>	<u>330,257</u>
Total support	<u>1,532,514</u>	<u>4,767,808</u>	<u>6,300,322</u>
<u>Revenue</u>			
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 investment	-	5,006	5,006
Investment income, net	90,988	15,022	106,010
Other income	56,705	5,191	61,896
Gain on exchange of property	16,372	-	16,372
Net assets released from restrictions	<u>8,170,062</u>	<u>(8,170,062)</u>	<u>-</u>
Total revenue	<u>18,011,860</u>	<u>(8,106,441)</u>	<u>9,905,419</u>
Total support and revenue	<u>19,544,374</u>	<u>(3,338,633)</u>	<u>16,205,741</u>
<u>Expenses:</u>			
Program	9,362,802	-	9,362,802
Supporting activities:			
Management and general	2,946,367	-	2,946,367
Fundraising and development	<u>850,952</u>	<u>-</u>	<u>850,952</u>
Total expenses	<u>13,160,121</u>	<u>-</u>	<u>13,160,121</u>
Change in net assets	6,384,253	(3,338,633)	3,045,620
Net assets at beginning of year	<u>8,823,885</u>	<u>7,061,490</u>	<u>15,885,375</u>
Net assets at end of year	<u>\$ 15,208,138</u>	<u>\$ 3,722,857</u>	<u>\$ 18,930,995</u>

See independent auditors' report and notes to the financial statements

VIVALON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Activities		
	Healthy Aging Center	In-Home Services including Nutrition	Transportation	Total	Management and General	Fundraising and Development	Total
Personnel costs							
Salaries & wages	\$ 932,614	\$ 268,193	\$ 5,412,910	\$ 6,613,717	\$ 2,238,756	\$ 614,747	\$ 9,467,220
Employee benefits	109,482	36,388	710,958	856,828	94,552	54,216	1,005,596
Payroll taxes	71,772	22,719	432,182	526,673	149,541	45,669	721,883
Vehicle leasing & maintenance	-	24,022	1,726,204	1,750,226	1,275	-	1,751,501
Staff expenses	<u>31,466</u>	<u>14,691</u>	<u>180,284</u>	<u>226,441</u>	<u>95,489</u>	<u>11,132</u>	<u>333,062</u>
Total personnel costs	<u>1,145,334</u>	<u>366,013</u>	<u>8,462,538</u>	<u>9,973,885</u>	<u>2,579,613</u>	<u>725,764</u>	<u>13,279,262</u>
Non-personnel costs							
Workers compensation	1,424	7,325	196,893	205,642	3,804	1,041	210,487
Rent	-	-	311,233	311,233	41,328	-	352,561
Insurance	33,455	27,715	269,761	330,931	35,522	12,984	379,437
Utilities & telecommunications	45,193	23,601	171,187	239,981	64,867	17,542	322,390
Marketing & promotion	12,147	-	523	12,670	2,610	193,419	208,699
Postage & printing	8,103	-	11,119	19,222	11,269	91,881	122,372
Repairs & maintenance	51,654	1,901	56,062	109,617	86,162	288	196,067
Supplies & equipment	54,044	8,636	62,025	124,705	1,732	14,617	141,054
Meals & entertainment	1,615	143	365	2,123	5,088	1,110	8,321
Interest expense	-	-	217,670	217,670	82,026	-	299,696
Food & kitchen supplies	237,589	-	-	237,589	-	-	237,589
Bank fees	1,774	-	212	1,986	17,678	1,264	20,928
Payroll processing	-	-	-	-	67,180	-	67,180
Software license & maintenance	151	359	179,418	179,928	181,323	26,287	387,538
Course Instructors	124,948	-	-	124,948	-	-	124,948
Consultants	75,187	633	10,335	86,155	227,100	39,485	352,740
Dues & subscriptions	10,323	1,100	3,418	14,841	34,332	42,208	91,381
Licenses and taxes	1,863	-	6,378	8,241	12,002	-	20,243
Bad debt expense	-	-	-	-	10,858	-	10,858
Other expenses	2,215	840	4,882	7,937	5,456	1,305	14,698
Depreciation expense	<u>214,043</u>	<u>22,169</u>	<u>981,444</u>	<u>1,217,656</u>	<u>27,461</u>	<u>16,019</u>	<u>1,261,136</u>
Total non-personnel costs	<u>875,728</u>	<u>94,422</u>	<u>2,482,925</u>	<u>3,453,075</u>	<u>917,798</u>	<u>459,450</u>	<u>4,830,323</u>
Total functional expenses	<u>\$ 2,021,062</u>	<u>\$ 460,435</u>	<u>\$ 10,945,463</u>	<u>\$ 13,426,960</u>	<u>\$ 3,497,411</u>	<u>\$ 1,185,214</u>	<u>\$ 18,109,585</u>

See independent auditors' report and notes to the financial statements

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	<u>4,731,013</u>	<u>644,552</u>	<u>442,234</u>	<u>5,817,799</u>	<u>2,010,521</u>	<u>563,492</u>	<u>8,391,812</u>
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	<u>2,934,569</u>	<u>389,797</u>	<u>220,637</u>	<u>3,545,003</u>	<u>935,846</u>	<u>334,003</u>	<u>4,814,852</u>
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	<u>\$ 7,665,582</u>	<u>\$ 1,034,349</u>	<u>\$ 662,871</u>	<u>\$ 9,362,802</u>	<u>\$ 2,946,367</u>	<u>\$ 850,952</u>	<u>\$ 13,160,121</u>

See independent auditors' report and notes to the financial statements

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

	2024	2023
<u>Cash flows from operating activities</u>		
Net income	\$ 2,321,775	3,045,620
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	1,261,136	484,449
Gain on disposal of property, equipment, and improvements	-	(16,372)
Amortization of right of use assets - finance leases	545,994	299,201
Net realized and unrealized loss (gain) on marketable securities	(193,918)	(106,010)
Unrealized loss (gain) on programmatic investment	(34,560)	(5,006)
Proceeds from contributions restricted for capital campaign	(1,946,650)	(3,694,883)
Non-cash lease expense - operating leases	359,420	-
(Increase) decrease in assets:		
Accounts receivable	(409,979)	(651,639)
Grants receivable	64,592	(19,237)
Other receivables	(44,907)	-
Pledges receivable, net	274,086	(443,050)
Employee retention credit receivables	742,643	949,299
Automotive parts	(61,942)	24,980
Prepaid expenses	(123,363)	27,042
Security deposits	6,159	(3,311)
Increase (decrease) in liabilities:		
Accounts payable	68,643	164,315
Accrued expenses	251,090	290,393
Construction contracts payable	(2,323,447)	-
Current portion of finance lease liabilities	466,478	-
Operating lease liabilities	279,024	(100,585)
Deferred revenue	(310)	(287)
Other current liabilities	150,757	(502)
Lease liabilities - operating leases	(596,187)	-
Total adjustments	(1,265,241)	(2,801,203)
Net cash provided by operating activities	1,056,534	244,417
<u>Cash flows from investing activities</u>		
Proceeds from the sales of marketable securities	95,445	41,345
Proceeds from the sale of property, equipment, and improvements	-	16,372
Purchases of property, equipment, and improvements	(8,945,333)	(5,925,006)
Net cash used in investing activities	(8,849,888)	(5,867,289)
<u>Cash flows from financing activities</u>		
Contributions received, restricted for capital campaign	1,946,650	3,694,883
Proceeds from loans payable	2,650,000	250,000
Principal payments on loans payable	(509,455)	(250,000)
Payments on line of credit, net	(1,000,000)	1,000,000
Principal payments on finance lease	(918,557)	(165,185)
Net cash provided by financing activities	2,168,638	4,529,698
Net decrease in cash	(5,624,716)	(1,093,174)
Cash and restricted cash, beginning of the year	6,364,975	7,458,149
Cash and restricted cash, ending of the year	\$ 740,259	\$ 6,364,975

See independent auditors' report and notes to the financial statements

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

	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ <u>299,696</u>	\$ <u>101,904</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Right of use assets acquired in exchange for lease obligations	\$ <u>4,111,768</u>	\$ <u>2,179,980</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTED OF THE FOLLOWING:		
Cash and cash equivalents	\$ 731,948	\$ 1,175,559
Restricted cash and cash equivalents	<u>8,311</u>	<u>5,189,416</u>
	<u>\$ 740,259</u>	<u>\$ 6,364,975</u>

See independent auditors' report and notes to the financial statements

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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's 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 focuses on helping 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, 2024, the Organization focused on individuals that 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.
- Social Connection Activities and Classes.
- 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 provides food servings and distributes food to older and disabled County residents.
- Information and referral services for older adults 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.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 (U.S. GAAP).

Financial Statement Presentation:

Financial statement presentation is in accordance with U.S. GAAP 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 U.S. 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 an original maturity of three months or less to be 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.

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 \$8,311 and \$1,696,025 at June 30, 2024 and 2023, respectively, that is required to be held in a separate escrow cash account for the new Healthy Aging Campus project (see Note 14).

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2
Summary of Significant Accounting Policies (Continued)

Leases:

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.

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. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions.

A portion of the Organization's revenue is derived from 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.

The Organization received conditional grants that had not been fully recognized as revenue upon receipt because qualifying expenditures had not yet been incurred. \$154,548 was recognized as revenue in the statements of activities with nothing remaining as refundable advances at June 30, 2024. In addition, as of June 30, 2024, there are \$233,147 in additional revenues to be recognized on conditional grants.

Revenue from contracts with customers is derived from contracts with individuals served or third parties to provide meals or transportation to the elderly. Revenue is recognized at the point in time when control of the product or service has transferred to the customer. The nature, amount, and timing of payment for such services is not substantially impacted by economic factors.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2
Summary of Significant Accounting Policies (Continued)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ <u>1,618,565</u>	\$ <u>1,208,586</u>	\$ <u>556,947</u>

In-Kind Donations:

The Organization did not receive any in-kind donations during the years ended June 30, 2024 and 2023.

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.

The Organization has determined that all accounts receivable are fully collectible and no allowance for credit losses has been recorded. This is based on previous experience and management's analysis of future expected collections based on current conditions, and reasonable and supportable forecasts about the future. Risks include economic conditions especially those affecting transportation and nonprofit organizations. All accounts receivable are anticipated to be collected within the next fiscal year.

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.

The Organization has determined that all grants receivable are fully collectible and no allowance for doubtful accounts has been recorded. All grants receivable are anticipated to be collected within the next fiscal year.

Pledges Receivable:

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

The Organization has determined that an allowance for doubtful accounts of \$5,000 at both June 30, 2024 and 2023, 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 of future expected collections based on current conditions. All grants receivable are anticipated to be collected within the next fiscal year. All pledges and bequests receivable are anticipated to be collected within the next fiscal year.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2
Summary of Significant Accounting Policies (Continued)

Automotive Parts:

Automotive parts consists of vehicle repair parts that are used to repair the Organization's vehicles. The parts 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.

Programatic Investment:

The Organization investment in Marin Aging and Disability Institute ("MADI"), in which it owns 50%, is accounted for as an equity security without a readily determinable fair value. The investment is measured at cost, less impairment.

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.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2
Summary of Significant Accounting Policies (Continued)

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, 2024 and 2023:

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 2 inputs).

Exchange Traded Funds: Consist of ETFs which are primarily invested in equity securities. The fair value of ETFs, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Property and Equipment:

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	3 - 10 years
Vehicles and transportation equipment	5 years
Software	10 years

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2

Summary of Significant Accounting Policies (Continued)

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 2024 or 2023.

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.

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 2021.

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, 2024 and 2023, the Company's cash balances held at the commercial banks exceeded the FDIC limit by approximately \$504,090 and \$6,008,937, respectively. The Company has not experienced any losses through the date when the financial statements were available to be issued.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2

Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Guidance:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption.

The Organization adopted the CECL standard effective July 1, 2023, using the required modified retrospective approach. The impact of the adoption was not considered material to the financial statements.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets available for general expenditure within one year:		
Cash and cash equivalents	\$ 731,948	\$ 1,175,559
Accounts receivable	1,618,565	1,208,586
Grants receivable	-	64,592
Employee retention credit receivables	-	742,643
Pledges receivable, net	230,714	504,800
Automotive parts	92,240	30,298
Other receivables	44,907	-
Short-term investments, at fair value	<u>1,584,535</u>	<u>1,488,531</u>
Total financial assets	<u>4,302,909</u>	<u>5,215,009</u>
Donor-restricted contributions	1,928,428	3,722,857
Programmatic equity investment	<u>(1,094,347)</u>	<u>(1,094,347)</u>
Total current donor restriction assets	<u>834,081</u>	<u>2,628,510</u>
Total financial assets available for general expenditure within one year	<u>\$ 3,468,828</u>	<u>\$ 2,586,499</u>

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 \$3,200,000 as of June 30, 2024. The Organization invests cash in excess of daily requirements in short-term investments and money market funds. The Organization also had a line of credit available for \$400,000 as of June 30, 2024 and had two lines of credit available totaling up to \$1,400,000 as of June 30, 2023. The Organization had \$400,000 remaining on the line(s) of credit as of both June 30, 2024 and 2023 upon which it could draw to manage short-term liquidity needs.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 4
Pledges Receivable

The Organization has received unconditional pledges receivable as of June 30, 2024 and 2023, as follows:

<u>Description</u>	<u>Pledges Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Pledges Receivable, Net</u>
June 30, 2024	\$ <u>235,714</u>	\$ <u>(5,000)</u>	\$ <u>230,714</u>
June 30, 2023	\$ <u>509,800</u>	\$ <u>(5,000)</u>	\$ <u>504,800</u>

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, 2024 and 2023, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	<u>Assets at Fair Value as of June 30, 2024</u>			
	<u>Quoted Price in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>	<u>Total Fair Value</u>
Investments:				
Fixed income, preferred	\$ 131,318	\$ -	\$ -	\$ 131,318
Fixed income, government and non-government	-	609,071	-	609,071
Exchange traded funds	<u>707,093</u>	<u>-</u>	<u>-</u>	<u>707,093</u>
Total assets at fair value	<u>\$ 838,411</u>	<u>\$ 609,071</u>	<u>\$ -</u>	1,447,482
Cash				<u>337,018</u>
Total investments				<u>\$ 1,784,500</u>

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 5
Investments (Continued)

	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:				
Fixed income, preferred	\$ 133,224	\$ -	\$ -	\$ 133,224
Fixed income, government and non-government	-	763,344	-	763,344
Exchange traded funds	585,496	-	-	585,496
Total assets at fair value	\$ 718,720	\$ 763,344	\$ -	1,482,064
Cash				203,963
Total investments				\$ 1,686,027

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, 2024 and 2023, the Organization received and recognized \$112,919 and \$76,018, respectively, in stock donations which are immediately sold and either withdrawn or reinvested.

Note 6
Programmatic Investment

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, 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.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 6
Programmatic Equity Instrument (Continued)

In June, 2018, MADI (a limited liability company) was formed for the specific purpose of holding title to the property, managing, operating, leasing and otherwise dealing with the property. 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. The investment is accounted for as an equity security without a readily determinable fair value. Therefore the investment is measured at cost, less impairment.

The MADI campus provides 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.

As of June 30, 2024 and 2023 the carrying value of the programatic investment was \$1,094,347. Summarized financial information for MADI as of June 30, 2024 and 2023 includes total assets of \$2,826,329 and \$2,811,551, total liabilities of \$2,257,814 and \$2,188,683 and net assets of \$2,257,814 and \$2,811,693, respectively.

There were no material related-party transactions between the Organization and MADI during the years ended June 30, 2024 and 2023.

Note 7
Property, Equipment, and Improvements

The following is a summary of property, equipment, and improvements at cost at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,488,018	\$ 1,483,000
Buildings and improvements	18,461,637	1,796,520
Leasehold improvements	335,804	339,410
Furniture and equipment	724,537	522,021
Vehicles and transportation equipment	3,112,638	3,010,603
Software	266,537	-
Construction in process	<u>-</u>	<u>8,841,884</u>
	24,389,171	15,993,438
Less: accumulated depreciation	<u>(5,077,525)</u>	<u>(4,365,989)</u>
Property, equipment and improvements, net	<u>\$ 19,311,646</u>	<u>\$ 11,627,449</u>

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 7
Property, Equipment, and Improvements (Continued)

Depreciation expense for the years ended June 30, 2024 and 2023, totaled \$1,261,136 and \$484,449, respectively.

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. The eminent domain process to acquire Vivalon's 930 Tamalpais Avenue site, as well as neighboring properties, for this project was expected to begin by mid-2024 but has been put on hold indefinitely.

Note 8
Lines of Credit

In March 2022, the Organization refinanced its \$400,000 revolving line of credit and the non-revolving line of credit of \$1,000,000. Both lines of credit are secured by the Organization's property in San Rafael 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 was March 5, 2024; it was repaid in August 2023 and was not renewed. The new line of credit with the available line of \$400,000 matures March 2026. 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 8.50% and 8.25% as of June 30, 2024 and 2023, respectively. As of June 30, 2024, there were no amounts outstanding on the line of credit. 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.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 9
Notes Payable

Previous Loan:

On March 9, 2023, the Organization executed a promissory note up to \$250,000 with the Bank of Marin. The note was secured by automotive parts, 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.

Current Loans:

Notes payable are as follows as of June 30, 2024 and 2023:

	2024	2023
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 interest only loan from Bank of Marin. Interest is calculated on the outstanding balance as the Prime Rate plus 0.25%. The original maturity date was December 5, 2024 but the Organization received an extension letter so that the new maturity date is March 5, 2025. The loan is secured by the Organization's operating investments. This loan replaced the \$1,000,000 non-revolving line of credit previously described at Note 8, which was paid in full in August 2023.	\$ 640,545	\$ -
Vivalon secured a \$1,500,000 interest only loan from Marin Community Foundation, which is secured by the 930 Tamalpais Avenue property. The interest rate is 5.00% and the loan matures on December 31, 2025.	<u>1,500,000</u>	<u>-</u>
	<u>\$ 2,140,545</u>	<u>\$ -</u>

Aggregate future principal payments are as follows at June 30, 2024:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 640,545
2026	<u>1,500,000</u>
	<u>\$ 2,140,545</u>

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 10

Employee Retention Credit Receivable

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.

Note 11

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, 2024:

	<u>Beginning Balance</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
New Building Capital Campaign	\$ 1,773,803	\$ 1,946,651	\$ (3,712,141)	\$ 8,313
Programmatic Investment	1,094,346	-	-	1,094,346
Nutrition Programs	-	109,275	(109,275)	-
Lifelong Learning Program ("LLL")	844,208	-	(18,439)	825,769
Active Aging Center	-	170,613	(170,613)	-
Time-Restricted - Trusts	10,500	-	(10,500)	-
Meals on Wheels Infrastructure Grants	<u>-</u>	<u>34,635</u>	<u>(34,635)</u>	<u>-</u>
	<u>\$ 3,722,857</u>	<u>\$ 2,261,174</u>	<u>\$ (4,055,603)</u>	<u>\$ 1,928,428</u>

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:

	<u>Beginning Balance</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
New Building Capital Campaign	\$ 5,083,865	\$ 4,160,413	\$ (7,470,475)	\$ 1,773,803
Programmatic Investment	1,089,340	5,006	-	1,094,346
Nutrition Programs	5,833	157,879	(163,712)	-
LLL	829,186	15,022	-	844,208
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	<u>-</u>	<u>244,418</u>	<u>(244,418)</u>	<u>-</u>
	<u>\$ 7,061,490</u>	<u>\$ 4,831,429</u>	<u>\$ (8,170,062)</u>	<u>\$ 3,722,857</u>

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 12
Special Events

During the years ended June 30, 2024 and 2023, the Organization held special events resulting in net income (loss) as follows:

	2024	2023
Special event donations:	\$ <u>88,125</u>	\$ <u>274,350</u>
Earned income:		
Earned income	-	102,450
Less: direct expenses	<u>(12,650)</u>	<u>(46,543)</u>
Net special event earned income	<u>(12,650)</u>	<u>55,907</u>
Total event net income	<u>\$ 75,475</u>	<u>\$ 330,257</u>

Note 13
Concentrations

Transportation services provided to Regional Centers through the transportation broker R&D resulted in gross revenue of approximately \$12,936,418 and \$7,587,536 in the years ended June 30, 2024 and 2023, respectively, which represented 91% and 85% of transportation service revenue and 63% and 47% of total revenues for the years, respectively.

In the years ended June 30, 2024 and 2023, the Organization recorded contribution revenue of \$1,946,650 and \$4,160,383, respectively, toward its capital campaign, which represented 10% and 26% of the total revenues for the years, respectively.

Outstanding receivables from Regional Center transportation contracts totaled \$1,174,149 and \$1,000,007 as of June 30, 2024 and 2023, respectively, which represented 63% and 58% of the accounts and grants receivable balances at June 30, 2024 and 2023, respectively (excludes ERC). These balances represent one month of billing activities for four and three Regional Center transportation contracts, respectively.

Note 14
New Healthy Aging Campus Building Project

The Sonoma Marin Area Rail Train ("SMART") downtown San Rafael station platform is adjacent to the Organization's 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 project to include 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.

Eden Housing secured financing for their project's estimated cost of \$41 million for the 67 units of affordable housing. The Organization invested 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 raised over \$12.5 million in Capital Campaign pledges as of June 30, 2024.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 14

New Healthy Aging Campus Building Project (Continued)

Construction on the project started in April 2022 and continued through December 2023. 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 and has been recorded in property, equipment and improvements.

Note 15

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, 2024 and 2023, totaled \$96,248 and \$57,186, respectively. The Organization's contributions and employee contributions are 100% vested per the Plan's provisions.

Note 16

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, 2024 and 2023, the Organization has short-term lease expense of \$380,919 and \$194,219, respectively.

The components of the leases for the years ending June 30, 2024 and 2023, are as follows:

Operating lease cost	\$ 375,982	\$ 164,241
Finance lease interest expense	\$ 47,801	\$ 35,349
Finance lease amortization	\$ 130,674	\$ 170,770
Cash paid for amounts included in the measurement of lease liabilities:		
Operating Cash flows from operating leases	\$ 343,291	\$ 164,241
Financing cash flows from finance leases	\$ 533,942	\$ 53,723
Lease liabilities arising from obtaining right of use assets - operating leases	\$ 742,373	\$ 863,374
Lease liabilities arising from obtaining right of use assets - finance leases	\$ 3,369,395	\$ 551,598
Weighted-average remaining lease term - operating leases	2.52 years	3.81 years
Weighted-average remaining lease term - finance leases	3.40 years	2.06 years
Weighted-average discount rate - operating leases	6.09 %	7.00 %
Weighted-average discount rate - finance leases	10.45 %	9.74 %

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 16
Right of Use Assets (Continued)

Maturities of the lease liability under the noncancelable lease agreements as of June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>
2025	\$ 482,368	\$ 1,049,759
2026	415,105	891,382
2027	332,676	848,358
2028	67,811	847,130
2029	669	844,091
Thereafter	<u>-</u>	<u>383,652</u>
Total undiscounted lease payments	1,298,629	4,864,372
Less: imputed interest	<u>(110,630)</u>	<u>(1,103,471)</u>
Total lease liability	<u>\$ 1,187,999</u>	<u>\$ 3,760,901</u>

Note 17
Commitments and Contingencies

Funding:

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.

Litigation:

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. Subsequent to year end, the Organization settled a claim for \$130,000 which related to an event occurring during the year ended June 30, 2024. This amount was accrued on the statement of financial position in other current liabilities. The Organization does not expect any further payout related to this claim.

VIVALON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 17
Commitments and Contingencies (Continued)

There is also a putative class action, wage and hour lawsuit filed by a former Vivalon employee in process. Vivalon contends that the claims are baseless but there are risks associated with class action and PAGA litigation that cause the legal team to also pursue and consider settlement discussions to determine whether a reasonable settlement can be reached. Estimates cannot be made at this time regarding the likelihood of an unfavorable outcome or an estimate of the amount of range of potential loss.

Note 18
Subsequent Events

The property of the Organization's Programatic investment, MADI, LLC, as referred to in Note 6, was listed for sale after year-end. If sold, this would cause the dissolution of that corporation and Vivalon would receive 50% of the remaining assets. The Organization is consulting with legal counsel on this matter. The amount of gain on this transaction cannot be reasonably estimated at this time, but a loss is not anticipated and therefore no transactions have been recorded related to this matter as of June 30, 2024. The financial effect of this transaction cannot be estimated at this time.

On April 1, 2025, the Organization obtained a five year term loan with Bank of Marin in the amount of \$540,544.64 with an interest rate of 7%. This funding was used to pay the loan that matured on March 5, 2025.

Management considered all events through August 18, 2025, 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, 2024, but prior to the issuance of this report, that would have a material impact on the financial statements.