

GENERATIONS UNITED, INC.

DECEMBER 31, 2013 AND 2012

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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, 2013 and 2012, 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 auditors consider 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, 2013 and 2012, 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.

Sarfins and Rhoades LLP

May 8, 2014

GENERATIONS UNITED, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash (Note 1)	\$ 567,359	\$ 499,598
Grant receivable (Note 2)	160,584	39,490
Prepaid expenses	15,307	-
Accounts receivable	3,100	-
TOTAL CURRENT ASSETS	\$ 746,350	\$ 539,088
PROPERTY AND EQUIPMENT (Notes 1 and 3)	1,835	3,779
DEPOSITS	13,056	13,056
TOTAL ASSETS	\$ 761,241	\$ 555,923
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 27,690	\$ 35,812
Accrued expenses	58,190	70,042
Deferred revenue (Note 1)	55,562	138,482
TOTAL CURRENT LIABILITIES	\$ 141,442	\$ 244,336
COMMITMENTS (Note 5)		
NET ASSETS (Notes 1 and 4):		
Unrestricted	\$ 205,835	\$ 196,154
Temporarily restricted	413,964	115,433
TOTAL NET ASSETS	\$ 619,799	\$ 311,587
TOTAL LIABILITIES AND NET ASSETS	\$ 761,241	\$ 555,923

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

GENERATIONS UNITED, INC.
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE (Note 1):						
Grants, contracts, and contributions	\$ 275,053	\$ 1,008,464	\$ 1,283,517	\$ 53,513	\$ 848,845	\$ 902,358
Conference, including contributions of \$46,000 in 2013	122,665	-	122,665	-	-	-
Membership dues	92,375	-	92,375	142,769	-	142,769
Sublease and other income	21,443	-	21,443	18,403	-	18,403
Interest income	87	-	87	1,970	-	1,970
Net realized and unrealized gain (loss) on investments	-	-	-	(1,128)	-	(1,128)
Net assets released from restrictions	709,933	(709,933)	-	805,602	(805,602)	-
TOTAL SUPPORT AND REVENUE	<u>\$ 1,221,556</u>	<u>\$ 298,531</u>	<u>\$ 1,520,087</u>	<u>\$ 1,021,129</u>	<u>\$ 43,243</u>	<u>\$ 1,064,372</u>
EXPENSES:						
Program services:						
Grandfamilies projects	\$ 247,364	\$ -	\$ 247,364	\$ 173,756	\$ -	\$ 173,756
Shared sites and photography contest	233,400	-	233,400	281,437	-	281,437
Public education	229,114	-	229,114	247,216	-	247,216
Conference	112,618	-	112,618	-	-	-
Youth Jumpstart	71,282	-	71,282	-	-	-
High quality pre-Kindergarten for all	65,161	-	65,161	15,779	-	15,779
Membership	42,671	-	42,671	135,332	-	135,332
Volunteer engagement initiative	33,163	-	33,163	3,145	-	3,145
Grandparent's investing in grandchildren	10,842	-	10,842	27,118	-	27,118
Child development center study	-	-	-	36,775	-	36,775
Social Security education	-	-	-	16,674	-	16,674
Total program services	<u>\$ 1,045,615</u>	<u>\$ -</u>	<u>\$ 1,045,615</u>	<u>\$ 937,232</u>	<u>\$ -</u>	<u>\$ 937,232</u>
Supporting services:						
General and administrative	\$ 164,245	\$ -	\$ 164,245	\$ 235,131	\$ -	\$ 235,131
Fundraising	2,015	-	2,015	1,406	-	1,406
Staff development	-	-	-	295	-	295
Total supporting services	<u>\$ 166,260</u>	<u>\$ -</u>	<u>\$ 166,260</u>	<u>\$ 236,832</u>	<u>\$ -</u>	<u>\$ 236,832</u>
TOTAL EXPENSES	<u>\$ 1,211,875</u>	<u>\$ -</u>	<u>\$ 1,211,875</u>	<u>\$ 1,174,064</u>	<u>\$ -</u>	<u>\$ 1,174,064</u>
CHANGES IN NET ASSETS	<u>\$ 9,681</u>	<u>\$ 298,531</u>	<u>\$ 308,212</u>	<u>\$ (152,935)</u>	<u>\$ 43,243</u>	<u>\$ (109,692)</u>
NET ASSETS, BEGINNING OF YEAR	<u>196,154</u>	<u>115,433</u>	<u>311,587</u>	<u>349,089</u>	<u>72,190</u>	<u>421,279</u>
NET ASSETS, END OF YEAR	<u>\$ 205,835</u>	<u>\$ 413,964</u>	<u>\$ 619,799</u>	<u>\$ 196,154</u>	<u>\$ 115,433</u>	<u>\$ 311,587</u>

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

GENERATIONS UNITED, INC.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 308,212	\$ (109,692)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,944	3,129
Bad debt expense	6,000	-
Net realized and unrealized loss on investments	-	1,128
Changes in assets and liabilities:		
Grant receivable	(127,094)	(28,630)
Prepaid expenses	(15,307)	-
Accounts receivable	(3,100)	5,367
Accrued interest receivable	-	1,815
Accounts payable	(8,122)	20,719
Accrued expenses	(11,852)	9,205
Deferred revenue	(82,920)	(1,303)
Sublease deposit	-	(2,500)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 67,761	\$ (100,762)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	\$ -	\$ 117,475
NET CHANGE IN CASH	\$ 67,761	\$ 16,713
CASH, BEGINNING OF YEAR	499,598	482,885
CASH, END OF YEAR	\$ 567,359	\$ 499,598

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

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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, 2013 AND 2012

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.

Property and Equipment - Property and equipment exceeding \$1,000 is capitalized at cost and depreciated over the estimated useful lives of three to five years 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, 2013 AND 2012

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 taxes 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, 2009 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 based on management's estimates.

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

	2013	2012
Furniture and equipment	\$ 10,525	\$ 46,786
Less, Accumulated depreciation	8,690	43,007
Totals	\$ 1,835	\$ 3,779

Depreciation expense for the years ended December 31, 2013 and 2012 was \$1,944 and \$3,129, respectively.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 4. **Temporarily Restricted Net Assets** - Net assets were temporarily restricted for the following purposes at December 31:

	2013	2012
Public Education	\$ 143,176	\$ -
Youth Jumpstart	120,725	-
Shared sites and photography contest	105,207	65,379
High Quality Pre-Kindergarten for All	34,856	201
Signature Report	10,000	-
Grand Resources for Children with Disabilities	-	49,853
Totals	\$ 413,964	\$ 115,433

Note 5. **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, 2013 and 2012 was \$187,660 and \$182,641, respectively.

The future minimum lease payment for the year ending December 31, 2014 is \$107,151.

Note 6. **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, 2013 and 2012 was \$17,585 and \$20,267, respectively.

Note 7. **Subsequent Events** - Subsequent events have been evaluated through May 8, 2014, which is the date the financial statements were available to be issued.