GENERATIONS UNITED, INC.

DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

To the 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, 2014 and 2013, 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, 2014 and 2013, 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

May 7, 2015

GENERATIONS UNITED, INC.

STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31, 2014	DECEMBER 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash (Note 1)	$ 657,639	$ 567,359
Grant receivable (Note 2)	13,137	160,584
Prepaid expenses	15,233	15,307
Accounts receivable	5,283	3,100
TOTAL CURRENT ASSETS	$ 691,292	$ 746,350
PROPERTY AND EQUIPMENT (Notes 1 and 3)	367	1,835
DEPOSITS	8,700	13,056
TOTAL ASSETS	$ 700,359	$ 761,241
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 20,626	$ 27,690
Accrued expenses	66,707	58,190
Deferred revenue (Note 1)	128,080	55,562
TOTAL CURRENT LIABILITIES	$ 215,413	$ 141,442
OTHER LIABILITIES:		
Deferred lease liability (Note 5)	$ 6,394	$ -
COMMITMENTS (Note 5)		
NET ASSETS (Notes 1 and 4):		
Unrestricted	$ 193,347	$ 205,835
Temporarily restricted	285,205	413,964
TOTAL NET ASSETS	$ 478,552	$ 619,799
TOTAL LIABILITIES AND NET ASSETS	$ 700,359	$ 761,241

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

GENERATIONS UNITED, INC.

STATEMENTS OF ACTIVITIES

	FOR THE YEARS ENDED DECEMBER 31, 2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE (Note 1):						
Grants, contracts, and contributions	$ 438,333	$ 560,000	$ 998,333	$ 275,053	$ 1,008,464	$ 1,283,517
Membership dues	87,950	-	87,950	92,375	-	92,375
Sublease and other income	14,379	-	14,379	21,443	-	21,443
Interest income	261	-	261	87	-	87
Conference, including contributions of $46,000 in 2013	-	-	-	122,665	-	122,665
Net assets released from restrictions	688,759	(688,759)	-	709,933	(709,933)	-
TOTAL SUPPORT AND REVENUE	$ 1,229,682	$ (128,759)	$ 1,100,923	$ 1,221,556	$ 298,531	$ 1,520,087
EXPENSES (Note 1):						
Program services:						
Grandfamilies Projects	$ 467,646	$ -	$ 467,646	$ 247,364	$ -	$ 247,364
Public Education	208,211	-	208,211	236,149	-	236,149
Special Projects	200,955	-	200,955	233,400	-	233,400
Youth Jumpstart	120,789	-	120,789	71,282	-	71,282
Developing Promising Practices	39,538	-	39,538	-	-	-
Membership	34,996	-	34,996	42,671	-	42,671
Seniors4Kids	34,842	-	34,842	58,126	-	58,126
Conference	-	-	-	112,618	-	112,618
Volunteer Engagement Initiative	-	-	-	33,163	-	33,163
Grandparents Investing in Grandchildren	-	-	-	10,842	-	10,842
Total program services	$ 1,106,977	$ -	$ 1,106,977	$ 1,045,615	$ -	$ 1,045,615
Supporting services:						
General and administrative	$ 131,725	$ -	$ 131,725	$ 164,245	$ -	$ 164,245
Staff development	3,039	-	3,039	-	-	-
Fundraising	429	-	429	2,015	-	2,015
Total supporting services	$ 135,193	$ -	$ 135,193	$ 166,260	$ -	$ 166,260
TOTAL EXPENSES	$ 1,242,170	$ -	$ 1,242,170	$ 1,211,875	$ -	$ 1,211,875
CHANGES IN NET ASSETS	$ (12,488)	$ (128,759)	$ (141,247)	$ 9,681	$ 298,531	$ 308,212
NET ASSETS, BEGINNING OF YEAR	205,835	413,964	619,799	196,154	115,433	311,587
NET ASSETS, END OF YEAR	$ 193,347	$ 285,205	$ 478,552	$ 205,835	$ 413,964	$ 619,799

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

GENERATIONS UNITED, INC.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (141,247)	$ 308,212
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,468	1,944
Bad debt expense	-	6,000
Changes in assets and liabilities:		
Decrease (increase) in grant receivable	147,447	(127,094)
Decrease (increase) in prepaid expenses	74	(15,307)
Increase in accounts receivable	(2,183)	(3,100)
Decrease in accounts payable	(7,064)	(8,122)
Increase (decrease) in accrued expenses	8,517	(11,852)
Increase (decrease) in deferred revenue	72,518	(82,920)
Increase in deferred lease liability	6,394	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 85,924	$ 67,761
CASH FLOWS FROM FINANCING ACTIVITIES:		
Refund of security deposit	$ 13,056	$ -
Payment of security deposit	(8,700)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 4,356	$ -
NET CHANGE IN CASH	$ 90,280	$ 67,761
CASH, BEGINNING OF YEAR	567,359	499,598
CASH, END OF YEAR	$ 657,639	$ 567,359

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

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:

Special Projects: The Organization is committed to increasing intergenerational programs and strategies to connect, support, and promote understanding across generations.

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

Grandfamilies: 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.

Youth Jumpstart: Providing resources to youth-led intergenerational programs.

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.

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.

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, 2010 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:

	2014	2013
Furniture and equipment	$ 7,339	$ 10,525
Less, accumulated depreciation	6,972	8,690
Totals	$ 367	$ 1,835

Depreciation expense for the years ended December 31, 2014 and 2013 was $1,468 and $1,944, respectively.

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

	2014	2013
Special Projects	$ 125,978	$ 105,207
Grandfamilies	98,934	-
Public Education	34,413	143,176
Seniors4Kids	25,880	34,856
Youth Jumpstart	-	120,725
Signature Report	-	10,000
Totals	$ 285,205	$ 413,964

Note 5. **Commitments** - The Organization entered into a lease agreement for office space that expires September 30, 2017. The office lease contains escalation clauses relating to increases in base rent, real estate taxes and operating costs, as well as clauses calling for the abatement of a portion of the rent expense. This abatement gives rise to a deferred lease benefit, which is being amortized over the remaining lease term using the straight-line method. Rent expense for the years ended December 31, 2014 and 2013 was $157,814 and $187,660, respectively.

In October 2013, the Organization entered into a three-year lease for computer equipment expiring in September 2016. The lease expense for computer equipment for the years ended December 31, 2014 and 2013 was $4,293 and $716, respectively.

The future minimum lease payments are as follows:

Years ending December 31,	Office Lease	Equipment Lease	Totals
2015	$ 96,570	$ 4,293	$ 100,863
2016	98,984	3,577	102,561
2017	82,721	-	82,721
Totals	$ 278,275	$ 7,870	$ 286,145

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, 2014 and 2013 was $20,632 and $17,585, respectively.

Note 7. **Reclassification** - Certain items in the 2013 audited financial statements have been reclassified to conform to the 2014 financial statement presentation.

Note 8. **Subsequent Events** - Subsequent events have been evaluated through May 7, 2015, which is the date the financial statements were available to be issued.