

GENERATIONS UNITED, INC.

DECEMBER 31, 2012 AND 2011

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 10

SARFINOANDRHOADES, LLP

J Gregory Sarfino CPA
David R Himes CPA
Michael J Devlin CPA
Brian W Dow CPA

11921 Rockville Pike, Suite 501
North Bethesda, Maryland
20852-2794

301.770.5500 Voice
301.881.7747 Fax
cpas@sarfinoandrhoades.com
www.sarfinoandrhoades.com

Certified Public Accountants
and Business Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
Generations United, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Generations United, Inc., which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Generations United, Inc. as of December 31, 2012 and 2011, 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.

Sarfino and Rhoades LLP

July 31, 2013

GENERATIONS UNITED, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash (Note 1)	\$ 499,598	\$ 482,885
Grant receivable (Note 2)	39,490	10,860
Accounts receivable	-	5,367
Accrued interest receivable	-	1,815
TOTAL CURRENT ASSETS	\$ 539,088	\$ 500,927
INVESTMENTS (Notes 1, 3 and 4)	-	118,602
PROPERTY AND EQUIPMENT (Notes 1 and 5)	3,779	6,909
DEPOSITS	13,056	13,056
TOTAL ASSETS	\$ 555,923	\$ 639,494
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 35,812	\$ 15,093
Accrued expenses	70,042	60,837
Deferred revenue (Note 1)	138,482	139,785
Sublease deposit	-	2,500
TOTAL CURRENT LIABILITIES	\$ 244,336	\$ 218,215
COMMITMENTS (Note 7)		
NET ASSETS (Notes 1 and 6):		
Unrestricted	\$ 196,154	\$ 349,089
Temporarily restricted	115,433	72,190
TOTAL NET ASSETS	\$ 311,587	\$ 421,279
TOTAL LIABILITIES AND NET ASSETS	\$ 555,923	\$ 639,494

The accompanying notes are an integral part of these financial statements.

GENERATIONS UNITED, INC.
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

2012

2011

	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE (Note 1):						
Grants, contracts, and contributions	\$ 53,513	\$ 848,845	\$ 902,358	\$ 36,899	\$ 1,007,345	\$ 1,044,244
Memberships dues	142,769	-	142,769	129,925	-	129,925
Sublease and other income	18,403	-	18,403	16,065	-	16,065
Interest income	1,970	-	1,970	9,266	-	9,266
Conference	-	-	-	81,505	-	81,505
Net realized and unrealized gain (loss) on investments	(1,128)	-	(1,128)	1,074	-	1,074
Net assets released from restrictions	805,602	(805,602)	-	1,116,012	(1,116,012)	-
TOTAL SUPPORT AND REVENUE	\$ 1,021,129	\$ 43,243	\$ 1,064,372	\$ 1,390,746	\$ (108,667)	\$ 1,282,079
EXPENSES:						
Program services:						
Shared sites and photography contest	\$ 281,437	-	\$ 281,437	\$ 236,768	-	\$ 236,768
Public education	247,216	-	247,216	333,205	-	333,205
Grandfamilies projects	173,756	-	173,756	222,949	-	222,949
Memberships	135,332	-	135,332	21,753	-	21,753
Child development center study	36,775	-	36,775	-	-	-
Grandparent's investing in grandchildren	27,118	-	27,118	-	-	-
Social Security education	16,674	-	16,674	67,166	-	67,166
High quality pre-K-kindergarten for all	15,779	-	15,779	66,788	-	66,788
Volunteer engagement initiative	3,145	-	3,145	-	-	-
Developing promising practices	-	-	-	106,336	-	106,336
Conference	-	-	-	56,059	-	56,059
Total program services	\$ 937,232	-	\$ 937,232	\$ 1,111,024	-	\$ 1,111,024
Supporting services:						
General and administrative	\$ 235,131	-	\$ 235,131	\$ 202,833	-	\$ 202,833
Fundraising	1,406	-	1,406	1,532	-	1,532
Staff development	295	-	295	50	-	50
Total supporting services	\$ 236,832	-	\$ 236,832	\$ 204,415	-	\$ 204,415
TOTAL EXPENSES	\$ 1,174,064	\$ -	\$ 1,174,064	\$ 1,315,439	\$ -	\$ 1,315,439
CHANGE IN NET ASSETS	\$ (152,935)	\$ 43,243	\$ (109,692)	\$ 75,307	\$ (108,667)	\$ (33,360)
NET ASSETS, BEGINNING OF YEAR	349,089	72,190	421,279	273,782	180,857	454,639
NET ASSETS, END OF YEAR	\$ 196,154	\$ 115,433	\$ 311,587	\$ 349,089	\$ 72,190	\$ 421,279

The accompanying notes are an integral part of these financial statements.

GENERATIONS UNITED, INC.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (109,692)	\$ (33,360)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	3,129	3,691
Net realized and unrealized (gain) loss on investments	1,128	(1,074)
Changes in assets and liabilities:		
Grant receivable	(28,630)	5,559
Accounts receivable	5,367	(5,367)
Accrued interest receivable	1,815	792
Accounts payable	20,719	(625)
Accrued expenses	9,205	2,460
Deferred revenue	(1,303)	(31,140)
Sublease deposit	(2,500)	-
NET CASH USED IN OPERATING ACTIVITIES	\$ (100,762)	\$ (59,064)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment	\$ 117,475	\$ 100,000
NET CHANGE IN CASH	\$ 16,713	\$ 40,936
CASH, BEGINNING OF YEAR	482,885	441,949
CASH, END OF YEAR	\$ 499,598	\$ 482,885

The accompanying notes are an integral part of these financial statements.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 1. **Organization and Summary of Significant Accounting Policies**

Organization - Generations United, Inc. (“the Organization”) is a nonprofit organization focused on promoting intergenerational strategies, programs, and public policies. The Organization represents more than 100 national, state, and local organizations representing more than 70 million Americans and is the only national organization advocating for the mutual well-being of children, youth, and older adults. The Organization serves as a resource for educating policymakers and the public about the economic, social, and personal imperatives of intergenerational cooperation. The Organization provides a forum for those working with children, youth, and the elderly to explore areas of common ground while celebrating the richness of each generation.

Description of Program Services - The Organization has the following primary program services:

Shared Sites: The Organization is committed to increasing intergenerational shared sites and shared resources to meet the country's dependent care needs and encourage age-integrated communities.

Public Education: The program includes identifying best intergenerational practices, producing reports, speaking and writing, and educating about grandparents raising grandchildren.

Grand families: The Organization's National Center on grand families works to promote policies and programs to help grand families address the range of challenges they face including those related to housing, legal, education, health and mental health, family relationships, and financial issues.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned or incurred.

Basis of Presentation - The Organization is required to report financial information regarding its financial position and activities for each of the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets are temporarily restricted to the extent that their availability is restricted by donors, conditional upon the passage of time or the occurrence of certain events. Such restrictions apply only to contributions and to grants considered contributions, and not to “exchange” transactions in which the Organization provides a service or product to the funding agency. The Organization has no permanently restricted net assets.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 1. **Organization and Summary of Significant Accounting Policies** - (Continued)

Revenue Recognition - Contributions are recognized as support at the earlier of when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Membership dues for core sustaining organizational members are recognized based upon the Organization's calendar year fiscal period. Dues for certain other organizational members are assessed upon each member's renewal date, and management has determined that any portion deferred to future periods is immaterial.

Revenue received, but not earned, is classified as deferred revenue in the statements of financial position.

Use of Estimates - Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of less than ninety days to be cash equivalents.

Investments - Investments in marketable securities are measured at fair value at the statement of financial position date. The change in the differences between the fair value and the cost of investments is reflected in the statements of activities as realized and unrealized gains and losses on investments.

Property and Equipment - Property and equipment exceeding \$1,000 is capitalized at cost and depreciated over the estimated useful lives of the assets using the straight-line method. When properties are disposed of or otherwise retired, the cost, and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Maintenance and repairs are expensed in the year incurred.

Concentration of Credit Risk - Financial instruments, which potentially subject the Organization to concentrations of credit risk, include cash accounts with financial institutions. Cash balances with commercial banks are covered by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. The Organization does not believe it is exposed to a significant risk on its cash accounts.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

Income Tax Status - The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code, other than on unrelated business income. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal information returns (Form 990, Return of Organization Exempt from Income Tax) are not subject to examination by the IRS for the years ended December 31, 2008 and prior.

Functional Expense Allocations - The costs of providing various programs have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among programs and supporting services.

Note 2. **Grant Receivable** - Grant receivable represents reimbursable grant costs. This item, which is generally uncollateralized, is stated at the amount management expects to collect from the balance outstanding at year-end. Based on management's assessment of the payment history and current relationship with grantors having an outstanding balance, management concludes that realization losses, if any, on the balance outstanding at year-end would be immaterial.

Note 3. **Investments** - There were no investments at December 31, 2012. Investments consisted of the following at December 31, 2011:

	2011	
	Fair Value	Cost
U.S. Treasury Notes, due 8/15/16	\$ 118,602	\$ 102,163

Note 4. **Fair Value Measurement** - A framework for measuring fair value as established in the Fair Value Measurements and Disclosures Topic of the Accounting Standards Codification of the Financial Accounting Standards Board (FASB) provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows: level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets; level 2 inputs are observable market data, generally other than quoted prices; level 3 inputs are significant

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 4. **Fair Value Measurement** - (Continued)

unobservable data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets at fair value.

U.S. government obligations - Valued at the closing price reported in the active market in which the individual security is traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the

Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value:

	As of December 31, 2011			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ -	\$ 118,602	\$ -	\$ 118,602

Note 5. **Property and Equipment** - Property and equipment consists of the following as of December 31:

	2012	2011
Furniture and equipment	\$ 46,786	\$ 46,786
Less, Accumulated depreciation	43,007	39,877
Totals	\$ 3,779	\$ 6,909

Depreciation expense for the years ended December 31, 2012 and 2011 was \$3,129 and \$3,691, respectively.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Note 6. **Temporarily Restricted Net Assets** - Net assets were temporarily restricted for the following purposes at December 31:

	2012	2011
Shared sites and photography contest	\$ 65,379	\$ 69,758
Grand Resources for Children with Disabilities	49,853	-
High Quality Pre-Kindergarten for All	201	2,432
Totals	\$ 115,433	\$ 72,190

Note 7. **Commitments** - The Organization entered into a lease agreement for office space that expires July 31, 2014. Monthly lease payments increase 2.5% on each anniversary of the lease. The Organization is responsible for paying an estimate of real estate taxes and other operating expenses of the building during the year.

Rent expense for the years ended December 31, 2012 and 2011 was \$182,641 and \$176,065, respectively.

The future minimum lease payments are as follows:

Years ending December 31,	
2013	\$ 181,074
2014	107,151
Totals	\$ 288,225

Note 8. **Retirement Plan** - The Organization maintains a defined contribution pension plan covering substantially all employees. Under this plan the Organization matches employee contributions, up to six percent of the annual compensation for each participating employee, after one year of employment. Total pension expense incurred for the years ended December 31, 2012 and 2011 was \$20,267 and \$19,804, respectively.

Note 9. **Subsequent Events** - Subsequent events have been evaluated through July 31, 2013, which is the date the financial statements were available to be issued.