

**GENERATIONS UNITED, INC.**  
**DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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*

April 19, 2018

**GENERATIONS UNITED, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31,	
	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash - operating (Notes 1 and 2)	\$ 22,064	\$ 34,712
Cash - savings (Notes 1 and 2)	367,361	38,960
Cash - investment sweep (Notes 1 and 2)	151,536	11,958
Total cash	\$ 540,961	\$ 85,630
Accounts receivable	600	600
Pledges and grants receivable (Note 1)	87,526	252,824
Prepaid expenses	2,291	1,522
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 631,378</b>	<b>\$ 340,576</b>
<b>INVESTMENTS</b> (Notes 1, 3 and 4)	231,274	359,007
<b>PROPERTY AND EQUIPMENT, NET</b> (Notes 1 and 5)	7,283	940
<b>DEPOSITS</b>	8,700	8,700
<b>TOTAL ASSETS</b>	<b>\$ 878,635</b>	<b>\$ 709,223</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 99,955	\$ 107,320
Deferred grant revenue (Note 1)	319,890	33,664
Deferred lease liability (Note 7)	-	8,572
Capital lease liability (Note 7)	2,246	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 422,091</b>	<b>\$ 149,556</b>
<b>OTHER LIABILITIES:</b>		
Capital lease liability, long-term (Note 7)	4,490	-
<b>TOTAL LIABILITIES</b>	<b>\$ 426,581</b>	<b>\$ 149,556</b>
<b>COMMITMENTS</b> (Note 7)		
<b>NET ASSETS</b> (Notes 1 and 6):		
Unrestricted	\$ 238,079	\$ 243,358
Temporarily restricted	213,975	316,309
<b>TOTAL NET ASSETS</b>	<b>\$ 452,054</b>	<b>\$ 559,667</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 878,635</b>	<b>\$ 709,223</b>

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

**GENERATIONS UNITED, INC.**  
**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED DECEMBER 31,

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE (Note 1):</b>						
Grants, contracts, and contributions	\$ 571,047	\$ 494,561	\$ 1,065,608	\$ 594,520	\$ 556,936	\$ 1,151,456
Membership dues	94,850	-	94,850	79,250	-	79,250
Conference income	38,100	-	38,100	1,330	-	1,330
Sublease and other income	14,255	-	14,255	16,011	-	16,011
Interest income	10,601	-	10,601	11,359	-	11,359
Net realized and unrealized loss on investments	(5,083)	-	(5,083)	(5,210)	-	(5,210)
Net assets released from restrictions	596,895	(596,895)	-	606,274	(606,274)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>\$ 1,320,665</u>	<u>\$ (102,334)</u>	<u>\$ 1,218,331</u>	<u>\$ 1,303,534</u>	<u>\$ (49,338)</u>	<u>\$ 1,254,196</u>
<b>EXPENSES (Note 1):</b>						
Program services:						
Public Education	\$ 630,249	\$ -	\$ 630,249	\$ 414,466	\$ -	\$ 414,466
Grandfamilies Projects	367,332	-	367,332	427,248	-	427,248
Membership	147,580	-	147,580	97,948	-	97,948
Special Projects	24,251	-	24,251	174,963	-	174,963
Total program services	<u>\$ 1,169,412</u>	<u>\$ -</u>	<u>\$ 1,169,412</u>	<u>\$ 1,114,625</u>	<u>\$ -</u>	<u>\$ 1,114,625</u>
Supporting services:						
General and administrative	\$ 140,166	\$ -	\$ 140,166	\$ 118,455	\$ -	\$ 118,455
Fundraising	15,569	-	15,569	7,085	-	7,085
Staff development	797	-	797	210	-	210
Total supporting services	<u>\$ 156,532</u>	<u>\$ -</u>	<u>\$ 156,532</u>	<u>\$ 125,750</u>	<u>\$ -</u>	<u>\$ 125,750</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,325,944</u>	<u>\$ -</u>	<u>\$ 1,325,944</u>	<u>\$ 1,240,375</u>	<u>\$ -</u>	<u>\$ 1,240,375</u>
<b>CHANGES IN NET ASSETS</b>	\$ (5,279)	\$ (102,334)	\$ (107,613)	\$ 63,159	\$ (49,338)	\$ 13,821
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>243,358</u>	<u>316,309</u>	<u>559,667</u>	<u>180,199</u>	<u>365,647</u>	<u>545,846</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 238,079</u>	<u>\$ 213,975</u>	<u>\$ 452,054</u>	<u>\$ 243,358</u>	<u>\$ 316,309</u>	<u>\$ 559,667</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,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (107,613)	\$ 13,821
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	393	169
Net realized and unrealized loss on investments	5,083	5,210
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	7,500
Pledges and grants receivable	165,298	82,243
Prepaid expenses	(769)	1,148
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(7,365)	27,401
Deferred revenue	286,226	(106,244)
Deferred lease liability	(8,572)	(118)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 332,681</b>	<b>\$ 31,130</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales of investments	\$ 122,650	\$ -
Purchase of investments	-	(14,964)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>\$ 122,650</b>	<b>\$ (14,964)</b>
<b>NET CHANGE IN CASH</b>	<b>\$ 455,331</b>	<b>\$ 16,166</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>85,630</b>	<b>69,464</b>
<b>CASH, END OF YEAR</b>	<b>\$ 540,961</b>	<b>\$ 85,630</b>
<b>SUPPLEMENTARY DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:</b>		
Property and equipment acquisition funded by capital lease borrowings	<b>\$ 6,736</b>	<b>\$ -</b>

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

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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.



**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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

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.

**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.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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

**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 2018. Grants receivable represent reimbursable grant costs.

**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.

**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.

**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, 2017 and 2016.

**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. **Concentrations 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. As of December 31, 2017, the Organization's uninsured cash balance totaled \$100,812. The Organization believes it is not exposed to a significant risk on its cash accounts.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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Note 3. **Investments** - 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 investments were held at December 31:

	2017	2016
U. S. Treasury Obligations	\$ 231,274	\$ 359,007

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

	2017	2016
Interest	\$ 10,601	\$ 11,359
Net realized and unrealized loss on investments	(5,083)	(5,210)
Totals	\$ 5,518	\$ 6,149

Note 4. **Fair Value Measurements** - 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.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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Note 4. **Fair Value Measurements** - (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, 2017, and 2016, the Organization’s investment in U.S. Treasury obligations had fair values, using level 2 measurements, of \$231,274 and \$359,007, respectively.

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

	2017	2016
Furniture and equipment	\$ 15,254	\$ 8,518
Less, accumulated depreciation	7,971	7,578
Property and equipment, net	\$ 7,283	\$ 940

Depreciation expense for the years ended December 31, 2017 and 2016 was \$393 and \$169, respectively.

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

	2017	2016
Public Education	\$ 176,475	\$ 207,220
Special Projects	37,500	-
Grandfamilies	-	109,089
Totals	\$ 213,975	\$ 316,309

Note 7. **Commitments** - The Organization executed an amendment to its office lease agreement to extend the term for one year through September 30, 2018. The base rent payment is \$9,369 per month. The office lease contains escalation clauses relating to real estate taxes and operating costs. It also included an abatement that gave rise to a deferred lease benefit, which was amortized over the initial lease term using the straight-line method. Rent expense for the years ended December 31, 2017 and 2016 was \$102,256 and \$98,866.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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Note 7. **Commitments** - (Continued)

In June 2015, the Organization entered a five-year operating lease for a copier expiring in December 2020.

In September 2017, the Organization entered into a three-year capital lease agreement for seven Dell Computers. The capital lease starts in January 2018 and expires in December 2020. Maturities of the capital lease liability are as follows: \$2,246 in 2018, \$2,246 in 2019, and \$2,244 in 2020.

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

Years ending December 31,	Office Lease	Computer Lease	Equipment Lease	Totals
2018	\$ 84,321	\$ 2,246	\$ 3,900	\$ 90,467
2019	-	2,246	3,900	6,146
2020	-	2,244	3,900	6,144
Totals	<u>\$ 84,321</u>	<u>\$ 6,736</u>	<u>\$ 11,700</u>	<u>\$ 102,757</u>

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, 2017 and 2016 was \$31,977 and \$29,428, respectively.

Note 9. **Subsequent Events** - In preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 19, 2018, which is the date the financial statements were available to be issued.