

GENERATIONS UNITED, INC.

DECEMBER 31, 2019 AND 2018

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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@sarfinoandrhowades.com
www.sarfinoandrhowades.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, 2019 and 2018, 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, 2019 and 2018, 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

September 18, 2020

GENERATIONS UNITED, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash - operating (Notes 1 and 4)	\$ 96,503	\$ 3,781
Cash - savings (Notes 1 and 4)	428,361	626,434
Cash - investment sweep (Notes 1 and 4)	16,218	72,179
Total cash	\$ 541,082	\$ 702,394
Investments (Notes 1, 5 and 6)	421,169	306,227
Receivables from contracts (Notes 1 and 10)	74,354	9,354
Grants, dues and pledges receivable (Notes 1 and 7)	508,934	36,798
Prepaid expenses	11,061	52,453
Deposits	-	8,700
TOTAL CURRENT ASSETS	\$ 1,556,600	\$ 1,115,926
PLEDGES RECEIVABLE - LONG-TERM (Notes 1 and 7)	200,000	-
PROPERTY AND EQUIPMENT, NET (Notes 1 and 8)	26,472	32,010
TOTAL ASSETS	\$ 1,783,072	\$ 1,147,936
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 103,534	\$ 131,361
Deferred contract revenue (Note 1)	12,219	296,482
Deferred conference sponsorship	-	50,000
Capital lease liability (Note 11)	1,792	2,277
TOTAL CURRENT LIABILITIES	\$ 117,545	\$ 480,120
OTHER LIABILITIES:		
Deferred lease liability, long-term (Note 11)	\$ 1,829	\$ -
Capital lease liability, long-term (Note 11)	-	1,792
TOTAL OTHER LIABILITIES	\$ 1,829	\$ 1,792
TOTAL LIABILITIES	\$ 119,374	\$ 481,912
COMMITMENTS (Note 11)		
NET ASSETS (Notes 1 and 9):		
Without donor restrictions	\$ 277,762	\$ 219,361
With donor restrictions	1,385,936	446,663
TOTAL NET ASSETS	\$ 1,663,698	\$ 666,024
TOTAL LIABILITIES AND NET ASSETS	\$ 1,783,072	\$ 1,147,936

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

GENERATIONS UNITED, INC.
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS (Notes 1 and 10):						
Grants and contributions	\$ 325,596	\$ 1,757,263	\$ 2,082,859	\$ 870,620	\$ 746,651	\$ 1,617,271
Revenue from contracts:						
Grants	245,827	-	245,827	-	-	-
Conference (including sponsorships of \$42,500)	152,179	-	152,179	-	-	-
Membership dues	100,900	-	100,900	97,950	-	97,950
Investment income, net	51,629	-	51,629	(14,149)	-	(14,149)
Sublease and other income	9,046	-	9,046	6,000	-	6,000
Net assets released from restrictions	817,990	(817,990)	-	513,963	(513,963)	-
TOTAL REVENUE, SUPPORT AND GAINS	<u>\$ 1,703,167</u>	<u>\$ 939,273</u>	<u>\$ 2,642,440</u>	<u>\$ 1,474,384</u>	<u>\$ 232,688</u>	<u>\$ 1,707,072</u>
EXPENSES (Note 1):						
Program services:						
Grandfamilies Projects	\$ 649,729	\$ -	\$ 649,729	\$ 573,312	\$ -	\$ 573,312
Public Education	407,121	-	407,121	504,494	-	504,494
Special Projects	273,964	-	273,964	124,517	-	124,517
Membership Services	116,755	-	116,755	110,550	-	110,550
Total program services	<u>\$ 1,447,569</u>	<u>\$ -</u>	<u>\$ 1,447,569</u>	<u>\$ 1,312,873</u>	<u>\$ -</u>	<u>\$ 1,312,873</u>
Supporting services:						
Management and general	\$ 169,413	\$ -	\$ 169,413	\$ 160,259	\$ -	\$ 160,259
Fundraising	27,784	-	27,784	19,970	-	19,970
Total supporting services	<u>\$ 197,197</u>	<u>\$ -</u>	<u>\$ 197,197</u>	<u>\$ 180,229</u>	<u>\$ -</u>	<u>\$ 180,229</u>
TOTAL EXPENSES	<u>\$ 1,644,766</u>	<u>\$ -</u>	<u>\$ 1,644,766</u>	<u>\$ 1,493,102</u>	<u>\$ -</u>	<u>\$ 1,493,102</u>
CHANGES IN NET ASSETS	\$ 58,401	\$ 939,273	\$ 997,674	\$ (18,718)	\$ 232,688	\$ 213,970
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u><u>\$ 277,762</u></u>	<u><u>\$ 1,385,936</u></u>	<u><u>\$ 1,663,698</u></u>	<u><u>\$ 219,361</u></u>	<u><u>\$ 446,663</u></u>	<u><u>\$ 666,024</u></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, 2019

	Program Services				Supporting Services			Total
	Special Projects	Public Education	Grandfamilies Projects	Membership Services	Subtotal	Management and General	Fundraising	
Salaries and benefits	\$ 126,574	\$ 182,365	\$ 257,250	\$ 93,435	\$ 659,624	\$ 72,048	\$ 22,850	\$ 754,522
Professional fees	75,037	54,365	163,580	2,200	295,182	55,135	-	350,317
Subgrants and contracts	23,536	93,168	34,000	-	150,704	-	-	150,704
Travel	16,123	16,288	98,317	-	130,728	4,197	8	134,933
Rent	17,907	26,220	36,864	15,736	96,727	15,142	3,319	115,188
Telephone	11,254	11,323	20,438	3,262	46,277	1,777	1,087	49,141
Meals and meetings	60	9,853	14,169	-	24,082	330	30	24,442
Equipment rental and maintenance	952	1,299	12,250	756	15,257	-	169	15,426
Depreciation	-	-	-	-	-	13,213	-	13,213
Printing and publications	-	7,183	5,609	-	12,792	-	-	12,792
Office supplies	2,151	3,723	3,862	947	10,683	983	259	11,925
Insurance	-	-	-	-	-	5,186	-	5,186
Postage and shipping	370	604	1,379	242	2,595	611	62	3,268
Bank and other fees	-	60	1,952	177	2,189	462	-	2,651
Miscellaneous	-	670	40	-	710	170	-	880
Interest	-	-	19	-	19	159	-	178
TOTAL EXPENSES	\$ 273,964	\$ 407,121	\$ 649,729	\$ 116,755	\$ 1,447,569	\$ 169,413	\$ 27,784	\$ 1,644,766

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	\$ 53,475	\$ 250,697	\$ 210,577	\$ 88,997	\$ 603,746	\$ 74,272	\$ 15,997	\$ 694,015
Professional fees	28,491	90,901	166,236	2,309	287,937	49,379	-	337,316
Subgrants and contracts	22,943	70,692	54,000	-	147,635	-	-	147,635
Rent	8,662	40,610	34,111	14,416	97,799	12,031	2,591	112,421
Travel	7,677	14,890	74,332	9	96,908	2,670	523	100,101
Telephone	2,942	17,507	28,328	4,233	53,010	4,633	761	58,404
Meals and meetings	-	10,523	2,068	-	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	327	1,535	1,713	545	4,120	15	98	4,233
Office supplies	-	463	748	-	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	\$ 124,517	\$ 504,494	\$ 573,312	\$ 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.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 997,674	\$ 213,970
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	13,213	7,298
Net realized and unrealized loss (gain) on investments	(45,037)	20,058
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Grants, dues and pledges receivable	(737,136)	41,974
Prepaid expenses	41,392	(162)
Prepaid conference deposit	-	(50,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(27,827)	31,406
Deferred grant revenue	(284,263)	(23,408)
Deferred conference sponsorship	(50,000)	50,000
Deferred lease liability	1,829	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (90,155)	\$ 291,136
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (7,675)	\$ (32,025)
Refund of deposits	8,700	-
Sales of investments	261,451	401,277
Purchase of investments	(331,356)	(496,288)
NET CASH USED IN INVESTING ACTIVITIES	\$ (68,880)	\$ (127,036)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments of capital lease liability	\$ (2,277)	\$ (2,667)
NET CHANGE IN CASH	\$ (161,312)	\$ 161,433
CASH, BEGINNING OF YEAR	702,394	540,961
CASH, END OF YEAR	\$ 541,082	\$ 702,394

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

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 Projects: 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.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 - In accordance with Financial Accounting Standards Board’s Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, the Organization recognizes revenues from contracts with customers when control of the promised goods or services is transferred to its customers and members in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

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.

Revenue from grants that are considered conditional contributions are recorded in the statements of activities as part of sponsorship contributions and grants when the conditions have been met.

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, 2019 AND 2018

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 2020 and 2021.

Receivables from Contracts - Receivables from contracts are billings for services performed. Based on management's assessment of the payment history with contracts having an outstanding balance at year-end, management concluded that realization losses, if any, would be immaterial. Receivables from contracts are generally uncollateralized, and are stated at the amount management expects to collect on outstanding balances at year-end.

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, 2019 and 2018.

Functional Expense Allocations - The costs of providing various program and supporting activities have been summarized on a functional basis in the statements 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 time and effort. Indirect costs allocated include office rent, equipment rental and technology.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2. **Change in Accounting Principle** - The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires entities to recognize revenue when control of the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. The Organization adopted the Standard on January 1, 2019 using the modified retrospective approach. The adoption did not materially affect changes in net assets, financial position or cash flows.

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. A transaction that is considered an exchange transaction is accounted for under the applicable revenue recognition standards.

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

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash	\$ 541,082	\$ 702,394
Investments	421,169	306,227
Receivables from contracts	74,354	9,354
Grants, dues and pledges receivable	<u>708,934</u>	<u>36,798</u>
Total financial assets	\$ 1,745,539	\$ 1,054,773
Less amounts not available for general obligations:		
Restrictions for purpose	(1,385,936)	(446,663)
Pledges receivable - long-term	<u>(200,000)</u>	<u>-</u>
Financial assets available to meet general obligations within one year	<u>\$ 159,603</u>	<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.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 (FDIC) up to specified limits. Cash balances not covered by FDIC insurance totaled \$317,330 at December 31, 2019.

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>2019</u>	<u>2018</u>
Exchange-traded funds	<u>\$ 421,169</u>	<u>\$ 306,227</u>

The following summarizes investment income for years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest	\$ 9,705	\$ 8,735
Net realized and unrealized gains (losses)		
on investments	45,037	(20,058)
Investment expenses	<u>(3,113)</u>	<u>(2,826)</u>
Totals	<u>\$ 51,629</u>	<u>\$ (14,149)</u>

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.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 6. **Fair Value Measurements** - (Continued)

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:

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, 2019 and 2018, the Organization's investment in exchange-traded funds had fair values, using level 1 measurements, of \$421,169 and \$306,227, respectively.

Note 7. **Pledges and Grants Receivable** - Pledges and grants receivable are due as follows:

Year Ending	
<u>December 31</u>	
Within the next year	\$ 449,791
Within 1 to 5 years	<u>200,000</u>
Total	<u>\$ 649,791</u>

The pledges and grants receivable at December 31, 2019 is comprised of grants with donor restrictions.

Note 8. **Property and Equipment** - Property and equipment consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 54,955	\$ 47,279
Less, accumulated depreciation	<u>28,483</u>	<u>15,269</u>
Property and equipment, net	<u>\$ 26,472</u>	<u>\$ 32,010</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$13,213 and \$7,298, respectively.

Capitalized equipment leases of \$6,737 is included in Furniture and Equipment with an accumulated amortization of \$2,919 at December 31, 2019. Amortization expense included in depreciation expense at December 31, 2019 and 2018 was \$1,347 each year.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9. **Net Assets With Donor Restrictions** - Net assets had donor restrictions for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Public Education	\$ 425,173	\$ 238,888
Special Projects	694,097	179,987
Grandfamilies Projects	266,666	27,788
Totals	<u>\$ 1,385,936</u>	<u>\$ 446,663</u>

Note 10. **Revenue Recognition**

Disaggregation of Revenue

Generations United's contracts for services include agreements with foundations and other organizations based in the United States and uncertainty of payment is mitigated through progress payments as tasks are completed or through payments received in advance.

The following shows the Organization's revenue disaggregated according to the timing of transfer of goods and services:

	<u>2019</u>	<u>2018</u>
Recognized over time	\$ 245,827	\$ 664,068
Recognized at a point in time	152,179	-
Total	<u>\$ 398,006</u>	<u>\$ 664,068</u>

Contract Balances

Contract assets and liabilities consisted of the following:

	<u>2019</u>	<u>2018</u>
Receivables - contracts	\$ 74,354	\$ 9,354
Contract assets	\$ -	\$ -
Contract liabilities:		
Deferred grant revenue	\$ 12,219	\$ 296,482
Deferred conference sponsorship	-	50,000
Total contract liabilities	<u>\$ 12,219</u>	<u>\$ 346,482</u>

Performance Obligations

Performance obligations for contract services are satisfied over time during the respective contract periods. Payments are received according to agreed-upon schedules based on the performance of tasks. The nature of contract services includes consulting expertise, research, and forums assembled for gathering data and furthering best practices.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 10. **Revenue Recognition** - (Continued)

Significant Judgements

For contract services which are earned over time management assesses the completion of tasks and determines the amount of revenue earned based upon the respective contract tasks completed. Contract payments which are received in advance are deemed to be contract liabilities until earned. Memberships from sustaining members and other organizations and individuals are deemed to be supporting contributions. In exchange for membership dues, members receive access to publications and articles which are produced. For purposes of allocating revenue from this membership benefit, management determined that the portion of member dues attributable to these publications and articles was not material to these financial statements.

Note 11. **Commitments** - The Organization is a party to an 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 clauses relating to rent escalation and proportionate allocation of real estate taxes and operating costs. The rent escalation results in a deferred lease benefit, which is being amortized over the lease term using the straight-line method. Rent expense for the years ended December 31, 2019 and 2018 was \$115,188 and \$112,421, respectively. The Organization has the right to terminate the lease after May 1, 2020 upon 90 days written notice and payment of a termination fee of two months rent.

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.

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

<u>Years ending December 31,</u>	<u>Office Lease</u>	<u>Computer Lease</u>	<u>Equipment Lease</u>	<u>Totals</u>
2020	\$ 100,693	\$ 1,792	\$ 3,900	\$ 106,385
2021	103,462	-	-	103,462
2022	34,798	-	-	34,798
Totals	<u>\$ 238,953</u>	<u>\$ 1,792</u>	<u>\$ 3,900</u>	<u>\$ 244,645</u>

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 12. **Conditional Contributions** - During 2019 the Organization received a total of \$165,000 in conditional contributions for the Grandfamilies Projects. As of December 31, 2019, \$11,219 still remains outstanding for fulfillment of specified conditions.

Note 13. **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, 2019 and 2018 was \$37,361 and \$32,461, respectively.

Note 14. **Reclassifications** - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

Note 15. **Subsequent Events** - In preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 18, 2020, which is the date the financial statements were available to be issued.

The effect of the COVID-19 pandemic may have an effect on the Organization's activities during 2020, though the length of the pandemic and extent of the impact is not yet known.