

GENERATIONS UNITED, INC.

DECEMBER 31, 2015 AND 2014

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 11

SARFINO ANDRHOADES, LLP

J Gregory Sarfino CPA
David R Himes CPA
Michael J Devlin CPA
Brian W Dow CPA

11921 Rockville Pike, Suite 501
North Bethesda, Maryland
20852-2794

Certified Public Accountants
and Business Advisors

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Generations United, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Generations United, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sarfino and Rhoades LLP

September 15, 2016

GENERATIONS UNITED, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash (Note 1)	\$ 69,464	\$ 657,639
Accounts receivable	8,100	5,283
Grant receivable (Note 2)	335,067	13,137
Prepaid expenses	2,670	15,233
TOTAL CURRENT ASSETS	\$ 415,301	\$ 691,292
INVESTMENTS (Notes 1, 3 and 4)	349,253	-
PROPERTY AND EQUIPMENT (Notes 1 and 5)	1,109	367
DEPOSITS	8,700	8,700
TOTAL ASSETS	\$ 774,363	\$ 700,359
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 20,861	\$ 20,626
Accrued expenses	59,058	66,707
Deferred revenue (Note 1)	139,908	128,080
TOTAL CURRENT LIABILITIES	\$ 219,827	\$ 215,413
OTHER LIABILITIES:		
Deferred lease liability (Note 7)	\$ 8,690	\$ 6,394
COMMITMENTS (Note 7)		
NET ASSETS (Notes 1 and 6):		
Unrestricted	\$ 180,199	\$ 193,347
Temporarily restricted	365,647	285,205
TOTAL NET ASSETS	\$ 545,846	\$ 478,552
TOTAL LIABILITIES AND NET ASSETS	\$ 774,363	\$ 700,359

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

GENERATIONS UNITED, INC.
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE (Note 1):						
Grants, contracts, and contributions	\$ 543,018	\$ 550,000	\$ 1,093,018	\$ 438,333	\$ 560,000	\$ 998,333
Conference, including contributions of \$26,257 in 2015	99,125	-	99,125	-	-	-
Membership dues	77,900	-	77,900	87,950	-	87,950
Sublease and other income	8,086	-	8,086	14,379	-	14,379
Interest income	5,546	-	5,546	261	-	261
Net realized and unrealized loss on investments	(5,773)	-	(5,773)	-	-	-
Net assets released from restrictions	469,558	(469,558)	-	688,759	(688,759)	-
TOTAL SUPPORT AND REVENUE	<u>\$ 1,197,460</u>	<u>\$ 80,442</u>	<u>\$ 1,277,902</u>	<u>\$ 1,229,682</u>	<u>\$ (128,759)</u>	<u>\$ 1,100,923</u>
EXPENSES (Note 1):						
Program services:						
Grandfamilies Projects	\$ 484,759	\$ -	\$ 484,759	\$ 467,646	\$ -	\$ 467,646
Special Projects	366,316	-	366,316	200,955	-	200,955
Conference	97,961	-	97,961	-	-	-
Public Education	84,722	-	84,722	208,211	-	208,211
Membership	67,045	-	67,045	34,996	-	34,996
Seniors4Kids	25,825	-	25,825	34,842	-	34,842
Developing Promising Practices	15,462	-	15,462	39,538	-	39,538
Youth Jumpstart	-	-	-	120,789	-	120,789
Total program services	<u>\$ 1,142,090</u>	<u>\$ -</u>	<u>\$ 1,142,090</u>	<u>\$ 1,106,977</u>	<u>\$ -</u>	<u>\$ 1,106,977</u>
Supporting services:						
General and administrative	\$ 58,932	\$ -	\$ 58,932	\$ 131,725	\$ -	\$ 131,725
Staff development	784	-	784	3,039	-	3,039
Fundraising	8,802	-	8,802	429	-	429
Total supporting services	<u>\$ 68,518</u>	<u>\$ -</u>	<u>\$ 68,518</u>	<u>\$ 135,193</u>	<u>\$ -</u>	<u>\$ 135,193</u>
TOTAL EXPENSES	<u>\$ 1,210,608</u>	<u>\$ -</u>	<u>\$ 1,210,608</u>	<u>\$ 1,242,170</u>	<u>\$ -</u>	<u>\$ 1,242,170</u>
CHANGES IN NET ASSETS	\$ (13,148)	\$ 80,442	\$ 67,294	\$ (12,488)	\$ (128,759)	\$ (141,247)
NET ASSETS, BEGINNING OF YEAR	<u>193,347</u>	<u>285,205</u>	<u>478,552</u>	<u>205,835</u>	<u>413,964</u>	<u>619,799</u>
NET ASSETS, END OF YEAR	<u>\$ 180,199</u>	<u>\$ 365,647</u>	<u>\$ 545,846</u>	<u>\$ 193,347</u>	<u>\$ 285,205</u>	<u>\$ 478,552</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,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 67,294	\$ (141,247)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	437	1,468
Net realized and unrealized loss on investments	5,773	-
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(2,817)	(2,183)
Grant receivable	(321,930)	147,447
Prepaid expenses	12,563	74
Increase (decrease) in liabilities:		
Accounts payable	235	(7,064)
Accrued expenses	(7,649)	8,517
Deferred revenue	11,828	72,518
Deferred lease liability	2,296	6,394
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (231,970)	\$ 85,924
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (1,179)	\$ -
Purchase of investments	(355,026)	-
NET CASH USED IN INVESTING ACTIVITIES	\$ (356,205)	\$ -
CASH FLOWS FROM FINANCING ACTIVITIES:		
Refund of security deposit	\$ -	\$ 13,056
Payment of security deposit	-	(8,700)
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ -	\$ 4,356
NET CHANGE IN CASH	\$ (588,175)	\$ 90,280
CASH, BEGINNING OF YEAR	657,639	567,359
CASH, END OF YEAR	\$ 69,464	\$ 657,639

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

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

Organization - Generations United, Inc. (“the Organization”) is a nonprofit organization focused on promoting intergenerational strategies, programs, and public policies. The Organization represents more than 100 national, state, and local organizations representing more than 70 million Americans and is the only national organization advocating for the mutual well-being of children, youth, and older adults. The Organization serves as a resource for educating policymakers and the public about the economic, social, and personal imperatives of intergenerational cooperation. The Organization provides a forum for those working with children, youth, and older people 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:

Special Projects: The Organization is committed to increasing intergenerational programs and strategies to connect, support, and promote understanding across generations.

Public Education: The program includes identifying best intergenerational practices, producing reports, speaking and writing, and educating about intergenerational issues.

Grandfamilies: The Organization's National Center on GrandFamilies works to promote policies and programs to help grandfamilies address the range of challenges they face including those related to housing, legal, education, health and mental health, family relationships, and financial issues.

Youth Jumpstart: Providing resources to youth-led intergenerational programs.

Senior4Kids: Raises the voices of adults age 50 and older in support of policies affecting children and youth.

Conference: The Organization hosts a biennial conference that features new releases in intergenerational research, policies and practices.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned or incurred.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

Basis of Presentation - The Organization is required to report financial information regarding its financial position and activities for each of the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets are temporarily restricted to the extent that their availability is restricted by donors, conditional upon the passage of time or the occurrence of certain events. Such restrictions apply only to contributions and to grants considered contributions, and not to “exchange” transactions in which the Organization provides a service or product to the funding agency. The Organization has no permanently restricted net assets.

Revenue Recognition - Contributions are recognized as support at the earlier of when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Revenue from grants is recognized as expenses are incurred.

Membership dues for core sustaining organizational members are recognized based upon the Organization’s calendar year membership period. Dues for certain other organizational members are assessed on each member’s renewal date, and management has determined that any portion deferred to future periods is immaterial.

Revenue received, but not earned, is classified as deferred revenue in the statements of financial position.

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 and Cash Equivalents - 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 equivalents.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

Investments - Investments in marketable securities with readily determinable fair values are stated at fair value. Unrealized gains and losses are included in the change 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.

Concentration 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. The Organization does not believe it is exposed to a significant risk on its cash accounts.

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. There was no unrelated business income for the years ended December 31, 2015 and 2014.

Functional Expense Allocations - The costs of providing various programs have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among programs and supporting services based on management's estimates.

Note 2. **Grant Receivable** - Grant receivable represents reimbursable grant costs. This item, which is generally uncollateralized, is stated at the amount management expects to collect from the balance 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 balance outstanding at year-end would be immaterial.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 3. **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 investment was held at December 31, 2015:

U. S. Treasury Obligations \$ 349,253

The Organization had no investments in marketable securities as of December 31, 2014.

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

	2015	2014
Interest	\$ 5,546	\$ 261
Unrealized loss on investments	(5,773)	-
Totals	\$ (227)	\$ 261

Note 4. **Fair Value Measurements** - The Organization measures investments at fair value as required by the Fair Value Measurements Topic of the Accounting Standards Codification of the Financial Accounting Standards Board (FASB). The framework provides a fair value hierarchy that prioritizes the inputs of 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of fair value hierarchy are described as follows: level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets; level 2 inputs are observable market data, generally other than quoted prices; level 3 inputs are significant unobservable data.

Following is a description of the valuation methodology used for assets measured at fair value:

U.S. Treasury obligations - Securities which are actively traded are valued using a computerized pricing service.

As of December 31, 2015, the Organization's investment in U.S. Treasury obligations had fair values, using level 2 measurements, of \$349,253. The Organization had no investments measured at fair value as of December 31, 2014.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 5. **Property and Equipment** - Property and equipment consists of the following as of December 31:

	2015	2014
Furniture and equipment	\$ 8,518	\$ 7,339
Less, accumulated depreciation	7,409	6,972
Totals	\$ 1,109	\$ 367

Depreciation expense for the years ended December 31, 2015 and 2014 was \$437 and \$1,468, respectively.

Note 6. **Temporarily Restricted Net Assets** - Net assets were temporarily restricted for the following purposes at December 31:

	2015	2014
Public Education	\$ 365,647	\$ 34,413
Special Projects	-	125,978
Grandfamilies	-	98,934
Seniors4Kids	-	25,880
Totals	\$ 365,647	\$ 285,205

Note 7. **Commitments** - The Organization entered into a lease agreement for office space that expires September 30, 2017. The office lease contains escalation clauses relating to increases in base rent, real estate taxes and operating costs, as well as clauses calling for the abatement of a portion of the rent expense. This abatement gives rise to a deferred lease liability on the statements of financial position, which is being amortized over the remaining lease term using the straight-line method. Rent expense for the years ended December 31, 2015 and 2014 was \$98,876 and \$157,814, respectively.

In October 2013, the Organization entered into a three-year lease for computer equipment expiring in September 2016. In June 2015, the Organization entered into a five-year lease for a copier expiring in December 2020.

GENERATIONS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 7. **Commitments** - (Continued)

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

<u>Years ending December 31,</u>	<u>Office Lease</u>	<u>Equipment Lease</u>	<u>Totals</u>
2016	\$ 98,984	\$ 6,404	\$ 105,388
2017	82,721	3,900	86,621
2018	-	3,900	3,900
2019	-	3,900	3,900
2020	-	3,900	3,900
Totals	<u>\$ 181,705</u>	<u>\$ 22,004</u>	<u>\$ 203,709</u>

Note 8. **Retirement Plan** - The Organization maintains a defined contribution pension 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, 2015 and 2014 was \$18,444 and \$20,632, respectively.

Note 9. **Subsequent Events** - In preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 15, 2016, which is the date the financial statements were available to be issued.