

GENERATIONS UNITED, INC.

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 14, 2021

GENERATIONS UNITED, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash - operating (Notes 1 and 3)	\$ 23,851	\$ 96,503
Cash - savings (Notes 1 and 3)	843,016	428,361
Cash - investment sweep (Notes 1 and 3)	8,797	16,218
Total cash	\$ 875,664	\$ 541,082
Investments (Notes 1, 4 and 5)	664,988	421,169
Receivables from contracts (Notes 1 and 11)	189,220	74,354
Grants, dues and pledges receivable (Notes 1 and 6)	553,772	508,934
Prepaid expenses	5,314	11,061
TOTAL CURRENT ASSETS	\$ 2,288,958	\$ 1,556,600
PLEDGES RECEIVABLE - LONG-TERM (Notes 1 and 6)	-	200,000
PROPERTY AND EQUIPMENT, NET (Notes 1 and 7)	20,147	26,472
TOTAL ASSETS	\$ 2,309,105	\$ 1,783,072
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 121,886	\$ 103,534
Deferred contract revenue (Note 1)	24,575	12,219
Note payables - current portion (Note 8)	38,863	-
Capital lease liability (Note 9)	3,469	1,792
TOTAL CURRENT LIABILITIES	\$ 188,793	\$ 117,545
OTHER LIABILITIES:		
Note payables, net of current portion (Note 8)	\$ 236,600	\$ -
Deferred lease liability, long-term (Note 12)	2,757	1,829
Capital lease liability, long-term (Note 9)	6,445	-
TOTAL OTHER LIABILITIES	\$ 245,802	\$ 1,829
TOTAL LIABILITIES	\$ 434,595	\$ 119,374
COMMITMENTS (Note 12)		
NET ASSETS (Notes 1 and 10):		
Without donor restrictions	\$ 595,557	\$ 277,762
With donor restrictions	1,278,953	1,385,936
TOTAL NET ASSETS	\$ 1,874,510	\$ 1,663,698
TOTAL LIABILITIES AND NET ASSETS	\$ 2,309,105	\$ 1,783,072

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

GENERATIONS UNITED, INC.
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS (Notes 1 and 11):						
Grants and contributions	\$ 507,021	\$ 917,749	\$ 1,424,770	\$ 315,429	\$ 1,757,263	\$ 2,072,692
Revenue from contracts:						
Contracts	395,198	-	395,198	255,994	-	255,994
Conference (including 2019 sponsorships of \$42,500)	-	-	-	152,179	-	152,179
Investment income, net	81,493	-	81,493	51,629	-	51,629
Membership dues	69,150	-	69,150	100,900	-	100,900
Sublease and other income	2,000	-	2,000	9,046	-	9,046
Net assets released from restrictions	<u>1,024,732</u>	<u>(1,024,732)</u>	<u>-</u>	<u>817,990</u>	<u>(817,990)</u>	<u>-</u>
TOTAL REVENUE, SUPPORT AND GAINS	<u>\$ 2,079,594</u>	<u>\$ (106,983)</u>	<u>\$ 1,972,611</u>	<u>\$ 1,703,167</u>	<u>\$ 939,273</u>	<u>\$ 2,642,440</u>
EXPENSES (Note 1):						
Program services:						
Grandfamilies Projects	\$ 766,646	\$ -	\$ 766,646	\$ 649,729	\$ -	\$ 649,729
Public Education	486,253	-	486,253	407,121	-	407,121
COVID Relief	250,942	-	250,942	-	-	-
Special Projects	26,722	-	26,722	273,964	-	273,964
Membership Services	<u>8,684</u>	<u>-</u>	<u>8,684</u>	<u>116,755</u>	<u>-</u>	<u>116,755</u>
Total program services	<u>\$ 1,539,247</u>	<u>\$ -</u>	<u>\$ 1,539,247</u>	<u>\$ 1,447,569</u>	<u>\$ -</u>	<u>\$ 1,447,569</u>
Supporting services:						
Management and general	\$ 214,041	\$ -	\$ 214,041	\$ 169,413	\$ -	\$ 169,413
Fundraising	<u>8,511</u>	<u>-</u>	<u>8,511</u>	<u>27,784</u>	<u>-</u>	<u>27,784</u>
Total supporting services	<u>\$ 222,552</u>	<u>\$ -</u>	<u>\$ 222,552</u>	<u>\$ 197,197</u>	<u>\$ -</u>	<u>\$ 197,197</u>
TOTAL EXPENSES	<u>\$ 1,761,799</u>	<u>\$ -</u>	<u>\$ 1,761,799</u>	<u>\$ 1,644,766</u>	<u>\$ -</u>	<u>\$ 1,644,766</u>
CHANGES IN NET ASSETS	\$ 317,795	\$ (106,983)	\$ 210,812	\$ 58,401	\$ 939,273	\$ 997,674
NET ASSETS, BEGINNING OF YEAR	<u>277,762</u>	<u>1,385,936</u>	<u>1,663,698</u>	<u>219,361</u>	<u>446,663</u>	<u>666,024</u>
NET ASSETS, END OF YEAR	<u>\$ 595,557</u>	<u>\$ 1,278,953</u>	<u>\$ 1,874,510</u>	<u>\$ 277,762</u>	<u>\$ 1,385,936</u>	<u>\$ 1,663,698</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, 2020

	Program Services					Supporting Services			Total
	Grandfamilies Projects	Public Education	COVID Relief	Special Projects	Membership Services	Subtotal	Management and General	Fundraising	
Salaries and benefits	\$ 402,477	\$ 196,626	\$ 86,844	\$ 19,797	\$ 3,277	\$ 709,021	\$ 100,269	\$ 7,149	\$ 816,439
Professional fees	246,429	198,620	7,800	2,000	2,956	457,805	71,721	-	529,526
Subgrants and contracts	24,600	43,677	91,450	-	1,400	161,127	-	-	161,127
Rent	34,121	16,912	8,232	2,111	224	61,600	23,910	677	86,187
Telephone	24,477	11,943	12,543	1,415	150	50,528	6,785	453	57,766
Individual grants	1,600	-	30,450	-	-	32,050	-	-	32,050
Office supplies	13,034	12,028	13,042	575	61	38,740	(15,446)	184	23,478
Depreciation	-	-	-	-	-	-	14,286	-	14,286
Meals and meetings	9,190	2,300	-	-	-	11,490	-	-	11,490
Travel	4,636	2,472	-	675	-	7,783	1,082	-	8,865
Insurance	-	-	-	-	-	-	5,163	-	5,163
Equipment rental and maintenance	1,923	953	464	119	12	3,471	1,347	38	4,856
Printing and publications	3,360	42	-	-	-	3,402	-	-	3,402
Interest	-	-	-	-	-	-	2,718	-	2,718
Bank and other fees	15	-	-	-	50	65	1,287	-	1,352
Postage and shipping	784	240	117	30	3	1,174	38	10	1,222
Loss on disposal of assets	-	-	-	-	-	-	1,120	-	1,120
Dues and subscription	-	440	-	-	551	991	-	-	991
Miscellaneous	-	-	-	-	-	-	(239)	-	(239)
TOTAL EXPENSES	\$ 766,646	\$ 486,253	\$ 250,942	\$ 26,722	\$ 8,684	\$ 1,539,247	\$ 214,041	\$ 8,511	\$ 1,761,799

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

	FOR THE YEARS ENDED DECEMBER 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 210,812	\$ 997,674
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	14,286	13,213
Loss on disposal of assets	2,806	-
Net realized and unrealized gain on investments	(79,786)	(45,037)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Grants, dues and pledges receivable	40,296	(737,136)
Prepaid expenses	5,747	41,392
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	18,352	(27,827)
Deferred grant revenue	12,356	(284,263)
Deferred conference sponsorship	-	(50,000)
Deferred lease liability	928	1,829
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 225,797	\$ (90,155)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ -	\$ (7,675)
Refund of deposits	-	8,700
Sales of investments	108,054	261,451
Purchase of investments	(272,086)	(331,356)
NET CASH USED IN INVESTING ACTIVITIES	\$ (164,032)	\$ (68,880)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	\$ 275,463	\$ -
Principal repayments of capital lease liability	(2,646)	(2,277)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 272,817	\$ (2,277)
NET CHANGE IN CASH	\$ 334,582	\$ (161,312)
CASH, BEGINNING OF YEAR	541,082	702,394
CASH, END OF YEAR	\$ 875,664	\$ 541,082
SUPPLEMENTAL CASH FLOW INFORMATION:		
Non-cash investing activity:		
Asset acquisition through capital lease	\$ 10,768	\$ -

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

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 older adults 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.

COVID Relief: To provide for the unmet needs of grandfamilies, the Organization created the Grandfamilies COVID-19 response fund to receive and disseminate funds to local nonprofit service providers to directly support grandfamilies.

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, 2020 AND 2019

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.

Contributions and certain grants are recognized as revenue at the earlier of when the donor makes a promise to give to the Organization that is, in substance, unconditional or when they are received. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

Revenue from grants that are considered conditional contributions are recorded in the statements of activities as part of 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, 2020 AND 2019

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 2021.

Receivables from Contracts - Receivables from contracts are billings for services performed. Based on management's assessment of the payment history with funding sources 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 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, 2020 and 2019.

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, 2020 AND 2019

Note 2. **Liquidity and Availability** - The following represents the Organization's financial assets available for general obligations at December 31:

	2020	2019
Financial assets at year-end:		
Cash	\$ 875,664	\$ 541,082
Investments	664,988	421,169
Receivables from contracts	189,220	74,354
Grants, dues and pledges receivable	553,772	708,934
Total financial assets	\$ 2,283,644	\$ 1,745,539
Less amounts not available for general obligations:		
Restrictions - long-term	-	(200,000)
Financial assets available to meet general obligations within one year	\$ 2,283,644	\$ 1,545,539

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 3. **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 \$638,424 at December 31, 2020.

Note 4. **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:

	2020	2019
Exchange-traded funds	\$ 664,988	\$ 421,169

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 4. **Investments** - (Continued)

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

	2020	2019
Interest	\$ 5,758	\$ 9,705
Net realized and unrealized gains on investments	79,786	45,037
Less, investment expenses	(4,051)	(3,113)
Totals	\$ 81,493	\$ 51,629

Note 5. **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:

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, 2020 and 2019, the Organization's investment in exchange-traded funds had fair values, using level 1 measurements, of \$664,988 and \$421,169, respectively.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 6. **Pledges and Grants Receivable** - Pledges and grants receivable due within one year totaled \$553,772 and \$508,934 at December 31, 2020 and 2019, respectively. Long-term pledges for 2019 of \$200,000 were due within one to five years. No pledges were due beyond five years. The pledges and grants receivable at December 31, 2020 and 2019 includes grants with donor restrictions.

Note 7. **Property and Equipment** - Property and equipment consists of the following as of December 31:

	2020	2019
Furniture and equipment	\$ 51,647	\$ 54,955
Less, accumulated depreciation	31,500	28,483
Property and equipment, net	\$ 20,147	\$ 26,472

Depreciation expense for the years ended December 31, 2020 and 2019 was \$14,286 and \$13,213, respectively.

Capitalized equipment leases of \$10,768 is included in furniture and equipment with an accumulated amortization of \$897 at December 31, 2020. Amortization expense included in depreciation expense at December 31, 2020 was \$897.

Note 8. **Notes Payables** - On May 7, 2020, the Organization (the “Borrower”), received a loan (the “Loan”) from Truist Bank in the amount of \$125,463 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for an amount up to 2.5 times of the average monthly payroll expenses of the qualifying business. Under the terms of the PPP, the loan may be forgiven if the proceeds are used for qualifying expenses as described in the CARES Act, while maintaining payroll levels. Qualifying expenses include payroll, benefits, rent and utilities.

The Small Business Administration (SBA) granted Borrowers a deferral of loan payments until ten months after the end of the loan forgiveness covered period or until the SBA approved a full or partial loan forgiveness. The Organization’s loan was forgiven in full as of May 4, 2021.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 8. **Notes Payables** - (Continued)

On May 21, 2020, the Organization (the “Borrower”), received an economic injury disaster loan (the “Loan”) from the Small Business Administration (SBA) in the amount of \$150,000. The loan bears interest at 2.75% per annum and requires monthly principal and interest payments of \$641 beginning May 2021. The loan matures on April 21, 2050. The loan is secured by all assets owned by the Organization.

Future minimum payments on notes payable are as follows for the years ending December 31:

2021	\$ 38,863
2022	88,673
2023	3,670
2024	3,772
2025	3,877
Thereafter	<u>136,608</u>
Total	<u>\$ 275,463</u>

Note 9. **Capital Leases** - During 2020 the Organization has entered into a capital lease agreement for computers. The obligation is payable through 2023. At December 31, 2020 the net book value of the leased assets was \$9,871. The cost and accumulated depreciation is included in property and equipment.

Minimum future lease payments under the capital lease are as follows:

Year Ending <u>December 31:</u>	<u>Capital Lease</u>
2021	\$ 3,841
2022	3,841
2023	<u>2,881</u>
Total minimum lease payments	\$ 10,563
Less, amount representing interest	<u>649</u>
Present value of minimum lease payments	\$ 9,914
Less, current maturities	<u>3,469</u>
Capital lease obligations, net of current portion	<u>\$ 6,445</u>

Maturities of capital lease obligations for the years ending December 31 are as follows: \$3,469 in 2021; \$3,627 in 2022; and \$2,818 in 2023.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 10. **Net Assets with Donor Restrictions** - Net assets had donor restrictions for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Public Education	\$ 788,740	\$ 425,173
Grandfamilies Projects	278,190	266,666
COVID Relief	199,023	-
Special Projects	<u>13,000</u>	<u>694,097</u>
Totals	<u>\$ 1,278,953</u>	<u>\$ 1,385,936</u>

Note 11. **Revenue Recognition**

Disaggregation of Revenue

The Organization'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>2020</u>	<u>2019</u>
Recognized over time	\$ 395,198	\$ 255,994
Recognized at a point in time	<u>-</u>	<u>152,179</u>
Total	<u>\$ 395,198</u>	<u>\$ 408,173</u>

Contract Balances

Contract assets and liabilities consisted of the following:

	<u>2020</u>	<u>2019</u>
Contract assets:		
Receivables from contracts	<u>\$ 189,220</u>	<u>\$ 74,354</u>
Contract liabilities:		
Deferred contract revenue	<u>\$ 24,575</u>	<u>\$ 12,219</u>

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Note 11. **Revenue Recognition** - (Continued)

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.

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 12. **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, 2020 and 2019 was \$86,187 and \$115,188, respectively.

On December 18, 2020 the Organization entered into an agreement with its landlord to suspend and waive monthly rental payments and operating costs effective November 1, 2020 until such time as the building is available for use. As consideration for the suspension and waiver of rent, the term of the lease is extended for a period equivalent to the suspension period, which is unknown as of December 31, 2020.

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

<u>Years ending December 31,</u>	<u>Office Lease</u>
2021	\$ 103,462
2022	34,798
Totals	<u>\$ 138,260</u>

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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, 2020 and 2019 was \$41,264 and \$37,361, 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 May 14, 2021, which is the date the financial statements were available to be issued.

The Organization's outstanding PPP loan was forgiven on May 4, 2021.