

ONEGENERATION
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ONEgeneration
Van Nuys, California

Report on the Financial Statements

We have audited the accompanying financial statements of ONEgeneration, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. 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. 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.

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 ONEgeneration as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule # 1 – Statement of Functional Expenses – Department of Aging 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited ONEgeneration's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021 on our consideration of ONEgeneration'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 ONEgeneration'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 ONEgeneration's internal control over financial reporting and compliance.

Ozurovich & Associates.

Rancho Santa Margarita, California
March 31, 2021

ONEGENERATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	2020			2019
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents - general	\$ -	\$ 1,177,105	\$ 1,177,105	\$ 660,785
Cash and cash equivalents - board designated	10,360	-	10,360	10,375
Investments - board designated (Note 3)	500,000	-	500,000	251,360
Grants and fees receivable - net	1,108,853	250,000	1,358,853	1,119,833
Prepaid expenses	58,622	-	58,622	58,460
<i>Total current assets</i>	<u>1,677,835</u>	<u>1,427,105</u>	<u>3,104,940</u>	<u>2,100,813</u>
Property and equipment - net (Note 4)	2,486,777	-	2,486,777	2,389,412
TOTAL ASSETS	<u>\$ 4,164,612</u>	<u>\$ 1,427,105</u>	<u>\$ 5,591,717</u>	<u>\$ 4,490,225</u>
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable	\$ 598,697	\$ -	\$ 598,697	\$ 772,054
Accrued expenses (Note 5)	512,767	-	512,767	359,378
Notes payable - current (Note 6)	8,657	-	8,657	8,657
EIDL payable - current (Note 8)	3,974	-	3,974	-
<i>Total current liabilities</i>	<u>1,124,095</u>	<u>-</u>	<u>1,124,095</u>	<u>1,140,089</u>
<i>Long-term liabilities</i>				
Notes payable (Note 6)	100,679	-	100,679	109,336
Line of credit (Note 7)	400,000	-	400,000	845,000
EIDL payable (Note 8)	496,026	-	496,026	-
PPP loan payable (Note 8)	1,058,500	-	1,058,500	-
<i>Total long-term liabilities</i>	<u>2,055,205</u>	<u>-</u>	<u>2,055,205</u>	<u>954,336</u>
TOTAL LIABILITIES	<u>3,179,300</u>	<u>-</u>	<u>3,179,300</u>	<u>2,094,425</u>
NET ASSETS				
<i>Net assets without donor restrictions</i>				
General fund	474,952	-	474,952	1,473,280
Board designated fund (Note 14)	510,360	-	510,360	261,735
<i>Total net assets without donor restrictions</i>	<u>985,312</u>	<u>-</u>	<u>985,312</u>	<u>1,735,015</u>
Net assets with donor restrictions (Note 11)	-	1,427,105	1,427,105	660,785
TOTAL NET ASSETS	<u>985,312</u>	<u>1,427,105</u>	<u>2,412,417</u>	<u>2,395,800</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,164,612</u>	<u>\$ 1,427,105</u>	<u>\$ 5,591,717</u>	<u>\$ 4,490,225</u>

See independent auditor's report and accompanying notes

**ONEGENERATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)**

	2020		2019	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUE AND SUPPORT				
<i>Support</i>				
Contributions	\$ 592,233	\$ 1,677,105	\$ 2,269,338	\$ 1,057,088
Government contracts	2,404,156	-	2,404,156	2,228,606
Special events	112,971	-	112,971	164,199
Program service donations	106,004	-	106,004	107,870
Total support	<u>3,215,364</u>	<u>1,677,105</u>	<u>4,892,469</u>	<u>3,557,763</u>
<i>Revenue</i>				
Daycare fees	2,712,026	-	2,712,026	3,184,599
Farmers market income	156,334	-	156,334	166,389
Other income	367,376	-	367,376	336,757
Travel income - senior program	33,788	-	33,788	51,315
Rental income	175,028	-	175,028	332,132
Interest income	1,413	-	1,413	972
Total revenue	<u>3,445,965</u>	<u>-</u>	<u>3,445,965</u>	<u>4,072,164</u>
Donated facilities (Note 13)	550,120	-	550,120	672,368
<i>Net assets released from restrictions (Note 12)</i>				
Satisfaction of program restrictions	910,785	(910,785)	-	-
TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS	<u>8,122,234</u>	<u>766,320</u>	<u>8,888,554</u>	<u>8,302,295</u>
EXPENSES				
<i>Program services</i>				
Department of aging	2,169,367	-	2,169,367	2,012,511
County of Los Angeles WDACS	127,960	-	127,960	-
Childcare	2,840,959	-	2,840,959	2,929,348
Care management	483,359	-	483,359	234,259
Grandparents as parents	293,539	-	293,539	254,841
Adult day health care	644,225	-	644,225	576,844
Adult day social care	596,468	-	596,468	592,200
Senior services	560,195	-	560,195	467,087
Farmers market	57,712	-	57,712	61,895
Total program services	<u>7,773,784</u>	<u>-</u>	<u>7,773,784</u>	<u>7,128,985</u>
<i>Supporting services</i>				
Administrative	1,028,072	-	1,028,072	1,035,833
Fund development	70,081	-	70,081	119,972
Total supporting services	<u>1,098,153</u>	<u>-</u>	<u>1,098,153</u>	<u>1,155,805</u>
TOTAL EXPENSES	<u>8,871,937</u>	<u>-</u>	<u>8,871,937</u>	<u>8,284,790</u>
CHANGE IN NET ASSETS	(749,703)	766,320	16,617	17,505
NET ASSETS, Beginning of year	<u>1,735,015</u>	<u>660,785</u>	<u>2,395,800</u>	<u>2,378,295</u>
NET ASSETS, End of year	<u>\$ 985,312</u>	<u>\$ 1,427,105</u>	<u>\$ 2,412,417</u>	<u>\$ 2,395,800</u>

See independent auditor's report and accompanying notes

**ONEGENERATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)**

	2020										2019			
	Program Services										Supporting Services		TOTAL	TOTAL
	Department of Aging	County of Los Angeles WDACS	Childcare	Care Management	Grandparents as Parents	Adult Day Health Care	Adult Day Social Care	Senior Services	Farmers Market	PROGRAM TOTAL	Administration	Fund Development		
Salaries	\$ 714,899	\$ 40,918	\$ 1,826,358	\$ 202,252	\$ 208,745	\$ 427,607	\$ 406,050	\$ 322,039	\$ 35,075	\$ 4,183,943	\$ 515,771	\$ 48,707	\$ 4,748,421	\$ 4,356,534
Payroll taxes and employee benefits	193,008	11,048	389,380	43,120	44,504	91,166	86,570	67,628	7,478	933,902	110,942	10,384	1,055,228	725,024
Total salaries, payroll taxes, and employee benefits	907,907	51,966	2,215,738	245,372	253,249	518,773	492,620	389,667	42,553	5,117,845	626,713	59,091	5,803,649	5,081,558
Advertising and recruitment	-	-	453	-	-	202	140	645	151	1,591	311	-	1,902	5,407
Audit	16,700	-	-	-	-	-	-	-	-	16,700	4,800	-	21,500	24,390
Bad debt	-	-	-	-	-	(12,092)	(700)	-	-	(12,792)	-	-	(12,792)	4,823
Bank charges	-	-	4,955	-	-	-	-	-	-	4,955	4,678	-	9,633	51,411
Board expenses	-	-	-	-	-	-	-	-	-	-	792	-	792	1,012
Computer expenses	-	-	16,289	2,272	4,992	3,800	3,000	4,726	211	35,290	5,573	-	40,863	32,487
Consulting	-	-	-	26,500	-	-	-	-	-	26,500	5,760	-	32,260	3,230
Depreciation	71,006	1,642	-	-	-	-	-	-	-	72,648	200,771	-	273,419	247,366
DOA - indirect costs	168,890	11,523	-	25,715	-	-	-	-	-	206,128	-	-	206,128	163,756
Dues and subscriptions	-	-	127	-	-	2,933	1,604	275	-	4,939	1,657	-	6,596	5,888
Fund development	-	-	-	-	-	-	-	-	-	-	-	6,644	6,644	54,633
Insurance	16,316	-	16,965	1,844	1,844	4,057	3,688	3,319	369	48,402	4,794	-	53,196	48,553
Interest expenses	-	-	16,674	1,812	1,812	3,987	3,625	3,262	362	31,534	4,713	-	36,247	31,036
Legal and accounting	-	-	12,137	1,319	1,319	2,902	2,639	2,375	264	22,955	3,430	-	26,385	18,047
Maintenance and repair	4,000	-	69,695	5,663	4,563	9,058	7,325	25,593	1,733	127,630	45,620	-	173,250	225,035
Marketing and promotion	-	-	-	-	-	-	-	106	568	674	6,162	-	6,836	12,451
Meals	629,088	42,288	170,611	34,956	-	26,094	11,924	34,724	-	949,685	-	-	949,685	831,529
Mileage	24,400	-	-	6,625	928	88	-	5,212	-	37,253	3,219	-	40,472	37,407
Miscellaneous	-	-	22,377	2,302	2,432	5,351	4,865	4,378	486	42,191	6,454	-	48,645	58,484
Office supplies	27,987	-	16,645	1,431	1,321	5,827	4,996	4,995	466	63,668	2,944	-	66,612	85,740
Outside services/Professional fees	31,641	12,607	9,650	91,708	-	7,293	9,679	6,116	228	168,922	19,275	-	188,197	194,709
Postage	-	-	1,110	1,029	-	35	-	-	-	2,174	4,368	-	6,542	5,686
Printing	-	-	-	-	-	-	-	2,232	-	2,232	2,000	-	4,232	1,476
Seminars and training	-	-	14,484	1,188	-	1,293	527	2,031	-	19,523	3,784	-	23,307	42,498
Supplies	-	-	49,946	-	-	3,661	3,426	3,303	349	60,685	-	-	60,685	51,365
Taxes, license and permits	1,578	-	5,144	-	-	138	4,944	-	4,737	16,541	1,069	-	17,610	19,025
Telephone	27,185	-	8,498	1,445	956	2,380	1,891	2,402	489	45,246	3,663	-	48,909	48,614
Transportation	-	-	-	-	-	14,875	-	-	-	14,875	-	-	14,875	19,864
Travel expenses	-	-	-	-	-	-	-	24,890	-	24,890	-	-	24,890	44,199
Utilities	84,920	-	12,683	1,835	1,668	3,004	2,670	2,003	1,167	109,950	6,753	-	116,703	131,364
Vehicle fuel and maintenance	23,234	-	-	-	-	-	-	-	-	23,234	712	-	23,946	29,379
Total expenses before donated facilities	2,034,852	120,026	2,664,181	453,016	275,084	603,659	558,863	522,254	54,133	7,286,068	970,015	65,735	8,321,818	7,612,422
Donated facilities	134,515	7,934	176,778	30,343	18,455	40,566	37,605	37,941	3,579	487,716	58,057	4,346	550,119	672,368
TOTAL EXPENSES	\$ 2,169,367	\$ 127,960	\$ 2,840,959	\$ 483,359	\$ 293,539	\$ 644,225	\$ 596,468	\$ 560,195	\$ 57,712	\$ 7,773,784	\$ 1,028,072	\$ 70,081	\$ 8,871,937	\$ 8,284,790

**ONEGENERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 16,617	\$ 17,505
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
Depreciation	273,419	247,366
Change in allowance for doubtful accounts	(15,069)	3,009
Change in present value discount	3,343	3,343
(Increase) decrease in assets		
Grants and fees receivable	(223,951)	(886,310)
Prepaid expenses	(162)	47,123
Increase (decrease) in liabilities		
Accounts payable	(173,357)	508,391
Accrued expenses	153,389	28,162
Deferred income	-	(21,280)
Net cash provided/(used) by operating activities	<u>34,229</u>	<u>(52,691)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(500,000)	(626)
Proceeds from maturities of investments	251,360	-
Capital expenditures	(370,784)	(239,365)
Net cash (used) by investing activities	<u>(619,424)</u>	<u>(239,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(12,000)	(12,000)
Repayments on line of credit	(845,000)	(715,100)
Borrowings from line of credit	400,000	910,100
Proceeds from EIDL payable	500,000	-
Proceeds from PPP loan	1,058,500	-
Net cash provided by financing activities	<u>1,101,500</u>	<u>183,000</u>
NET INCREASE/(DECREASE) IN CASH	516,305	(109,682)
CASH AND CASH EQUIVALENTS, beginning of year	<u>671,160</u>	<u>780,842</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,187,465</u>	<u>\$ 671,160</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Interest paid	<u>\$ 36,247</u>	<u>\$ 31,036</u>

See independent auditor's report and accompanying notes

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 1 – ORGANIZATION

ONEgeneration (the “Organization”) has as its mission the provision of exceptional senior services, childcare and caregiver services. ONEgeneration's staff and volunteers serve many thousands of families in the community. Throughout its history, ONEgeneration has continued to develop innovative programming and has expanded to meet growing needs. At the heart of this organizational growth is a dedication to a singular vision- providing intergenerational services that both allow older adults to remain independent and productive and encourage successful early childhood development.

ONEgeneration's programs include a multi-faceted Senior Enrichment Center, a social hot-lunch program, a myriad of services provided to seniors who are homebound, and ONEgeneration Daycare, the first dually accredited intergenerational program in the nation. As ONEgeneration celebrates its 44th year of community service, ONEgeneration has been recognized with a Model of Excellence designation by the United States Congress.

ONEgeneration daycare, adult daycare, and adult day health care components require scholarship support to ensure that all program participants in need of rehabilitative services are able to receive them and to enable economically disadvantaged seniors to have the same opportunity for care as those with sufficient resources. ONEgeneration daycare enables very frail older persons to remain in the community and to do so in an environment of love and vitality that improves the quality of their lives. The program also serves as an Alzheimer's daycare resource center.

The ONEgeneration daycare childcare component provides exceptional infant and toddler care, as well as enriching preschool education. Children experience the positive benefits of intergenerational love and support while developing age-appropriate skills that will prepare them to enter elementary school.

ONEgeneration Senior Enrichment Center is a multi-service center dedicated to meeting the needs of the active elderly. It addresses needs for social interaction, productive activity, legal assistance, advocacy assistance, and the many services required by older adults who are seeking to maximize their independence and quality of life. Nutrition counseling and the provision of a hot, nutritious meal every weekday helps to ensure that seniors avoid problems of malnutrition.

ONEgeneration's services to homebound elderly include home-delivered meals, grocery shopping, transportation, daily check-in calls and other services that allow seniors to continue to live in their own homes and to do so in an atmosphere of safety and health. A notable example of ONEgeneration's commitment to enhanced service to homebound seniors is the expansion of its home-delivered meals program to include weekends as well.

(Note 1 continued on the following page)

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 1 – ORGANIZATION (Continued)

Starting July 1, 2018, Grandparents as Parents (GAP) transitioned as a new program under ONEgeneration, as an important complement to ONEgeneration’s broad intergenerational mission. GAP provides services and programs to meet the urgent and growing needs of grandparents and other relatives (kinship families) who are raising children at risk. Assistance with critical mental health crisis intervention, support groups, family activities, safety net and emergency resource referrals, education, child focused advocacy trainings and classes, and court navigation services are offered free of charge to support at risk families.

The ONEgeneration Encino Farmers Market provides active seniors with an important volunteer "job" that contributes to their quality of life while at the same time providing affordable healthy produce to the entire community. In addition, this program makes the public aware of the vital services offered by ONEgeneration.

ONEgeneration is a non-sectarian organization partially funded by the City of Los Angeles Department of Aging, the Community Development Block Grant (CDBG), private donations, bequests and membership fundraising events.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Include government grants, program fees, contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Organization.

(Note 2 continued on the following page)

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- *Board Designated Fund* – Includes contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to unforeseen financial hardships that may befall the Organization.

Net Assets With Donor Restrictions – Include gifts and grants received that are restricted with respect to time or use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to net assets without donor restrictions. Restricted gifts and grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statement for the year ended June 30, 2019, from which the summarized information was derived.

Tax Status

ONEgeneration is a nonprofit benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and corresponding state provisions. However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

The Organization's federal income tax and informational returns for tax years ending June 30, 2017 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, the Organization's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for tax years ending June 30, 2016 and subsequent.

The Organization has adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of any unrelated business income attributable to the Organization. Because of the Organization's general tax-exempt status, the provisions of ASC 740-10-05 are not anticipated to have a material impact on the Organization's financial statements.

(Note 2 continued on the following page)

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the financial statements, the Organization considers all investments purchased with a maturity date of three months or less to be cash equivalents. Commercial banks have FDIC coverage up to \$250,000 per depositor per bank. At June 30, 2020 and 2019 the uninsured amounts was \$697,657 and \$23,968, respectively.

Restricted and Unrestricted Revenue and Support

Contributions that are restricted by the donor are reported 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 reported 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 Statement of Activities as net assets released from restrictions.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment amount that will be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value at the date of donation if donated. Repairs and maintenance are expensed as incurred and improvements of property and equipment items in excess of \$1,000 are capitalized. Depreciation and amortization are provided by use of the straight-line method over the estimated useful lives of the assets.

(Note 2 continued on the following page)

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Revenue

The Organization receives funding through federal, state and local government grants. Grant revenue includes conditional contributions under which revenue is recognized when earned and expenses are recognized when incurred. Grant receipts from exchange transactions not earned are reported as deferred income, if any.

Grants and Fees Receivable

Grants receivable include receivables from governmental agencies based on specific contract awards for providing meals and services to seniors. At June 30, 2020 and 2019 government grants receivable were \$1,335,541 and \$1,054,142, respectively.

Fees receivable are amounts based on services billed for adult and child daycare programs. A majority of fees receivable are open billings to Medi-Cal that take several months to process while the client is getting required paperwork and testing. The Medi-Cal client will attend the daycare program during this interim waiting period to obtain necessary approvals to bill Medi-Cal. Total Medi-Cal receivables for the years ended June 30, 2020 and 2019 were \$3,707 and \$18,991, respectively.

At June 30, 2020 and 2019 other fees receivables are composed of adult daycare fees receivable of \$13,300 and \$44,989, respectively.

The allowance for doubtful accounts includes any grants and fees receivable balances that are determined to be uncollectible, along with a general reserve. The balance in the allowance for doubtful accounts as of June 30, 2020 and 2019 was \$170 and \$15,239, respectively.

Vacation Leave Benefits

Employees are credited during the current year for future vacation benefits. The expense and corresponding liability are accrued when vacations are earned rather than when vacations are paid.

(Note 2 continued on the following page)

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

ONEgeneration's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, ONEgeneration has no provision for the possible disallowance of program costs on its financial statements.

Conditions created by the COVID-19 environment could contribute to short-term financial challenges that adversely affect the Organization's cash flows. Specifically, there is the potential for reductions in private donations and decreased student and senior day care enrollment if program activities are forced to be significantly curtailed due to government mandated shutdowns. The Organization's Board of Directors has discussed these risks and uncertainties and has formulated alternative strategic plans to mitigate the effects of these concerns.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits which are allocated on the basis of estimates of time and effort for the Organization's personnel. The following expenses are allocated using the same percentages as the personnel costs described above because they are incurred in support of the day-to-day job functions of the Organization's employees: audit, bank charges, computer expenses, insurance, interest expenses, legal and accounting, maintenance and repair, mileage, taxes, license and permits, telephone and utilities. The following expenses are allocated using the estimated square footage of facilities used for program and supporting functions: depreciation.

New Accounting Pronouncements

Leases – In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

(Note 2 continued on the following page)

ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2019. Early adoption is not permitted. The guidance permits the use of either a retrospective or cumulative effect transition method. The Organization is currently evaluating the impact that the adoption of ASU 2014-09 will have on its financial statements.

Guidance for Contributions Received and Made – In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Made. This update requires a recipient of funds from a resource provider to determine if those funds should be classified as a reciprocal exchange transaction or as a contribution based on the value that the resource provider is receiving from the transaction. Additionally, the update requires recipient organizations to determine whether a contribution is conditional based on if the agreement includes barriers that must be overcome, and either a right of return of assets transferred, or a right of release of a resource provider's obligation to transfer assets. If the agreement includes both characteristics, the recipient is not entitled to the transferred assets, and therefore does not recognize the associated revenues, until the barrier is overcome. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization has adopted ASU 2018-08 in these financial statements on a retrospective basis. No adjustments to net assets as of July 1, 2019 was necessary and adoption of the new guidance did not have a material impact on the Organization's financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization has adopted the provisions of ASC 820-10, for fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(Note 3 continued on the following page)

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The assets that are recorded at fair value on a recurring basis are investments in mutual funds. The Organization has no financial liabilities or non-financial items that are recorded at fair value on a recurring basis.

ASC 820-10 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

- Level 1: fair values are based on quoted prices in active markets for identical assets and liabilities. The Organization’s Level 1 assets consist of certificates of deposit with maturities greater than 3 months.
- Level 2: fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset. The Organization does not hold any Level 2 assets.
- Level 3: fair values are calculated by the use of pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data. The Organization does not hold any Level 3 assets.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering from sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

The following tables set forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2020 and 2019.

<i>Assets at Fair Value as of June 30, 2020</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Certificates of deposit	\$ <u>500,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>500,000</u>

(Note 3 continued on the following page)

ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

<i>Assets at Fair Value as of June 30, 2019</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Certificates of deposit	\$ <u>251,360</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>251,360</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	Method	Estimated Useful Lives (Years)	2020	2019
Furniture and fixtures	Straight-line	5 – 24	\$ 1,055,977	\$ 1,000,116
Vehicles	Straight-line	7	274,162	222,160
Buildings and improvements	Straight-line	5 – 40	<u>4,239,283</u>	<u>3,976,363</u>
			5,569,422	5,198,639
Less: accumulated depreciation			<u>(3,082,645)</u>	<u>(2,809,227)</u>
			<u>\$ 2,486,777</u>	<u>\$ 2,389,412</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$273,419 and \$247,366, respectively.

NOTE 5 – ACCRUED EXPENSES

The Organization's accrued expense balance consists of the following categories at June 30:

	2020	2019
Payroll and payroll taxes	\$ 185,649	\$ 195,493
Vacation	185,533	160,363
Unemployment claims reserve	139,505	-
Other	<u>2,080</u>	<u>3,522</u>
	<u>\$ 512,767</u>	<u>\$ 359,378</u>

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 6 – NOTES PAYABLE

On May 1, 2013, ONEgeneration entered into a promissory note and loan agreement with a third party whereby its proceeds were used for the purchase of two prefabricated structured modular units. The note was for \$204,000 which includes payments of \$1,000 per month for 10 years and an \$84,000 balloon payment due on May 1, 2023. There was no stated interest for the note. Therefore, the note was accounted for using an imputed interest rate of 2.57%. The present value of the note as of June 30, 2020 and 2019 was \$109,336 and \$117,993, respectively.

The present value of the note is as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Face amount of the note	\$ 119,000	\$ 131,000
Present value discount	(9,664)	(13,007)
Present value of future payments	<u>\$ 109,336</u>	<u>\$ 117,993</u>

The following is a schedule of the future minimum principal for the Organization's notes payable as of June 30, 2020:

Years ending June 30:	
2021	\$ 8,657
2022	8,657
2023	<u>92,022</u>
	<u>\$ 109,336</u>

ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019

NOTE 7 – LINE OF CREDIT AND SUBSEQUENT EVENT

ONEgeneration has two revolving line of credit agreements with a bank. Under the terms of the agreement for the first line of credit, the cap amount was \$100,000. The line of credit bears interest at a variable rate determined as the Prime Rate plus 0.75 basis points per annum (3.25% as of June 30, 2020). The line of credit originally expired on November 20, 2017 with an option to renew the agreement in order to extend the maturity date. On September 15, 2017 the Organization signed an extension agreement with the bank to extend the maturity date to November 20, 2018 and increase the cap amount to \$400,000. On November 21, 2018 the organization signed an extension agreement with the bank to extend the maturity date to November 20, 2019 and the cap amount increased to \$600,000. On November 12, 2019 the Organization signed and extension agreement to extend the maturity date to May 20, 2020. On May 7, 2020 the Organization signed an extension agreement with the bank to extend the maturity date to November 20, 2020 and decrease the cap amount to \$300,000. Borrowings are secured by substantially all of the assets of ONEgeneration. At June 30, 2020 and 2019, the Organization had none and \$595,000 outstanding under this line of credit, respectively.

The second revolving line of credit had a maximum borrowing limit of \$100,000. The line of credit bears interest at a fixed rate of 2.12%. The line of credit was set to expire on June 30, 2017; however, on June 19, 2017 the Organization signed an extension agreement with the bank to extend the maturity date to December 29, 2017, increased the cap amount to \$200,000, and increased the interest rate to 2.22%. On January 4, 2018 the Organization signed an extension agreement with the bank to extend the maturity date to June 28, 2018 and increase the cap amount to \$250,000. On June 29, 2018 the Organization signed an extension agreement with the bank to extend the maturity date to December 28, 2018. On December 18, 2018 the Organization signed an extension agreement with the bank to extend the maturity date to June 28, 2019. On June 27, 2019 the Organization signed an extension agreement with the bank to extend the maturity date to December 28, 2019, with a rate of 2% over the index. On November 26, 2019 the Organization signed an extension agreement with the bank to extend the maturity date to June 26, 2020. On May 7, 2020 the Organization signed an extension agreement with the bank to extend the maturity date to December 26, 2020 and increase the cap amount to \$500,000. Borrowings are collateralized by a security interest in a Certificate of Deposit of \$500,000 that is under deposit with the same bank. At June 30, 2020 and 2019, ONEgeneration had \$400,000 and \$250,000 outstanding under this line of credit, respectively.

As of the date of this report, the Organization was in negotiations with the bank to extend the maturity dates on these lines of credit.

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 8 – PPP LOAN AND EIDL NOTES PAYABLE

PPP Loan

On April 8, 2020, the Organization received loan proceeds in the amount of \$1,058,500 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 amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot assure that it will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part. As of the date of this report the Organization has not yet submitted its application for forgiveness of its PPP loan.

Since the Organization has not applied for full or partial forgiveness of its PPP Loan and has not yet, as of the date of this report, determined if it met all of the eligibility requirements for forgiveness, the proceeds for the loan are accounted for under the debt model per ASC 470. Therefore, the funds from the PPP Loan are accounted for as a loan until the eligibility requirements for forgiveness have been determined. The refundable conditions of the loan are expenditure of qualifying business expenses outlined above during the covered period elected by the Organization.

EIDL Loan

Additionally, on March 31, 2020 the Company received a \$500,000 fixed rate loan under the Economic Injury Disaster Loan (“EIDL”) program. The fixed rate loan accrues interest at 2.75% per annum and is payable in monthly installments of principal and interest of \$2,136 starting in March 2021. The EIDL Loan is due as follows for the periods ended June 30:

Years ending June 30:	
2021	\$ 3,974
2022	12,144
2023	12,482
2024	12,829
2025	13,187
Thereafter	445,384
	<u>\$ 500,000</u>

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 9 – LEASE COMMITMENTS

The Organization leases equipment for use in its day-to-day operations under noncancelable agreements which are accounted for as an operating lease. The lease is currently scheduled to expire on March 25, 2025. The monthly lease payment is \$856. The following is a schedule of minimum future lease payments as of June 30, 2020.

Years ending June 30:		
2021	\$	10,266
2022		10,266
2023		10,266
2024		10,266
2025		7,700
	\$	<u>48,764</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$40,863 and \$32,487, respectively.

NOTE 10 – RETIREMENT PLAN

ONEgeneration contributes to a 403(b) retirement plan (“the Plan”) for the benefit of all eligible employees, as defined. The ONEgeneration makes matching contributions to the Plan as determined by the Organization. Retirement plan expense for the years ended June 30, 2020 and 2019 was \$44,322 and \$40,331, respectively.

NOTE 11– NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods, as of June 30:

	<u>2020</u>	<u>2019</u>
<i>Subject to expenditure for the specified purpose:</i>		
Capital projects	\$ 490,400	\$ 60,285
Direct services	686,705	600,500
<i>Subject to the passage of time:</i>	<u>250,000</u>	<u>-</u>
	<u>\$ 1,427,105</u>	<u>\$ 660,785</u>

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 12 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors.

	<u>2020</u>	<u>2019</u>
<i>Expenditure for a specified purpose:</i>		
PCL program	\$ -	\$ 10,000
Capital projects	60,285	157,560
Direct services	600,500	602,907
 <i>Expiration of time restrictions:</i>	 250,000	 -
	<u>\$ 910,785</u>	<u>\$ 770,467</u>

NOTE 13 – CONTRIBUTIONS IN-KIND

Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time and services in the Organization's core activities. Only those amounts that meet the criteria above are recorded in the accompanying financial statements.

The fair value of in-kind services provided to ONEgeneration that do not meet the criteria for recognition in the Statements of Activities and Statements of Functional Expenses for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
In-kind services, calculated at a range of \$16.82 to \$20.63 per hour for volunteers contributing services as care managers, house cleaners, shoppers, and clerical support and others	\$ 264,595	\$ 298,524

During the years ended June 30, 2020 and 2019 the Organization received free rent for its corporate offices and day care center facilities in the amounts of \$550,120 and \$672,368, respectively. The contributions were recorded at their fair market value at the date of donation. Equal amounts were also recorded as an expense. These lease agreements expire in October 2025 and 2040.

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 14 – BOARD DESIGNATED RESERVE FUND

The Organization has established a board designated savings fund to support operations in the event of operating shortfalls. Interest earned on the account will automatically be reinvested back into the board designated fund. Distributions from the account shall be made in accordance with the board’s instructions on an as needed basis.

Balances in the fund as of June 30, 2020 and 2019 are as follows:

	2020	2019
	\$ 510,360	\$ 261,735
	\$ 510,360	\$ 261,735

Activity in the fund for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Beginning balance	\$ 261,735	\$ 261,109
Designations	250,000	-
Interest income	1,360	626
Transfers to operating fund	(2,735)	-
Ending balance	\$ 510,360	\$ 261,735

NOTE 15 – AVAILABILITY OF FINANCIAL ASSETS

The following reflects The Organization’s financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the board designated funds that could be drawn upon if the governing board approves that action. However, amounts already appropriated from the board designated funds for general expenditure within one year of June 30, 2020 have not been subtracted as unavailable.

(Note 15 continued on the following page)

**ONEGENERATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2019**

NOTE 15 – AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Organization's financial assets available within one year of June 30, 2020 for general expenditure are as follows:

<i>Financial assets, at year end</i>	
Cash and cash equivalents	\$ 1,187,465
Certificates of deposit	500,000
Grants and fees receivable	1,358,853
<i>Less those unavailable for general expenditures within one year due to:</i>	
<i>Contractual or donor-imposed restrictions:</i>	
Restricted by donor with time or purpose restrictions	(1,427,105)
<i>Board designations:</i>	
Reserve fund	(510,360)
Total	<u>\$ 1,108,853</u>

The Organization's financial assets available within one year of June 30, 2019 for general expenditure are as follows:

<i>Financial assets, at year end</i>	
Cash and cash equivalents	\$ 671,160
Certificates of deposit	251,360
Grants and fees receivable	1,119,833
<i>Less those unavailable for general expenditures within one year due to:</i>	
<i>Contractual or donor-imposed restrictions:</i>	
Restricted by donor with time or purpose restrictions	(660,785)
<i>Board designations:</i>	
Reserve fund	(261,735)
Total	<u>\$ 1,119,833</u>

NOTE 16 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2020 have been evaluated through March 31, 2021, the date at which the Organization's audited financial statements were available to be issued. No events requiring disclosures have occurred through this date.

ONEGENERATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(WITH EXPENDITURES OF CERTAIN NON-FEDERAL AWARDS)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Contract Number	Total Expenditures
<i>Federal award expenditures</i>			
<u>U.S. Department of Health and Human Services:</u>			
Special programs for the aging			
Pass-through, City of Los Angeles Department of Aging:			
Title III B, Social Services	93.044	C-133487	\$ 277,195
Title III C-1, Congregate Meals	93.045	C-133487	537,272
Title III C-2, Home Delivered Meals	93.045	C-133487	736,222
Title III C-1, NSIP - Nutrition Services Incentives Program	93.053	C-133487	45,029
Title III C-2, NSIP - Nutrition Services Incentives Program	93.053	C-133487	50,102
			<u>1,645,820</u>
Administration for Community Living			
Pass-through, County of Los Angeles, Workforce Development, Aging and Community Services			
Supportive Services Program Services	93.044	SSP192011	28,702
Elderly Nutrition Program for Home-Delivered Meals			
Funding Application for Supportive Services Program	93.045	SSP192011	59,157
			<u>87,859</u>
Administration for Community Living			
	93.470	90ADP10016-01-00	282,870
			<u>2,016,549</u>
<u>U.S. Department of Agriculture</u>			
Pass-through, California Department of Education Child and Adult Care Food Program			
	10.558	05026	24,370
Pass-through, County of Los Angeles, Workforce Development, Aging and Community Services			
Expanding California Fresh Program Services	10.561	ECFP19202	32,167
Pass-through, Food and Nutrition Services, California Department of Food and Agriculture, and the City of Los Angeles Department of Aging:			
Senior Farmer's Market Nutrition Program (SFMNP)	10.576	128202	5,400
			<u>61,937</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-through, City of Los Angeles Department of Aging:			
Evidence Based Program (07/01/2019-09/30/2020)	14.218	C-134125	18,750
Evidence Based Program (10/01/2019-06/30/2020)	14.218	C-134125	56,250
			<u>75,000</u>
<u>Small Business Administration</u>			
Economic Injury Disaster Loan	59.008	4330437006	500,000
			<u>2,653,486</u>
<i>Total federal award expenditures</i>			
<i>Non-federal award expenditures</i>			
City of Los Angeles Department of Aging:			
Proposition A, Transportation Assistance Program	N/A	C-133487	314,032
			<u>314,032</u>
<i>Total non-federal award expenditures</i>			
			<u>314,032</u>
<i>Total federal and non-federal award expenditures</i>			
			<u>\$ 2,967,518</u>

Schedule of expenditures of federal awards continued on the following page

ONEGENERATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(WITH EXPENDITURES OF NON-FEDERAL AWARDS)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of ONEgeneration (the Organization) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2 - 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 limited or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Contingencies

Under the terms of federal, state and county grants, additional audits may be requested by the grantor agencies, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

Note 4 - Relationship to basic financial statements

Federal, state, and county award expenditures are reported on the consolidated statements of functional expenses as program services and management and general. In certain programs, the expenditures reported in the basic consolidated financial statements may differ from the expenditures reported in the schedule of expenditures of Federal, state, and county awards due to program expenditures exceeding grant or contract budget limitations which are not included as Federal, state, and county awards and differences between generally accepted accounting principles and applicable government regulations regarding eligible program expenditures.

Note 5 - Indirect cost rate

ONEgeneration uses the 10% de minimus indirect cost rate on its Title III grant.



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**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***

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ONEgeneration
Van Nuys, California

We have audited 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, the financial statements of ONEgeneration, which comprise the statement of financial position as of June 30, 2020, 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 March 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ONEgeneration'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 ONEgeneration's internal control. Accordingly, we do not express an opinion on the effectiveness of ONEgeneration'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ONEgeneration'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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ozurovich & Associates

Rancho Santa Margarita, California
March 31, 2021



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ONEgeneration
Van Nuys, California

Report on Compliance for Each Major Federal Program

We have audited ONEgeneration's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ONEgeneration's major federal programs for the year ended June 30, 2020. ONEgeneration's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ONEgeneration's major federal programs based on our audit of the types of compliance requirements referred to above. 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ONEgeneration's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ONEgeneration's compliance.

Opinion on Each Major Federal Program

In our opinion, ONEgeneration complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of ONEgeneration is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ONEgeneration's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ONEgeneration's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Ozurovich & Associates.

Rancho Santa Margarita, California
March 31, 2021

**ONEGENERATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

PART I - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of ONEgeneration.
2. No significant deficiencies relating to the audit of the financial statements are 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*.
3. No instances of noncompliance material to the financial statements of the ONEgeneration were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance In Accordance With the Uniform Guidance.
5. The auditor's report on compliance for the U.S. Department of Health and Human Services Special Programs for the Aging – Title III Part B, Grants for Supportive Services and Senior Centers, Title III Part C Nutrition Services, and, the Nutrition Services Incentive Program, passed-through the City of Los Angeles Department of Aging grant and Administration for Community Living grant expresses an unmodified opinion.
6. There are no audit findings relative to the major federal awards program for the ONEgeneration.
7. The programs tested as a major program were the U.S. Department of Health and Human Services Special Programs for the Aging – Title III Part B, Grants for Supportive Services and Senior Centers, Title III Part C Nutrition Services, and, the Nutrition Services Incentive Program passed-through the City of Los Angeles Department of Aging, CFDA #'s 93.044, 93.045, and 93.053, and Administration for Community Living CFDA # 93.470.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. ONEgeneration did qualify as a low-risk auditee.

PART II - FINANCIAL STATEMENT FINDINGS

None

PART III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

PART IV - PRIOR YEAR AUDIT FINDINGS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

ONEGENERATION
SCHEDULE OF FUNCTIONAL EXPENSES - DEPARTMENT OF AGING
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

	2020					2019	
	Title III B	Title III C1	Title III C2	Prop A	Evidence Based Program	TOTAL	TOTAL
Salaries	\$ 145,770	\$ 147,632	\$ 226,098	\$ 141,782	\$ 53,617	\$ 714,899	\$ 638,292
Payroll taxes and employee benefits	39,354	39,858	61,045	38,280	14,471	193,008	172,329
Total salaries, payroll taxes, and employee benefits	185,124	187,490	287,143	180,062	68,088	907,907	810,621
Audit	2,200	4,800	4,800	4,800	100	16,700	18,000
DOA - indirect costs	24,446	47,486	66,719	23,427	6,812	168,890	158,987
Insurance	7,200	3,800	2,816	2,500	-	16,316	17,766
Maintenance and repair	-	-	-	4,000	-	4,000	150
Meals	-	283,782	345,306	-	-	629,088	601,092
Mileage	-	-	24,400	-	-	24,400	20,739
Office supplies	4,950	7,937	11,039	4,061	-	27,987	33,349
Outside services/Professional fees	31,641	-	-	-	-	31,641	37,643
Taxes, license and permits	-	-	-	1,578	-	1,578	2,172
Telephone	3,551	9,044	9,876	4,714	-	27,185	23,693
Utilities	11,967	28,190	31,109	13,654	-	84,920	85,724
Vehicle fuel and maintenance	-	-	-	23,234	-	23,234	28,691
Subtotal functional expenses	<u>271,079</u>	<u>572,529</u>	<u>783,208</u>	<u>262,030</u>	<u>75,000</u>	<u>1,963,846</u>	<u>1,838,627</u>
Depreciation	6,116	9,772	3,116	52,002	-	71,006	10,555
Total expenses before donated facilities	277,195	582,301	786,324	314,032	75,000	2,034,852	1,849,182
Donated facilities	18,324	38,493	51,981	20,759	4,958	134,515	163,329
TOTAL EXPENSES	<u>\$ 295,519</u>	<u>\$ 620,794</u>	<u>\$ 838,305</u>	<u>\$ 334,791</u>	<u>\$ 79,958</u>	<u>\$ 2,169,367</u>	<u>\$ 2,012,511</u>

See independent auditor's report and accompanying notes