

**GENERATIONS UNITED, INC.**

**DECEMBER 31, 2022 AND 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Generations United, Inc.  
Washington, D.C.

### ***Opinion***

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Generations United, Inc. as of December 31, 2022 and 2021, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Generations United, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Generations United, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Generations United, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Generations United, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, on our consideration of Generations United, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Generations United, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Generations United, Inc.'s internal control over financial reporting and compliance.

*Sarfino and Rhoades LLP*

September 29, 2023

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

	DECEMBER 31,	
	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash - operating	\$ 213,339	\$ 67,685
Cash - savings	711,579	418,585
Cash - investment sweep	22,097	4,345
Total cash	\$ 947,015	\$ 490,615
Investments	549,102	705,314
Contracts receivable	228,122	186,540
Grants, dues and pledges receivable	806,968	286,539
Prepaid expenses	22,907	12,732
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 2,554,114</b>	<b>\$ 1,681,740</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>\$ 24,232</b>	<b>\$ 28,203</b>
<b>OTHER ASSETS:</b>		
Right of use asset - operating	\$ 1,074,762	\$ -
Right of use asset - finance	18,243	-
<b>TOTAL OTHER ASSETS</b>	<b>\$ 1,093,005</b>	<b>\$ -</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,671,351</b>	<b>\$ 1,709,943</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 364,294	\$ 219,785
Notes payable, current	3,670	3,571
Operating lease liability, current	188,538	-
Finance lease liability, current	12,639	4,782
Deferred revenue and support	364,239	85,372
Deferred lease liability	-	28,945
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 933,380</b>	<b>\$ 342,455</b>
<b>OTHER LIABILITIES:</b>		
Notes payable, net of current portion	\$ 144,278	\$ 146,429
Operating lease liability, net of current portion	893,810	-
Finance lease liability, net of current portion	6,272	4,762
<b>TOTAL OTHER LIABILITIES</b>	<b>\$ 1,044,360</b>	<b>\$ 151,191</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 1,977,740</b>	<b>\$ 493,646</b>
<b>NET ASSETS:</b>		
Without donor restrictions	\$ 1,062,940	\$ 805,138
With donor restrictions	630,671	411,159
<b>TOTAL NET ASSETS</b>	<b>\$ 1,693,611</b>	<b>\$ 1,216,297</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,671,351</b>	<b>\$ 1,709,943</b>

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

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

FOR THE YEARS ENDED DECEMBER 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT AND GAINS:</b>						
Grants and contributions:						
Foundations, associations, individuals and other	\$ 944,546	\$ 896,952	\$ 1,841,498	\$ 211,378	\$ 431,785	\$ 643,163
Federal agency	1,613,971	-	1,613,971	97,721	-	97,721
Conference sponsorship	-	-	-	78,555	-	78,555
Revenue from contracts:						
Consulting contracts	686,085	-	686,085	443,993	-	443,993
Conference registration	-	-	-	61,810	-	61,810
Membership dues	73,300	-	73,300	84,450	-	84,450
Other income	19,185	-	19,185	4,399	-	4,399
PPP loan forgiveness	-	-	-	250,925	-	250,925
Investment income (loss), net	(138,360)	-	(138,360)	35,913	-	35,913
Net assets released from restrictions	677,440	(677,440)	-	1,299,579	(1,299,579)	-
<b>TOTAL REVENUE, SUPPORT AND GAINS</b>	<u>\$ 3,876,167</u>	<u>\$ 219,512</u>	<u>\$ 4,095,679</u>	<u>\$ 2,568,723</u>	<u>\$ (867,794)</u>	<u>\$ 1,700,929</u>
<b>EXPENSES:</b>						
Program services:						
Grandfamilies Projects	\$ 2,569,442	\$ -	\$ 2,569,442	\$ 1,009,702	\$ -	\$ 1,009,702
Intergenerational Programs	497,430	-	497,430	509,059	-	509,059
Public Education	171,965	-	171,965	266,052	-	266,052
Special Projects	47,196	-	47,196	97,044	-	97,044
Membership Services	7,817	-	7,817	3,344	-	3,344
COVID Relief	-	-	-	198,670	-	198,670
Total program services	<u>\$ 3,293,850</u>	<u>\$ -</u>	<u>\$ 3,293,850</u>	<u>\$ 2,083,871</u>	<u>\$ -</u>	<u>\$ 2,083,871</u>
Supporting services:						
Management and general	\$ 298,999	\$ -	\$ 298,999	\$ 270,757	\$ -	\$ 270,757
Fundraising	25,516	-	25,516	4,514	-	4,514
Total supporting services	<u>\$ 324,515</u>	<u>\$ -</u>	<u>\$ 324,515</u>	<u>\$ 275,271</u>	<u>\$ -</u>	<u>\$ 275,271</u>
<b>TOTAL EXPENSES</b>	<u>\$ 3,618,365</u>	<u>\$ -</u>	<u>\$ 3,618,365</u>	<u>\$ 2,359,142</u>	<u>\$ -</u>	<u>\$ 2,359,142</u>
<b>CHANGES IN NET ASSETS</b>	\$ 257,802	\$ 219,512	\$ 477,314	\$ 209,581	\$ (867,794)	\$ (658,213)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>805,138</u>	<u>411,159</u>	<u>1,216,297</u>	<u>595,557</u>	<u>1,278,953</u>	<u>1,874,510</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,062,940</u>	<u>\$ 630,671</u>	<u>\$ 1,693,611</u>	<u>\$ 805,138</u>	<u>\$ 411,159</u>	<u>\$ 1,216,297</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, 2022**

	Program Services					Supporting Services			Total
	Grandfamilies Projects	Intergenerational Programs	Public Education	Special Projects	Membership Services	Subtotal	Management and General	Fundraising	
Salaries and benefits	\$ 1,196,902	\$ 288,209	\$ 107,765	\$ 10,128	\$ 6,707	\$ 1,609,711	\$ 120,694	\$ 19,383	\$ 1,749,788
Professional fees	412,182	123,678	39,289	30,650	-	605,799	143,513	2,998	752,310
Subgrants and contracts	698,137	33,500	6,000	4,600	-	742,237	-	-	742,237
Rent	112,277	26,013	10,000	758	609	149,657	1,217	2,041	152,915
Telephone	66,031	14,046	5,145	439	315	85,976	1,157	863	87,996
Travel	25,556	4,238	1,133	(470)	-	30,457	1,643	-	32,100
Meals and meetings	26,936	857	1,051	975	-	29,819	13	-	29,832
Office expenses	16,852	5,371	1,011	65	150	23,449	3,614	136	27,199
Equipment rental and maintenance	7,925	1,518	571	51	36	10,101	6,524	95	16,720
Insurance	-	-	-	-	-	-	8,664	-	8,664
Depreciation	-	-	-	-	-	-	7,449	-	7,449
Printing and publications	6,644	-	-	-	-	6,644	-	-	6,644
Interest	-	-	-	-	-	-	4,511	-	4,511
<b>TOTAL EXPENSES</b>	<b>\$ 2,569,442</b>	<b>\$ 497,430</b>	<b>\$ 171,965</b>	<b>\$ 47,196</b>	<b>\$ 7,817</b>	<b>\$ 3,293,850</b>	<b>\$ 298,999</b>	<b>\$ 25,516</b>	<b>\$ 3,618,365</b>

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



**GENERATIONS UNITED, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services						Supporting Services			Total
	Grandfamilies Projects	Intergenerational Programs	Public Education	COVID Relief	Special Projects	Membership Services	Subtotal	Management and General	Fundraising	
Salaries and benefits	\$ 647,907	\$ 274,500	\$ 73,385	\$ 30,394	\$ 23,738	\$ 1,520	\$ 1,051,444	\$ 156,453	\$ 4,004	\$ 1,211,901
Professional fees	237,731	164,892	177,910	300	42,650	1,400	624,883	51,986	-	676,869
Subgrants and contracts	42,627	26,900	-	45,000	27,995	-	142,522	-	-	142,522
Individual grants	-	-	2,000	119,074	-	-	121,074	-	-	121,074
Rent	34,271	16,256	4,572	1,948	1,345	53	58,445	28,378	262	87,085
Telephone	30,949	14,078	5,463	1,456	1,005	39	52,990	11,899	196	65,085
Office expenses	8,771	5,965	2,406	365	212	328	18,047	4,314	34	22,395
Depreciation	-	-	-	-	-	-	-	11,188	-	11,188
Equipment rental and maintenance	2,342	1,111	312	133	92	4	3,994	1,940	18	5,952
Interest	-	-	-	-	-	-	-	4,599	-	4,599
Meals and meetings	1,100	3,413	-	-	-	-	4,513	-	-	4,513
Travel	1,462	1,944	4	-	7	-	3,417	-	-	3,417
Printing and publications	2,542	-	-	-	-	-	2,542	-	-	2,542
<b>TOTAL EXPENSES</b>	<u>\$ 1,009,702</u>	<u>\$ 509,059</u>	<u>\$ 266,052</u>	<u>\$ 198,670</u>	<u>\$ 97,044</u>	<u>\$ 3,344</u>	<u>\$ 2,083,871</u>	<u>\$ 270,757</u>	<u>\$ 4,514</u>	<u>\$ 2,359,142</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,

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 477,314	\$ (658,213)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Amortization of right-of-use assets	100,731	-
Depreciation	7,449	11,188
PPP loan forgiveness	-	(250,925)
Net realized and unrealized loss (gain) on investments	143,472	(35,667)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Grants, dues, pledges and contracts receivable	(562,011)	269,913
Prepaid expenses	(10,175)	(7,418)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	144,509	97,898
Deferred contract revenue	278,867	60,797
Operating lease liability	(80,781)	-
Deferred lease liability	(28,945)	26,188
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 470,430</b>	<b>\$ (486,239)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	\$ (19,968)	\$ (15,624)
Sales of investments	267,074	79,515
Purchase of investments	(246,786)	(84,175)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>\$ 320</b>	<b>\$ (20,284)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of note payable	\$ (2,052)	\$ -
Proceeds from notes payable	-	125,462
Principal repayments of finance lease liability	(12,298)	(3,988)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>\$ (14,350)</b>	<b>\$ 121,474</b>
<b>NET CHANGE IN CASH</b>	<b>\$ 456,400</b>	<b>\$ (385,049)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>490,615</b>	<b>875,664</b>
<b>CASH, END OF YEAR</b>	<b>\$ 947,015</b>	<b>\$ 490,615</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Right of use asset obtained with lease liability	\$ 1,147,666	\$ -
Lease liability for right of use asset	\$ 1,147,666	\$ -
Asset acquisition through finance lease	\$ 14,141	\$ 3,620

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

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Note 1. **Organization and Summary of Significant Accounting Policies**

**Organization** - Generations United, Inc. (“the Organization”) is nonprofit organization focused on promoting intergenerational strategies, programs, and public policies. The Organization 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.

The Grandfamilies & Kinship Support Network is a national technical assistance center that helps government agencies and nonprofit organizations in states, tribes, and territories to collaborate and work across jurisdictional and systemic boundaries to improve supports and services for families in which grandparents, other relatives, or close family friends are raising children. Technical assistance is provided through individual, targeted help to government and nonprofit agencies; professional development programming; learning collaboratives; in-depth technical assistance; and through resources, tipsheets, toolkits, and videos which are housed in an expansive resource library on the Network’s website. The technical assistance center is funded through a five-year cooperative agreement with the U.S. Department of Health and Human Services’ Administration for Community Living (ACL).

**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.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

Intergenerational Programs: The Organization supports the development and expansion of intergenerational programs bringing children, youth, and older adults together, acts as a clearinghouse for information on different types of intergenerational programs, and makes a case for local programs across the country and around the world.

**Basis of Accounting** - The financial statements of the Organization have been prepared on the accrual basis of accounting.

**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 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.

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.

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.

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.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

Conference registration is considered an exchange transaction and revenue is recognized when the event occurs. Conference sponsorships are recognized as contributions without donor restriction since the event occurs in the same period that the sponsorships are received. Conference sponsors receive acknowledgment at the event.

**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.

**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 2023.

**Contracts Receivable** - 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, 2022 and 2021.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

**Leases** - The Organization determines if an arrangement is a lease at the transition date. Operating and financing lease right of use (ROU) assets and operating and finance lease liabilities are recognized based on the present value of the remaining future minimum lease payments over the lease terms. The office lease does not provide an implicit rate, management has decided to use the risk-free rate of return based on the ten-year treasury rate available at the transition date in determining the present value of future lease payments. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease terms. The office lease does not include any non-lease components.

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less, but greater than one month at lease commencement. The Organization's policy is to recognize lease cost associated with its short-term leases on a straight-line basis over the lease term.

Management has elected the package of three practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. Management has also elected the practical expedient to not separate lease and non-lease components by class of underlying asset and is choosing to apply this expedient to all relevant asset classes.

**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, and equipment rental.

Note 2. **Change in Accounting Principle** - The Organization adopted Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*. Under ASC 842, the Organization is required to recognize right-of-use assets and lease liabilities on the statements of financial position for most leases and provide disclosures regarding those leases. The Organization adopted this change with the date of initial application of January 1, 2022, by applying the modified retrospective transition approach. Accordingly, management evaluated whether a cumulative-effect adjustment to net assets as of January 1, 2022, was necessary, and comparative information has not been restated and continues to be reported under the accounting standards in effect for the prior period. No cumulative-effect adjustment to net assets as of January 1, 2022 was necessary. This change did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022. Upon the modification of the Organization's office lease agreement during 2022, a right-of-use (ROU) asset and a corresponding lease liability in the amounts of \$1,147,666 were recorded.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 947,015	\$ 490,615
Investments	549,102	705,314
Contracts receivable	228,122	186,540
Grants, dues and pledges receivable	<u>806,968</u>	<u>286,539</u>
Total financial assets	<u>\$ 2,531,207</u>	<u>\$ 1,669,008</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 (FDIC) up to specified limits. Cash balances not covered by FDIC insurance totaled \$647,218 at December 31, 2022.

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>2022</u>	<u>2021</u>
Exchange-traded funds	<u>\$ 549,102</u>	<u>\$ 705,314</u>

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

	<u>2022</u>	<u>2021</u>
Interest	\$ 9,711	\$ 5,441
Net realized and unrealized gains (losses) on investments	(143,472)	35,667
Less, investment expenses	<u>(4,599)</u>	<u>(5,195)</u>
Totals	<u>\$ (138,360)</u>	<u>\$ 35,913</u>

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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:

*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, 2022 and 2021, the Organization's investment in exchange-traded funds had fair values, using level 1 measurements, of \$549,102 and \$705,314, respectively.

Note 7. **Pledges and Grants Receivable** - Pledges and grants receivable are due within one year and totaled \$806,968 and \$286,539 at December 31, 2022 and 2021, respectively. No pledges were due beyond one year.



**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

	2022	2021
Furniture and equipment	\$ 69,279	\$ 70,891
Less, accumulated depreciation and amortization	45,047	42,688
Property and equipment, net	\$ 24,232	\$ 28,203

Depreciation expense for the years ended December 31, 2022 and 2021 was \$7,449 and \$11,188, respectively.

Note 9. **Notes Payable** - On March 31, 2021, the Organization (the “Borrower”), received a loan (the “Loan”) from Truist Bank in the amount of \$125,462 under the Paycheck Protection Program (“PPP”). 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”), provided 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 loans could be forgiven if the proceeds were used for qualifying expenses as described in the CARES Act, while maintaining payroll levels. Qualifying expenses included 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 two loans were forgiven in full on May 4, 2021 and December 22, 2021.

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%, requires monthly principal and interest payments of \$641 once the deferment period ends, and matures on April 21, 2050. The loan is secured by all tangible and intangible personal property of the Organization.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Note 9. **Notes Payable** - (Continued)

Future minimum payments on notes payable are as follows:

Year Ending <u>December 31:</u>	
2023	\$ 3,670
2024	3,772
2025	3,877
2026	3,985
2027	4,096
Thereafter	<u>128,548</u>
Total	<u>\$ 147,948</u>

Note 10. **Leases** - The Organization has operating and finance leases for office space and equipment expiring at various times through 2028. Rent expense for the years ended December 31, 2022 and 2021 was \$152,915 and \$87,084, respectively.

In April 2022 the Organization executed a modified office lease agreement, superseding a previous extension through December 2022, that commenced in July 2022 and expires in January 2028. The base rent payment is \$17,519 per month and contains clauses relating to rent escalation and proportionate allocation of real estate taxes and operating costs.

The Organization has four financing lease agreements for computers and one finance lease agreement for a copier. The obligations are payable through 2025.

The components of lease expense for the year ended December 31, 2022 are as follows:

Operating lease cost - Office	\$ 104,594
Finance Lease costs:	
Amortization of ROU asset	12,034
Interest on lease liability	<u>601</u>
Total finance cost	<u>\$ 12,634</u>
Variable lease cost	<u>-</u>
Total lease cost	<u>\$ 117,229</u>

Weighted average remaining lease term - operating leases	5.08 years
Weighted average remaining lease term - finance lease	1.57 years
Weighted average discount rate - operating leases	2.86%
Weighted average discount rate - finance lease	2.35%

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Note 10. **Leases** - (Continued)

The following summarizes the cash flow information related to leases for the year ended December 2022:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows for operating leases	<u>\$ 148,181</u>
Financing cash flows for finance leases	<u>\$ 13,524</u>

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

Years ending December 31,	Operating Office Leases	Equipment Finance Leases	Total Lease Commitments
2023	\$ 217,083	\$ 12,891	\$ 229,974
2024	222,970	5,636	228,606
2025	229,020	599	229,619
2026	235,235	-	235,235
2027	241,622	-	241,622
Thereafter	<u>20,314</u>	<u>-</u>	<u>20,314</u>
Total minimum lease payments	\$ 1,166,244	\$ 19,126	\$ 1,185,370
Less imputed interest	<u>(83,896)</u>	<u>(215)</u>	<u>(84,111)</u>
Total lease obligations	\$ 1,082,348	\$ 18,911	\$ 1,101,259
Less current obligations	<u>(188,538)</u>	<u>(12,639)</u>	<u>(201,177)</u>
Long term lease obligations	<u>\$ 893,810</u>	<u>6,272</u>	<u>\$ 900,082</u>

Note 11. **Net Assets with Donor Restrictions** - Net assets with donor restrictions are for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Grandfamilies Projects	\$ 475,392	\$ 97,495
Intergenerational Programs	85,154	285,037
Public Education	70,125	24,696
Special Projects	<u>-</u>	<u>3,931</u>
Totals	<u>\$ 630,671</u>	<u>\$ 411,159</u>

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Note 12. **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>2022</u>	<u>2021</u>
Recognized over time	\$ 686,085	\$ 443,993
Recognized at a point in time	-	<u>61,810</u>
Total	<u>\$ 686,085</u>	<u>\$ 505,803</u>

Contract Balances

Contract assets and liabilities consisted of the following:

	<u>2022</u>	<u>2021</u>
Contract assets:		
Contracts receivable	<u>\$ 228,122</u>	<u>\$ 186,540</u>
Contract liabilities:		
Deferred contract revenue	<u>\$ 364,239</u>	<u>\$ 85,372</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. Performance obligations for conferences are satisfied at the conclusion of the events.

Significant Judgments

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.

**GENERATIONS UNITED, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021 was \$60,864 and \$57,736, respectively.

Note 14. **Conditional Contributions** - The Organization received notice of a conditional grant during 2021 from the U.S. Department of Health and Human Services in the amount of \$9,950,000 for the period September 30, 2021 through September 30, 2026. Support from this grant is recognized as contributions without donor restrictions as conditions are met, and totaled \$1,693,696 during 2022 and \$97,721 during 2021. The remaining \$8,158,583 balance of support is expected to be recognized in future years as conditions are met.

The Organization also received notice of other conditional grants during 2022 and 2021 in the amount of \$816,000 and \$137,500, respectively. Support from these grants are recognized as contributions without donor restrictions as the conditions are met, and totaled \$259,500 in 2022 and \$72,500 in 2021.

Note 15. **Subsequent Events** - In preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 29, 2023, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**GENERATIONS UNITED INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER (CFDA)</u>	<u>PASS- THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<b><u>U.S. Department of Health and Human Services:</u></b>				
<i>Administration for Community Living</i>				
<i>Direct Program:</i>				
Special Programs for the Aging Title IV and Title II				
Discretionary Projects (Grandfamilies and Kinship Support Network)	93.048	N/A	\$ 667,087	\$ 1,613,971
<b>Total U.S. Department of Health and Human Services</b>			<u>\$ 667,087</u>	<u>\$ 1,613,971</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 1,613,971</u>

**GENERATIONS UNITED INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Generations United, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Generations United, Inc., it is not intended to, and does not present the financial position, changes in net assets, or cash flows of Generations United, Inc.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

Generations United, Inc. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Generations United, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Generations United, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Generations United, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Generations United, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Generations United, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Generations United, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Generation United, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Generation United, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Generations United, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sarfino and Rhoades LLP*

September 29, 2023

## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Generations United, Inc.

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Generations United, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Generations United, Inc.'s major federal program for the year ended December 31, 2022. Generations United, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Generations United, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Generations United, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Generations United, Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Generations United, Inc.'s federal program.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Generations United, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Generations United, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Generations United, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Generations United, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Generations United, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Sarfino and Rhoades LLP*

September 29, 2023

**GENERATIONS UNITED, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**

**Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Generations United, Inc. were prepared in accordance with GAAP.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of non-compliance material to the financial statements of Generations United, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award program were disclosed during the audit or reported. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award program for Generations United, Inc. expresses an unmodified opinion on its major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was:

<u>CFDA Number</u>	<u>Name of Federal Programs or Contract</u>
93.048	Special Programs for the Aging Title IV and Title II Discretionary Projects (Grandfamilies and Kinship Support Network Program)

8. The threshold used for distinguishing between Types A and B programs was \$750,000.
9. Generations United, Inc. was determined not to be a low-risk auditee.

**Findings - Financial Statement Audit**

Significant Deficiency

2022-001: Unrecorded Pledge

*Condition:* A significant accounting adjustment was required to correct assets and revenue. The significant adjustment was needed to correct pledges receivable at the end of the year.

**GENERATIONS UNITED, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**

*Criteria:* The organization's financial statements should be presented fairly, in all material respects, in accordance with the applicable reporting framework. The applicable reporting framework was accounting principles generally accepted in the United States of America.

*Cause:* The organization did not review grants and pledges in sufficient detail for year-end financial reporting to achieve an appropriate level of accuracy.

*Effect:* The organization's financial statements underreported assets and revenue.

*Recommendation:* Both management and the outsourced accountant should make a secondary review of all grants and pledges at year-end to identify the possible existence of unrecorded pledged receivables. This additional procedure should result in the identification of all receivables which should be recognized as support in the appropriate year and improve the accuracy of financial statements.

*Views of Responsible Officials and Planned Corrective Action:* The organization agrees with the finding and management plans to work closely with the outsourced accountant to review all grants and pledges at year-end to identify possible unrecorded pledges.

**Findings and Questioned Costs - Major Federal Award Program Audit**

No matters were reported.