

GENERATIONS UNITED, INC.
DECEMBER 31, 2018 AND 2017

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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

Certified Public Accountants
and Business Advisors

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

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, 2018 and 2017, and the related statements of activities, functional expenses, 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, 2018 and 2017, 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

June 10, 2019

GENERATIONS UNITED, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash - operating (Notes 1 and 4)	\$ 3,781	\$ 22,064
Cash - savings (Notes 1 and 4)	626,434	367,361
Cash - investment sweep (Notes 1 and 4)	72,179	151,536
Total cash	\$ 702,394	\$ 540,961
Grants, dues and pledges receivable (Note 1)	46,152	88,126
Prepaid expenses	2,453	2,291
Prepaid conference deposit	50,000	-
TOTAL CURRENT ASSETS	\$ 800,999	\$ 631,378
INVESTMENTS (Notes 1, 5 and 6)	306,227	231,274
PROPERTY AND EQUIPMENT, NET (Notes 1 and 7)	32,010	7,283
DEPOSITS	8,700	8,700
TOTAL ASSETS	\$ 1,147,936	\$ 878,635
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 131,361	\$ 99,955
Deferred grant revenue (Note 1)	296,482	319,890
Deferred conference sponsorship	50,000	-
Capital lease liability (Note 9)	2,277	2,246
TOTAL CURRENT LIABILITIES	\$ 480,120	\$ 422,091
OTHER LIABILITIES:		
Capital lease liability, long-term (Note 9)	1,792	4,490
TOTAL LIABILITIES	\$ 481,912	\$ 426,581
COMMITMENTS (Note 9)		
NET ASSETS (Notes 1 and 8):		
Without donor restrictions	\$ 219,361	\$ 238,079
With donor restrictions	446,663	213,975
TOTAL NET ASSETS	\$ 666,024	\$ 452,054
TOTAL LIABILITIES AND NET ASSETS	\$ 1,147,936	\$ 878,635

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

GENERATIONS UNITED, INC.
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS (Note 1):						
Grants, contracts, and contributions	\$ 870,620	\$ 746,651	\$ 1,617,271	\$ 571,047	\$ 494,561	\$ 1,065,608
Membership dues	97,950	-	97,950	94,850	-	94,850
Sublease and other income	6,000	-	6,000	14,255	-	14,255
Interest income, net	5,909	-	5,909	7,024	-	7,024
Conference income	-	-	-	38,100	-	38,100
Net realized and unrealized loss on investments	(20,058)	-	(20,058)	(5,083)	-	(5,083)
Net assets released from restrictions	513,963	(513,963)	-	596,895	(596,895)	-
TOTAL REVENUE, SUPPORT AND GAINS	<u>\$ 1,474,384</u>	<u>\$ 232,688</u>	<u>\$ 1,707,072</u>	<u>\$ 1,317,088</u>	<u>\$ (102,334)</u>	<u>\$ 1,214,754</u>
EXPENSES (Note 1):						
Program services:						
Public Education	\$ 599,835	\$ -	\$ 599,835	\$ 603,058	\$ -	\$ 603,058
Grandfamilies Projects	491,776	-	491,776	377,819	-	377,819
Special Projects	110,712	-	110,712	3,295	-	3,295
Membership Services	110,550	-	110,550	182,773	-	182,773
Total program services	<u>\$ 1,312,873</u>	<u>\$ -</u>	<u>\$ 1,312,873</u>	<u>\$ 1,166,945</u>	<u>\$ -</u>	<u>\$ 1,166,945</u>
Supporting services:						
Management and general	\$ 160,259	\$ -	\$ 160,259	\$ 136,258	\$ -	\$ 136,258
Fundraising	19,970	-	19,970	19,164	-	19,164
Total supporting services	<u>\$ 180,229</u>	<u>\$ -</u>	<u>\$ 180,229</u>	<u>\$ 155,422</u>	<u>\$ -</u>	<u>\$ 155,422</u>
TOTAL EXPENSES	<u>\$ 1,493,102</u>	<u>\$ -</u>	<u>\$ 1,493,102</u>	<u>\$ 1,322,367</u>	<u>\$ -</u>	<u>\$ 1,322,367</u>
CHANGES IN NET ASSETS	\$ (18,718)	\$ 232,688	\$ 213,970	\$ (5,279)	\$ (102,334)	\$ (107,613)
NET ASSETS, BEGINNING OF YEAR	<u>238,079</u>	<u>213,975</u>	<u>452,054</u>	<u>243,358</u>	<u>316,309</u>	<u>559,667</u>
NET ASSETS, END OF YEAR	<u>\$ 219,361</u>	<u>\$ 446,663</u>	<u>\$ 666,024</u>	<u>\$ 238,079</u>	<u>\$ 213,975</u>	<u>\$ 452,054</u>

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

GENERATIONS UNITED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services					Supporting Services		Total
	Special Projects	Public Education	Grandfamilies Projects	Membership Services	Subtotal	Management and General	Fundraising	
Salaries and benefits	\$ 43,592	\$ 280,702	\$ 190,455	\$ 88,997	\$ 603,746	\$ 74,272	\$ 15,997	\$ 694,015
Professional fees	28,491	136,413	120,724	2,309	287,937	49,379	-	337,316
Subgrants and contracts	22,943	70,692	54,000	-	147,635	-	-	147,635
Rent	7,061	45,471	30,851	14,416	97,799	12,031	2,591	112,421
Travel	6,097	25,711	65,092	9	96,909	2,670	523	100,102
Telephone	2,261	20,740	25,775	4,233	53,009	4,633	761	58,403
Meals and meetings	-	10,739	1,852	-	12,591	-	-	12,591
Printing and publications	-	6,515	1,060	-	7,575	366	-	7,941
Depreciation	-	-	-	-	-	7,298	-	7,298
Insurance	-	-	-	-	-	5,303	-	5,303
Equipment rental and maintenance	267	1,718	1,590	545	4,120	15	98	4,233
Office supplies	-	973	238	-	1,211	2,017	-	3,228
Postage and shipping	-	161	139	-	300	1,018	-	1,318
Bank and other fees	-	-	-	41	41	888	-	929
Interest	-	-	-	-	-	369	-	369
TOTAL EXPENSES	\$ 110,712	\$ 599,835	\$ 491,776	\$ 110,550	\$ 1,312,873	\$ 160,259	\$ 19,970	\$ 1,493,102

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

GENERATIONS UNITED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services					Supporting Services		Total
	Special Projects	Public Education	Grandfamilies Projects	Membership Services	Subtotal	Management and General	Fundraising	
Salaries and benefits	\$ 2,659	\$ 256,681	\$ 167,626	\$ 147,153	\$ 574,119	\$ 61,790	\$ 15,032	\$ 650,941
Professional fees	-	107,179	83,436	176	190,791	37,774	-	228,565
Subgrants and contracts	-	86,411	54,000	-	140,411	5,251	-	145,662
Rent	418	40,322	26,333	23,116	90,189	9,707	2,361	102,257
Travel	-	32,589	27,113	-	59,702	2,902	537	63,141
Telephone	182	19,178	11,611	10,102	41,073	4,242	1,032	46,347
Meals and meetings	-	33,841	3,908	42	37,791	-	-	37,791
Equipment rental and maintenance	36	11,944	2,598	1,980	16,558	532	202	17,292
Printing and publications	-	13,466	972	-	14,438	-	-	14,438
Office supplies	-	1,197	190	-	1,387	3,156	-	4,543
Intern stipend	-	-	-	-	-	4,500	-	4,500
Insurance	-	-	-	-	-	4,416	-	4,416
Postage and shipping	-	95	32	-	127	1,052	-	1,179
Bank and other fees	-	155	-	204	359	379	-	738
Depreciation	-	-	-	-	-	393	-	393
Dues and subscriptions	-	-	-	-	-	164	-	164
TOTAL EXPENSES	\$ 3,295	\$ 603,058	\$ 377,819	\$ 182,773	\$ 1,166,945	\$ 136,258	\$ 19,164	\$ 1,322,367

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

GENERATIONS UNITED, INC.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 213,970	\$ (107,613)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	7,298	393
Net realized and unrealized loss on investments	20,058	5,083
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Grants, dues and pledges receivable	41,974	165,298
Prepaid expenses	(162)	(769)
Prepaid conference deposit	(50,000)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	31,406	(7,365)
Deferred revenue	(23,408)	286,226
Deferred conference sponsorship	50,000	-
Deferred rental lease liability	-	(8,572)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 291,136	\$ 332,681
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (32,025)	\$ -
Sales of investments	401,277	122,650
Purchase of investments	(496,288)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	\$ (127,036)	\$ 122,650
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments of capital lease liability	\$ (2,667)	\$ -
NET CHANGE IN CASH	\$ 161,433	\$ 455,331
CASH, BEGINNING OF YEAR	540,961	85,630
CASH, END OF YEAR	\$ 702,394	\$ 540,961

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

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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:

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. In addition, the Organization hosts a biennial conference that features new releases in intergenerational research, policies and practices.

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.

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.

Membership Services: The Organization’s members help promote the mission to serve all generations while elevating their visibility as an organization that impacts all ages.

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, 2018 AND 2017

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created 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.

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 support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires due to the passage of time or fulfillment of purpose, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2018 AND 2017

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 2019. 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, 2018 and 2017.

Functional Expense Allocations - The costs of providing various program and supporting activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present expenses by function and by natural classification. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas benefitted based on the estimated percentage of staff time spent. Indirect costs allocated include office rent, equipment rental and technology.

Note 2. **Change in Accounting Principle** - The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14, *Presentation of Not-for-Profit Financial Statements*, during 2018. ASU 2016-14 requires the presentation of natural expenses by the various types of programs and supporting services, requires certain information about an organization's liquidity and cost allocation methods, clarified the definition of management and general costs, and modified the terminology of net asset categories, among other changes. The implementation of this ASU had no effect on the changes in net asset classes for either period presented.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 3. **Liquidity and Availability** - The following represents the Organization's financial assets available for general obligations at December 31, 2018:

Financial assets at year-end:	
Cash	\$ 702,394
Investments	306,227
Grants, dues and pledges receivable	<u>46,152</u>
Total financial assets	\$ 1,054,773
Less amounts not available for general obligations:	
Restrictions for purpose	<u>(446,663)</u>
Financial assets available to meet general obligations within one year	<u>\$ 608,110</u>

The goal of the Organization is to maintain sufficient financial assets to meet between two and six months (approximately \$750,000) of operating expenses. As part of the liquidity plan, cash in excess of monthly operating requirements is invested in a money market account, U.S. Treasury Bonds, or exchange-traded funds.

Note 4. **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 up to specified limits. As of December 31, 2018, the Organization's uninsured cash balance totaled \$347,085. The Organization believes it is not exposed to a significant risk on its cash accounts.

Note 5. **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:

	<u>2018</u>	<u>2017</u>
Exchange-traded funds	\$ 306,227	\$ -
U. S. Treasury Obligations	<u>-</u>	<u>231,274</u>
Total investments	<u>\$ 306,227</u>	<u>\$ 231,274</u>

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 6. **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.

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.

Exchange-traded funds - securities which are traded on a national securities exchange are valued at the closing price reported on the last business day of the year.

As of December 31, 2018, the Organization's investment in exchange-traded funds had fair values, using level 1 measurements, of \$306,227. As of December 31, 2017, the Organization's investment in U.S. Treasury obligations had fair values, using level 2 measurements, of \$231,274.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 7. **Property and Equipment** - Property and equipment consists of the following as of December 31:

	2018	2017
Furniture and equipment	\$ 47,279	\$ 15,254
Less, accumulated depreciation	15,269	7,971
Property and equipment, net	\$ 32,010	\$ 7,283

Depreciation expense for the years ended December 31, 2018 and 2017 was \$7,298 and \$393, respectively.

Note 8. **Net Assets With Donor Restrictions** - Net assets had donor restrictions for the following purposes at December 31:

	2018	2017
Public Education	\$ 238,888	\$ 176,475
Special Projects	179,987	37,500
Grandfamilies Projects	27,788	-
Totals	\$ 446,663	\$ 213,975

Note 9. **Commitments** - The Organization executed an amendment to its office lease agreement to extend the term for eight months through August 31, 2019. 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, 2018 and 2017 was \$112,421 and \$102,257.

In March 2019, the Organization entered into a new office lease that commenced in May 2019 and will expire in April 2022. The base rent payment is \$8,240 per month. The office lease contains escalation clauses relating to real estate taxes and operating costs.

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 started in January 2018 and will expire in December 2020.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 9. **Commitments** - (Continued)

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
2019	\$ 104,476	\$ 2,277	\$ 3,900	\$ 110,653
2020	117,008	1,792	3,900	122,700
2021	149,185	-	-	149,185
2022	53,581	-	-	53,581
Totals	<u>\$ 221,484</u>	<u>\$ 4,069</u>	<u>\$ 7,800</u>	<u>\$ 233,353</u>

Note 10. **Retirement Plan** - The Organization maintains a defined contribution retirement 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, 2018 and 2017 was \$32,461 and \$31,977, respectively.

Note 11. **Reclassifications** - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

Note 12. **Subsequent Events** - In preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 10, 2019, which is the date the financial statements were available to be issued.