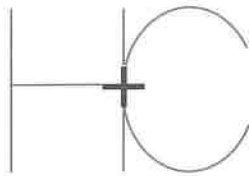


GENERATIONS INCORPORATED  
FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

# GENERATIONS INCORPORATED

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*Certified Public Accountants*

David J. McCaughin, CPA  
John S. McNamara, CPA

### Independent Auditor's Report

To the Board of Directors  
Generations Incorporated  
Boston, Massachusetts

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Generations Incorporated, (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of changes in net assets, activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's 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 audit 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 auditor's 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 auditor considers 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.

To the Board of Directors

Page two

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 above present fairly, in all material respects, the financial position of Generations Incorporated as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Hughes and Company, P.C.*

HUGHES AND COMPANY, P.C.

Melrose, Massachusetts

November 4, 2019

GENERATIONS INCORPORATED  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash	\$ 213,236	\$ 189,789
Accounts receivable	75,044	101,000
Unconditional promises to give, current	263,533	400,790
Contributions receivable	15,788	5,107
Prepaid expenses	13,909	19,591
Total Current Assets	<u>581,510</u>	<u>716,277</u>
Property and Equipment		
Furniture, fixtures and equipment	121,962	121,962
Less accumulated depreciation	<u>(119,662)</u>	<u>(116,597)</u>
Property and Equipment, Net	<u>2,300</u>	<u>5,365</u>
Other Assets		
Cash restricted for future period use	130,219	81,908
Long-term unconditional promises to give, net	373,800	679,595
Security deposit paid	17,850	17,850
Total Other Assets	<u>521,869</u>	<u>779,353</u>
Total Assets	<u>\$ 1,105,679</u>	<u>\$ 1,500,995</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities		
Accounts payable and accrued expenses	\$ 66,147	\$ 58,403
Deferred revenue	12,750	7,800
Security deposit held	2,500	2,500
Loan payable	-	5,526
Total Current Liabilities	<u>81,397</u>	<u>74,229</u>
Net Assets		
Without donor restrictions		
Undesignated	172,966	167,423
Board designated for the future	83,766	91,685
Total Net Assets without Donor Restrictions	<u>256,732</u>	<u>259,108</u>
With donor restrictions		
Capital asset support	-	5,365
Program support time restricted for future periods	767,550	1,162,293
Total Net Assets with Donor Restrictions	<u>767,550</u>	<u>1,167,658</u>
Total Net Assets	<u>1,024,282</u>	<u>1,426,766</u>
Total Liabilities and Net Assets	<u>\$ 1,105,679</u>	<u>\$ 1,500,995</u>

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

GENERATIONS INCORPORATED  
 STATEMENTS OF CHANGES IN NET ASSETS  
 YEARS ENDED JUNE 30, 2019 AND 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Capital Asset Support	Net Assets With Donor Restrictions - Program Support	Total Net Assets
Net Assets, June 30, 2017	\$ 264,568	\$ 14,269	\$ 849,890	\$ 1,128,727
Change in Net Assets	<u>(5,460)</u>	<u>(8,904)</u>	<u>312,403</u>	<u>298,039</u>
Net Assets, June 30, 2018	259,108	5,365	1,162,293	1,426,766
Change in Net Assets	<u>(2,376)</u>	<u>(5,365)</u>	<u>(394,743)</u>	<u>(402,484)</u>
Net Assets, June 30, 2019	<u>\$ 256,732</u>	<u>\$ -</u>	<u>\$ 767,550</u>	<u>\$ 1,024,282</u>

The accompanying notes are an integral part of the financial statements

GENERATIONS INCORPORATED  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets without Donor Restrictions		
Support and Revenue		
Federal Funding		
Americorps National Direct	\$ 197,567	\$ 198,677
Office of Juvenile Justice and Delinquency Prevention	66,688	64,053
U.S. Department of Health and Human Services	15,380	16,304
Social Innovation Fund	-	141,076
Total Federal Funding	<u>279,635</u>	<u>420,110</u>
Corporate and private foundation grants	236,141	267,016
Contributions and gifts	110,123	101,423
Special Events:		
Gross Revenue	114,265	130,653
Less: cost of direct benefit to donors	<u>(13,971)</u>	<u>(14,414)</u>
Net Special Events, Revenue	100,294	116,239
In-kind donations	739,042	768,314
Participation fees	268,500	264,875
Rental income, sublease	33,600	30,075
Other income	292	10
Total Support and Revenue without Donor Restrictions	<u>1,767,627</u>	<u>1,968,062</u>
Net Assets Released from Restrictions		
Corporate and private foundation grants	456,600	253,292
Capital grants support	<u>5,365</u>	<u>8,904</u>
Total Net Assets Released from Restrictions	<u>461,965</u>	<u>262,196</u>
Total Support and Revenue without Donor Restrictions	<u>2,229,592</u>	<u>2,230,258</u>
Expenses		
Program services	1,914,543	1,925,783
Management and general	175,109	154,092
Fundraising	<u>142,316</u>	<u>155,843</u>
Total Expenses	<u>2,231,968</u>	<u>2,235,718</u>
Change in Net Assets without Donor Restrictions	<u>(2,376)</u>	<u>(5,460)</u>
Changes in Net Assets with Donor Restrictions		
Corporate and private foundation grants	61,857	565,695
Net assets released from restrictions:		
Expiration of time restrictions	<u>(456,600)</u>	<u>(253,292)</u>
Satisfaction of program restrictions	<u>(5,365)</u>	<u>(8,904)</u>
Change in Net Assets with Donor Restrictions	<u>(400,108)</u>	<u>303,499</u>
Change in Net Assets	<u>\$ (402,484)</u>	<u>\$ 298,039</u>

The accompanying notes are an integral part of the financial statements

GENERATIONS INCORPORATED  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2019 AND 2018

	Management and General		Fundraising		Cost of Event		2019 Total		Program Services		Management and General		Fundraising		Cost of Event		2018 Total	
	Program Services	General	Fundraising	Event	Total	Event	Total	Program Services	General	Fundraising	Event	Total	Fundraising	Event	Total	Event	Total	
Salaries and wages	\$ 607,804	\$ 63,435	\$ 100,438	\$ -	\$ 771,677	\$ -	\$ 771,677	\$ 595,642	\$ 54,362	\$ 88,034	\$ -	\$ 738,038	\$ 88,034	\$ -	\$ 738,038	\$ -	\$ -	
Payroll taxes	62,173	5,976	8,664	-	76,813	-	76,813	62,152	5,026	7,572	-	74,750	7,572	-	74,750	-	-	
Employee benefits	52,839	9,485	9,646	-	71,970	-	71,970	49,176	7,012	9,524	-	65,712	9,524	-	65,712	-	-	
Advertising	977	59	599	-	1,635	-	1,635	961	14	151	-	1,126	151	-	1,126	-	-	
Auditing and tax preparation fees	-	15,000	-	-	15,000	-	15,000	-	13,825	-	-	13,825	-	-	13,825	-	-	
Consultants	34,515	3,612	3,493	-	41,620	-	41,620	2,556	917	22,517	-	25,990	22,517	-	25,990	-	-	
Cost of direct benefit to donors	-	-	-	13,971	13,971	-	13,971	-	-	-	14,414	14,414	-	14,414	14,414	-	-	
Depreciation	2,759	153	153	-	3,065	-	3,065	10,085	560	560	-	11,205	560	-	11,205	-	-	
Equipment rental and maintenance	4,127	2,415	550	-	7,092	-	7,092	3,655	2,563	541	-	6,759	541	-	6,759	-	-	
Insurance	5,718	1,152	533	-	7,403	-	7,403	7,362	409	409	-	8,180	409	-	8,180	-	-	
Miscellaneous	973	10,855	69	-	11,897	-	11,897	274	8,106	466	-	8,846	466	-	8,846	-	-	
Occupancy	67,555	42,323	9,966	-	119,844	-	119,844	66,507	42,295	9,462	-	118,264	9,462	-	118,264	-	-	
Occupancy, in-kind volunteer sites	339,095	-	-	-	339,095	-	339,095	321,340	-	-	-	321,340	-	-	321,340	-	-	
Office expense	718	3,175	4,167	-	8,060	-	8,060	3,031	1,378	89	-	4,498	89	-	4,498	-	-	
Postage and printing	2,541	201	1,591	-	4,333	-	4,333	4,611	239	1,817	-	6,667	1,817	-	6,667	-	-	
Recruitment	6,464	-	90	-	6,554	-	6,554	10,621	194	209	-	11,024	209	-	11,024	-	-	
Supplies	13,925	449	187	-	14,561	-	14,561	16,762	1,085	137	-	17,984	137	-	17,984	-	-	
Telephone and internet usage	4,477	3,134	661	-	8,272	-	8,272	4,873	2,561	598	-	8,032	598	-	8,032	-	-	
Training	17,740	1,706	468	-	19,914	-	19,914	15,584	306	443	-	16,333	443	-	16,333	-	-	
Transportation	3,944	1,246	276	-	5,466	-	5,466	1,715	2,579	1,039	-	5,333	1,039	-	5,333	-	-	
Travel	8,682	854	765	-	10,301	-	10,301	9,572	221	1,475	-	11,268	1,475	-	11,268	-	-	
Uniforms	-	-	-	-	-	-	-	4,225	-	-	-	4,225	-	-	4,225	-	-	
Volunteer background checks	2,578	102	-	-	2,680	-	2,680	3,450	-	-	-	3,450	-	-	3,450	-	-	
Volunteer incentives and stipends	281,013	8,697	-	-	289,710	-	289,710	298,735	8,570	3,516	-	310,821	3,516	-	310,821	-	-	
Volunteer time, in-kind	393,926	1,080	-	-	395,006	-	395,006	432,894	1,870	7,284	-	442,048	7,284	-	442,048	-	-	
<b>Total Functional Expenses</b>	<b>1,914,543</b>	<b>175,109</b>	<b>142,316</b>	<b>13,971</b>	<b>2,245,939</b>	<b>13,971</b>	<b>2,245,939</b>	<b>1,925,783</b>	<b>154,092</b>	<b>155,843</b>	<b>14,414</b>	<b>2,250,132</b>	<b>155,843</b>	<b>14,414</b>	<b>2,250,132</b>	<b>14,414</b>	<b>2,250,132</b>	
Less: expenses included with revenues on the statement of activities: cost of direct benefits to donors	-	-	-	(13,971)	(13,971)	-	(13,971)	-	-	-	(14,414)	(14,414)	-	(14,414)	(14,414)	-	(14,414)	
<b>Total Expenses included in the Expense Section on the Statement of Activities</b>	<b>\$ 1,914,543</b>	<b>\$ 175,109</b>	<b>\$ 142,316</b>	<b>\$ -</b>	<b>\$ 2,231,968</b>	<b>\$ -</b>	<b>\$ 2,231,968</b>	<b>\$ 1,925,783</b>	<b>\$ 154,092</b>	<b>\$ 155,843</b>	<b>\$ -</b>	<b>\$ 2,235,718</b>	<b>\$ 155,843</b>	<b>\$ -</b>	<b>\$ 2,235,718</b>	<b>\$ -</b>	<b>\$ 2,235,718</b>	

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



GENERATIONS INCORPORATED  
 STATEMENTS OF CASH FLOWS  
 YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (402,484)	\$ 298,039
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	3,065	11,205
Changes in assets and liabilities (Increase) Decrease in:		
Accounts receivable	25,956	18,756
Unconditional promises to give	443,052	(362,195)
Contributions receivable	(10,681)	(462)
Prepaid expenses	5,682	(4,207)
Increase (Decrease) in:		
Accounts payable and accrued expenses	7,744	(13,646)
Deferred revenue	4,950	(10,700)
Net Cash Provided by (Used in) Operating Activities	<u>77,284</u>	<u>(63,210)</u>
Cash Flows from Investing Activities		
Increase in cash restricted for future period use	<u>(48,311)</u>	<u>(81,908)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(48,311)</u>	<u>(81,908)</u>
Cash Flows from Financing Activities		
Drawdowns on line of credit	-	34,000
Payments on line of credit	<u>(5,526)</u>	<u>(28,474)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(5,526)</u>	<u>5,526</u>
Net Increase (Decrease) in Cash	23,447	(139,592)
Cash, Beginning	<u>189,789</u>	<u>329,381</u>
Cash, Ending	<u>\$ 213,236</u>	<u>\$ 189,789</u>
Supplemental disclosures of cash flows information		
Cash paid during the year for		
Interest	<u>\$ 95</u>	<u>\$ 347</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

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

GENERATIONS INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 1 - Nature of Activities

Generations Incorporated (the “Organization”) was incorporated on March 31, 1994, pursuant to the laws of the Commonwealth of Massachusetts. The Organization is a not-for-profit corporation with a mission to improve the literacy skills of young children through Grade 3 as well as provide meaningful opportunities to older adults who serve as literacy volunteers in partner schools and after school programs in low-income communities.

The Organization affiliates with a national program called AARP Foundation Experience Corps, whose mission is to create powerful opportunities for older adults to meet society’s greatest challenge and a vision which focuses on older adults as integral parts of the education strategy of America. This Affiliation is a formal partnership with specific standards, brand marketing, goals, and strong mission match.

The Organization’s primary program is therefore its AARP Foundation Experience Corps Program, which consists of two major activities:

- The *Reading Coaches Program* is a structured one-on-one literacy program, which takes place in both school and after-school settings. Trained AARP Foundation Experience Corps volunteers are paired with first through third-grade students who are struggling to read.
- The *Classroom Literacy Program* places highly trained AARP Foundation Experience Corps volunteers in classrooms to work with children either individually or in small groups to improve literacy skills.

Additionally, the Organization operates the following two programs:

- The *Summer School Program* is a five-week summer literacy program which benefits kindergarten and first-grade students and prepares them for school. AARP Foundation Experience Corps volunteers provide classroom-based support through teacher-directed activities, and one-on-one and small group literacy support.
- The *Active Aging Program* provides our AARP Foundation Experience Corps volunteers with meaningful activities, beyond their work with students, to enhance their physical, mental, and social well-being and connect them to the community.

GENERATIONS INCORPORATED  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets with perpetual restrictions.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

GENERATIONS INCORPORATED  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Restricted cash and cash equivalents relate to the unspent portion of donor-restricted contributions for long-term purposes. These are not included in cash and cash equivalents in the Statement of Cash Flows.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. All amounts outstanding as of June 30, 2019 and 2018 are considered collectible.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Property and Equipment

Property and equipment additions in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 years. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. In addition, the Organization qualifies as a charity under Section 170(b)(1)(A) and is not a private foundation, so contributions to the Organization are deductible as charitable contributions.

GENERATIONS INCORPORATED  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Income Tax Status (continued)

The Organization files its Form 990 with federal and state authorities in the Commonwealth of Massachusetts. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

Donated Services

Donated services are recognized at fair value as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed goods are recorded at fair value at the date of donation.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates and those differences could be material.

Compensated Absences

Employees are entitled to paid personal, sick and vacation time throughout the year based on length of service. Unused vacation time is paid to employees at the end of employment. The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.

Fair Value of Financial Instruments

Carrying amounts of certain of the Organization's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, approximate fair value because of their short maturities.

Subsequent Events

The Organization has evaluated subsequent events through November 4, 2019 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

GENERATIONS INCORPORATED  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as incurred.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Generations Incorporated has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 3 - Available Resources and Liquidity

On June 30, 2019, the Organization did not have sufficient liquid assets to cover the next 12 months of expenditures. However, at year end, the Organization had a total of \$354,365 in secured grants and earned income revenue that will be received to cover operating expenses.

Generations Incorporated currently has a \$50,000 line of credit that can be drawn down to meet cash flow needs. This line of credit is for one-time uses to cover delayed receivables and should not be used consistently.

The Organization manages its liquid assets with three main objectives—operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Financial staff forecast cash flow on a daily basis and accurately report on cash projections to the Board of Directors monthly.

The target minimum for the total of the operating reserve and the board designated fund is equal to three months of average operating costs; approximately \$380,000. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation.

As of June 30, 2019, the Organization had approximately \$84,000 in a board designated reserve account. The current strategic goal is to raise \$170,000 through a five-year plan, which would build the reserve funds to 67% towards the overall goal. Strategies have been laid out and budgeted for raising this additional revenue.

GENERATIONS INCORPORATED  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018

Note 3 - Available Resources and Liquidity (continued)

Currently, the Organization does not have an operating or working capital reserve. Funds raised through the strategic plan will be distributed between the two reserve fund accounts as decided by the board of directors. The finance committee will urge the members to focus on building back the operating reserves first.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 213,236	\$ 189,789
Accounts Receivable	75,044	101,000
Promises to give	263,533	400,790
Contributions Receivable	15,788	5,107
	<u>\$ 567,601</u>	<u>\$ 696,686</u>

Note 4 - Unconditional Promises to Give

The Organization has received various multiple year pledges to fund literacy programs. Unconditional promises to give as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Gross unconditional promises to give	\$ 678,733	\$ 1,147,885
Less: Discount to present value	(41,400)	(67,500)
Total gross unconditional promises to give	<u>\$ 637,333</u>	<u>\$ 1,080,385</u>
Receivable in less than one year	\$ 263,533	\$ 400,790
Receivable in one-five years	288,800	553,595
Receivable in more than five years	85,000	126,000
Total Unconditional Promises to Give	<u>\$ 637,333</u>	<u>\$ 1,080,385</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2%.

Uncollectible amounts for unconditional promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

GENERATIONS INCORPORATED  
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Note 5 - In-Kind Donations

The Organization received donated services, supplies and space which are included as contributions in the financial statements and the corresponding functional categories for the year ended June 30, 2019 and 2018 as follows:

	Program Services	Management and General	Fundraising	2019 Totals
Experience Corps Volunteers	\$ 393,926	\$ 1,080	\$ -	\$ 395,006
Materials and supplies	4,941	-	-	4,941
Rent - Volunteer Site Locations	339,095	-	-	339,095
Totals	<u>\$ 737,962</u>	<u>\$ 1,080</u>	<u>\$ -</u>	<u>\$ 739,042</u>

	Program Services	Management and General	Fundraising	2018 Totals
Experience Corps Volunteers	\$ 432,894	\$ 1,870	\$ -	\$ 434,764
Volunteers in Service to America	-	-	7,284	7,284
Materials and supplies	4,926	-	-	4,926
Rent - Volunteer Site Locations	321,340	-	-	321,340
Totals	<u>\$ 759,160</u>	<u>\$ 1,870</u>	<u>\$ 7,284</u>	<u>\$ 768,314</u>

In-kind donations of volunteer time have been valued at a range of \$11 to \$13 per hour. This estimate is well below the independent sectors estimate, which values similar volunteers in Massachusetts at \$30 per hour.

Note 6 - Pro-Bono Services

Certain officers and members of the Board of Directors of Generations Incorporated provide pro-bono legal and insurance placement and consulting services to the Organization. These in-kind services have not been recorded in the financial statements.

Note 7 - Commitments

The Organization leases office facilities located in Boston, Massachusetts. The lease has been extended through June, 2021, and is payable in monthly installments.

Additional rent is assessed to cover the Organization's share of increases in real estate taxes. In addition, the rent is adjusted annually based on increases in the Consumer Price Index, as defined. During 2019 and 2018, the Organization paid rent totaling \$114,964 and \$113,462, respectively. Utilities, insurance and maintenance expenses are paid directly by the Organization.



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Note 7 - Commitments (continued)

The Organization estimates that its minimum future rent commitment under the lease is as follows:

Year Ending June 30, 2020	\$ 106,722
Year Ending June 30, 2121	126,000
	<u>\$ 232,722</u>

The Organization entered into a sub lease with a not-for-profit which commenced July 1, 2017, required monthly payments of \$2,800 and was renewable on an annual basis. A security deposit of \$2,500 was required. The Organization collected \$33,600 and \$30,075 for the years ended June 30, 2019 and 2018, respectively. The tenant vacated the space in August, 2019.

Note 8 - Concentration of Risk - Cash Balances

The Organization maintains its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, and 2018 the Organization had uninsured bank balances totaling \$96,534 and \$41,301, respectively.

Note 9 - Retirement Plan

The Organization maintains a 403(b) retirement plan. Contributions were made at 2% and 3% of an employee's salary for the years ended June 30, 2019 and 2018, respectively. All employees are eligible as long as they are employed by the Organization when the contribution is made. Employer contributions to the plan were \$14,809 and \$19,714 for the years ended June 30, 2019 and 2018 respectively and are included in employee benefits expense in the statement of functional expense.

Note 10-Revolving Line of Credit

The organization has a \$50,000 revolving line of credit. During fiscal year 2018, the Organization drew down \$34,000 and repaid \$28,474 on the line leaving a balance due of \$5,526 as of June 30, 2018. Interest was charged on the loan balance at 5%. The balance was paid off in July 2018 and there have been no additional drawdowns, leaving a balance of \$-0- as of June 30, 2019.

Note 11-Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, consultants, office expenses, information technology, and insurance, which are allocated on the basis of estimates of time and effort.