

GENERATIONS UNITED, INC.

DECEMBER 31, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. 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 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, including omissions, 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, 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.

Sarfino and Rhoades LLP

November 11, 2022

GENERATIONS UNITED, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash - operating	\$ 67,685	\$ 23,851
Cash - savings	418,585	843,016
Cash - investment sweep	4,345	8,797
Total cash	\$ 490,615	\$ 875,664
Investments	705,314	664,988
Contracts receivable	186,540	189,220
Grants, dues and pledges receivable	286,539	553,772
Prepaid expenses	12,732	5,314
TOTAL CURRENT ASSETS	\$ 1,681,740	\$ 2,288,958
PROPERTY AND EQUIPMENT, NET	28,203	20,147
TOTAL ASSETS	\$ 1,709,943	\$ 2,309,105
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 219,785	\$ 121,886
Notes payable, current	3,571	38,863
Capital lease liability, current	4,782	3,469
Deferred contract revenue	85,372	24,575
Deferred lease liability	28,945	2,757
TOTAL CURRENT LIABILITIES	\$ 342,455	\$ 191,550
OTHER LIABILITIES:		
Notes payable, net of current portion	\$ 146,429	\$ 236,600
Capital lease liability, net of current portion	4,762	6,445
TOTAL OTHER LIABILITIES	\$ 151,191	\$ 243,045
TOTAL LIABILITIES	\$ 493,646	\$ 434,595
NET ASSETS:		
Without donor restrictions	\$ 805,138	\$ 595,557
With donor restrictions	411,159	1,278,953
TOTAL NET ASSETS	\$ 1,216,297	\$ 1,874,510
TOTAL LIABILITIES AND NET ASSETS	\$ 1,709,943	\$ 2,309,105

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

GENERATIONS UNITED, INC.
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS:						
Grants and contributions:						
Foundations, associations, individuals and other	\$ 211,378	\$ 431,785	\$ 643,163	\$ 507,021	\$ 917,749	\$ 1,424,770
Federal agency	97,721	-	97,721	-	-	-
Conference sponsorship	78,555	-	78,555	-	-	-
Revenue from contracts:						
Consulting contracts	443,993	-	443,993	395,198	-	395,198
Conference registration	61,810	-	61,810	-	-	-
PPP loan forgiveness	250,925	-	250,925	-	-	-
Membership dues	84,450	-	84,450	69,150	-	69,150
Investment income, net	35,913	-	35,913	81,493	-	81,493
Sublease and other income	4,399	-	4,399	2,000	-	2,000
Net assets released from restrictions	1,299,579	(1,299,579)	-	1,024,732	(1,024,732)	-
TOTAL REVENUE, SUPPORT AND GAINS	\$ 2,568,723	\$ (867,794)	\$ 1,700,929	\$ 2,079,594	\$ (106,983)	\$ 1,972,611
EXPENSES:						
Program services:						
Grandfamilies Projects	\$ 1,009,702	\$ -	\$ 1,009,702	\$ 766,646	\$ -	\$ 766,646
Intergenerational Programs	509,059	-	509,059	-	-	-
Public Education	266,052	-	266,052	486,253	-	486,253
COVID Relief	198,670	-	198,670	250,942	-	250,942
Special Projects	97,044	-	97,044	26,722	-	26,722
Membership Services	3,344	-	3,344	8,684	-	8,684
Total program services	<u>\$ 2,083,871</u>	<u>\$ -</u>	<u>\$ 2,083,871</u>	<u>\$ 1,539,247</u>	<u>\$ -</u>	<u>\$ 1,539,247</u>
Supporting services:						
Management and general	\$ 270,757	\$ -	\$ 270,757	\$ 214,041	\$ -	\$ 214,041
Fundraising	4,514	-	4,514	8,511	-	8,511
Total supporting services	<u>\$ 275,271</u>	<u>\$ -</u>	<u>\$ 275,271</u>	<u>\$ 222,552</u>	<u>\$ -</u>	<u>\$ 222,552</u>
TOTAL EXPENSES	\$ 2,359,142	\$ -	\$ 2,359,142	\$ 1,761,799	\$ -	\$ 1,761,799
CHANGES IN NET ASSETS	\$ 209,581	\$ (867,794)	\$ (658,213)	\$ 317,795	\$ (106,983)	\$ 210,812
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<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>

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
TOTAL EXPENSES	\$ 1,009,702	\$ 509,059	\$ 266,052	\$ 198,670	\$ 97,044	\$ 3,344	\$ 2,083,871	\$ 270,757	\$ 4,514	\$ 2,359,142

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 expenses	13,833	12,708	13,159	605	665	40,970	(9,197)	194	31,967
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
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
Loss on disposal of assets	-	-	-	-	-	-	1,120	-	1,120
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.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (658,213)	\$ 210,812
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,188	14,286
Loss on disposal of assets	-	2,806
PPP loan forgiveness	(250,925)	-
Net realized and unrealized gain on investments	(35,667)	(79,786)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Contracts receivable	(1,340)	-
Grants, dues and pledges receivable	271,253	40,296
Prepaid expenses	(7,418)	5,747
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	97,898	18,352
Deferred contract revenue	60,797	12,356
Deferred lease liability	26,188	928
<u>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	<u>\$ (486,239)</u>	<u>\$ 225,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (15,624)	\$ -
Sales of investments	79,515	108,054
Purchase of investments	(84,175)	(272,086)
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>\$ (20,284)</u>	<u>\$ (164,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	\$ 125,462	\$ 275,463
Principal repayments of capital lease liability	(3,988)	(2,646)
<u>NET CASH PROVIDED BY FINANCING ACTIVITIES</u>	<u>\$ 121,474</u>	<u>\$ 272,817</u>
NET CHANGE IN CASH	\$ (385,049)	\$ 334,582
CASH, BEGINNING OF YEAR	<u>875,664</u>	<u>541,082</u>
CASH, END OF YEAR	<u><u>\$ 490,615</u></u>	<u><u>\$ 875,664</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Non-cash investing activity:		
Asset acquisition through capital lease	\$ 3,620	\$ 10,768

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

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

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.

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.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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.

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.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 2022.

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, 2021 and 2020.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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.

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 490,615	\$ 875,664
Investments	705,314	664,988
Contracts receivable	186,540	189,220
Grants, dues and pledges receivable	<u>286,539</u>	<u>553,772</u>
Total financial assets	<u>\$ 1,669,008</u>	<u>\$ 2,283,644</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 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 \$229,758 at December 31, 2021.

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:

	<u>2021</u>	<u>2020</u>
Exchange-traded funds	<u>\$ 705,314</u>	<u>\$ 664,988</u>

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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

	2021	2020
Interest	\$ 5,441	\$ 5,758
Net realized and unrealized gains on investments	35,667	79,786
Less, investment expenses	(5,195)	(4,051)
Totals	\$ 35,913	\$ 81,493

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, 2021 and 2020, the Organization's investment in exchange-traded funds had fair values, using level 1 measurements, of \$705,314 and \$664,988, respectively.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 6. **Pledges and Grants Receivable** - Pledges and grants receivable are due within one year and totaled \$286,539 and \$553,772 at December 31, 2021 and 2020, respectively. No pledges were due beyond one year.

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

	2021	2020
Furniture and equipment	\$ 70,891	\$ 51,647
Less, accumulated depreciation and amortization	42,688	31,500
Property and equipment, net	\$ 28,203	\$ 20,147

Depreciation expense for the years ended December 31, 2021 and 2020 was \$11,188 and \$14,286, respectively.

Capitalized equipment leases of \$14,388 at December 31, 2021 and \$10,768 at December 31, 2020 are included in furniture and equipment. Amortization expense included in depreciation expense was \$4,193 for 2021 and \$897 for 2020.

Note 8. **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”), 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 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, 2021 AND 2020

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

Future minimum payments on notes payable are as follows:

Year Ending <u>December 31:</u>	
2022	\$ 3,571
2023	3,670
2024	3,772
2025	3,877
2026	3,985
Thereafter	<u>131,125</u>
Total	<u>\$ 150,000</u>

Note 9. **Capital Leases** - The Organization has three capital lease agreements for computers. The obligations are payable through 2024. At December 31, 2021 the net book value of the leased assets was \$9,298. The cost and accumulated depreciation is included in property and equipment.

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

Year Ending <u>December 31:</u>	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 3,841
2022	5,182	3,841
2023	4,222	2,881
2024	<u>708</u>	<u>-</u>
Total minimum lease payments	\$ 10,112	\$ 10,563
Less, amount representing interest	<u>568</u>	<u>649</u>
Present value of minimum lease payments	\$ 9,544	\$ 9,914
Less, current maturities	<u>4,782</u>	<u>3,469</u>
Capital lease obligations, net of current portion	<u>\$ 4,762</u>	<u>\$ 6,445</u>

Maturities of capital lease obligations for the years ending December 31 are as follows: \$4,782 in 2022; \$4,067 in 2023; and \$695 in 2024.

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

	<u>2021</u>	<u>2020</u>
Intergenerational Programs	\$ 285,037	\$ 653,760
Grandfamilies Projects	97,495	278,190
Public Education	24,696	134,980
Special Projects	3,931	13,000
COVID Relief	-	199,023
Totals	<u>\$ 411,159</u>	<u>\$ 1,278,953</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>2021</u>	<u>2020</u>
Recognized over time	\$ 443,993	\$ 395,198
Recognized at a point in time	<u>61,810</u>	<u>-</u>
Total	<u>\$ 505,803</u>	<u>\$ 395,198</u>

Contract Balances

Contract assets and liabilities consisted of the following:

	<u>2021</u>	<u>2020</u>
Contract assets:		
Contracts receivable	<u>\$ 186,540</u>	<u>\$ 189,220</u>
Contract liabilities:		
Deferred contract revenue	<u>\$ 85,372</u>	<u>\$ 24,575</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 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.

Note 12. **Commitments** - The Organization executed an amendment to its office lease agreement extending the term for seven months through December 2022. The office lease requires monthly lease payments of \$8,699 and contains clauses relating to rent escalation and proportionate allocation of real estate taxes and operating costs. The rent escalation results in a deferred lease liability, which is being amortized over the lease term using the straight-line method. Rent expense for the years ended December 31, 2021 and 2020 was \$87,084 and \$86,187, respectively.

In April 2022 the Organization executed a modified office lease agreement, superseding the original extension through December 2022, that commenced in July 2022 and expiring 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.

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Note 12. **Commitments** - (Continued)

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

<u>Years ending December 31,</u>	<u>Office Lease</u>
2022	\$ 148,182
2023	214,083
2024	219,970
2025	226,020
2026	232,235
Thereafter	<u>258,686</u>
Total	<u>\$ 1,299,176</u>

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, 2021 and 2020 was \$57,736 and \$41,264, 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 \$97,721 during 2021. The remaining \$9,852,279 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 2021 in the amount of \$137,500. Support from these grants are recognized as contributions without donor restrictions as the conditions are met, and totaled \$72,500.

Note 15. **Reclassifications** - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

Note 16. **Subsequent Events** - In preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2022, which is the date the financial statements were available to be issued.