GENERATIONS UNITED, INC.

DECEMBER 31, 2016 AND 2015

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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. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 from 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, 2016 and 2015, 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 5, 2017

GENERATIONS UNITED, INC.

STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31, 2016	DECEMBER 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash (Note 1)	$ 85,630	$ 69,464
Accounts receivable	600	8,100
Pledges and grants receivable (Note 2)	252,824	335,067
Prepaid expenses	1,522	2,670
TOTAL CURRENT ASSETS	$ 340,576	$ 415,301
INVESTMENTS (Notes 1, 3 and 4)	359,007	349,253
PROPERTY AND EQUIPMENT (Notes 1 and 5)	940	1,109
DEPOSITS	8,700	8,700
TOTAL ASSETS	$ 709,223	$ 774,363
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 34,214	$ 20,861
Accrued expenses	73,106	59,058
Deferred revenue (Note 1)	33,664	139,908
Deferred lease liability, current portion (Note 7)	8,572	-
TOTAL CURRENT LIABILITIES	$ 149,556	$ 219,827
OTHER LIABILITIES:		
Deferred lease liability (Note 7)	$ -	$ 8,690
COMMITMENTS (Note 7)		
NET ASSETS (Notes 1 and 6):		
Unrestricted	$ 243,358	$ 180,199
Temporarily restricted	316,309	365,647
TOTAL NET ASSETS	$ 559,667	$ 545,846
TOTAL LIABILITIES AND NET ASSETS	$ 709,223	$ 774,363

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

GENERATIONS UNITED, INC.

STATEMENTS OF ACTIVITIES

	FOR THE YEARS ENDED DECEMBER 31, 2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE (Note 1):						
Grants, contracts, and contributions	$ 594,520	$ 556,936	$ 1,151,456	$ 543,018	$ 550,000	$ 1,093,018
Membership dues	79,250	-	79,250	77,900	-	77,900
Sublease and other income	16,011	-	16,011	8,086	-	8,086
Net realized and unrealized gain (loss) on investments	6,090	-	6,090	(5,773)	-	(5,773)
Conference, including contributions of $26,257 in 2015	1,330	-	1,330	99,125	-	99,125
Interest income	59	-	59	5,546	-	5,546
Net assets released from restrictions	606,274	(606,274)	-	469,558	(469,558)	-
TOTAL SUPPORT AND REVENUE	$ 1,303,534	$ (49,338)	$ 1,254,196	$ 1,197,460	$ 80,442	$ 1,277,902
EXPENSES (Note 1):						
Program services:						
Grandfamilies Projects	$ 427,248	$ -	$ 427,248	$ 484,759	$ -	$ 484,759
Public Education	414,466	-	414,466	84,722	-	84,722
Special Projects	174,963	-	174,963	366,316	-	366,316
Membership	97,948	-	97,948	67,045	-	67,045
Conference	-	-	-	97,961	-	97,961
Seniors4Kids	-	-	-	25,825	-	25,825
Developing Promising Practices	-	-	-	15,462	-	15,462
Total program services	$ 1,114,625	$ -	$ 1,114,625	$ 1,142,090	$ -	$ 1,142,090
Supporting services:						
General and administrative	$ 118,455	$ -	$ 118,455	$ 58,932	$ -	$ 58,932
Fundraising	7,085	-	7,085	8,802	-	8,802
Staff development	210	-	210	784	-	784
Total supporting services	$ 125,750	$ -	$ 125,750	$ 68,518	$ -	$ 68,518
TOTAL EXPENSES	$ 1,240,375	$ -	$ 1,240,375	$ 1,210,608	$ -	$ 1,210,608
CHANGES IN NET ASSETS	$ 63,159	$ (49,338)	$ 13,821	$ (13,148)	$ 80,442	$ 67,294
NET ASSETS, BEGINNING OF YEAR	180,199	365,647	545,846	193,347	285,205	478,552
NET ASSETS, END OF YEAR	$ 243,358	$ 316,309	$ 559,667	$ 180,199	$ 365,647	$ 545,846

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

GENERATIONS UNITED, INC.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 13,821	$ 67,294
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	169	437
Net realized and unrealized loss (gain) on investments	(6,090)	5,773
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Grant receivable	82,243	(321,930)
Accounts receivable	7,500	(2,817)
Prepaid expenses	1,148	12,563
Increase (decrease) in liabilities:		
Accounts payable	13,353	235
Accrued expenses	14,048	(7,649)
Deferred revenue	(106,244)	11,828
Deferred lease liability	(118)	2,296
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 19,830	$ (231,970)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	$ -	$ (1,179)
Sales of investments	6,090	-
Purchase of investments	(9,754)	(355,026)
NET CASH USED IN INVESTING ACTIVITIES	$ (3,664)	$ (356,205)
NET CHANGE IN CASH	$ 16,166	$ (588,175)
CASH, BEGINNING OF YEAR	69,464	657,639
CASH, END OF YEAR	$ 85,630	$ 69,464

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

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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 and often does this through special projects.

Public Education: The program includes identifying best intergenerational practices, producing reports, speaking and writing, working with the media, and sharing information about grandparents raising grandchildren.

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

Conference: The Organization hosts a biennial conference that features new releases in intergenerational research, policies and practices.

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.

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

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.

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.

Certain grants are considered to be exchange transactions and revenue is recognized as expenses are incurred.

Membership dues for core sustaining organizational members are recognized based upon the Organization's calendar year 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 - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash - 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 with readily determinable fair values are stated at fair value. Unrealized gains and losses are included in the changes in net assets in the accompanying statements of activities.

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

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.

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 had no unrelated business income for the years ended December 31, 2016 and 2015.

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 the activities benefitted.

Note 2. **Pledges and Grants Receivable** – Pledges and grants receivable, which are generally uncollateralized, are stated at the amount management expects to collect from the balances 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 balances outstanding at year-end would be immaterial. All pledges are expected to be collected during 2017. Grants receivable represent reimbursable grant costs.

Note 3. **Investment** - The Organization invests cash in excess of its immediate needs in marketable securities, which are reported as investments in the statements of financial position. The following investment was held at December 31:

	2016	2015
U. S. Treasury Obligations	$ 359,007	$ 349,253

The following summarizes investment income for the years ended December 31:

	2016	2015
Dividends and interest	$ 59	$ 5,546
Net realized and unrealized gain (loss) on investments	6,090	(5,773)
Totals	$ 6,149	$ (227)

Note 4. **Fair Value Measurement** - Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework 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 below.

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

Level 2: Inputs to the valuation methodology include:

- Quoted 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

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

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

Following is a description of the valuation methodology used for assets measured at fair value:

U.S. Treasury obligations – Debt obligations are valued by a custodian using pricing services based on the active market in which these investments are traded.

As of December 31, 2016 and 2015, the Organization's investment in U.S. Treasury obligations had fair values, using level 2 measurements, of $359,007 and $349,253, respectively.

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

	2016	2015
Furniture and equipment	$ 8,518	$ 8,518
Less, accumulated depreciation	7,578	7,409
Totals	$ 940	$ 1,109

Depreciation expense for the years ended December 31, 2016 and 2015 was $169 and $437, respectively.

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

	2016	2015
Public Education	$ 207,220	$ 365,647
Grandfamilies	109,089	-
Totals	$ 316,309	$ 365,647

Note 7. **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, 2016 and 2015 was $98,866 and $98,876, respectively. The Organization is currently exploring its lease renewal option.

Note 7. **Commitments** – (Continued)

In June 2015, the Organization entered into a five-year lease for a copier expiring in December 2020. These leases give rise to commitments for future minimum lease payments.

The future minimum lease payments for office space and equipment are as follows:

Years ending December 31,	Office Lease	Equipment Lease	Totals
2017	$ 82,721	$ 3,900	$ 86,621
2018	-	3,900	3,900
2019	-	3,900	3,900
2020	-	3,900	3,900
Totals	$ 82,721	$ 15,600	$ 98,321

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 seven percent of the annual compensation for each participating employee after one year of employment. Total pension expense incurred for the years ended December 31, 2016 and 2015 was $29,428 and $18,444, respectively.

Note 9. **Subsequent Events** - In preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 5, 2017, which is the date the financial statements were available to be issued.