

**ONEGENERATION**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2021**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 – 3
<b>FINANCIAL STATEMENTS</b>	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8 – 23
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of expenditures of federal awards	24
Notes to the Schedule of Expenditures of Federal Awards	25
Independent auditor's 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	26 – 27
Independent auditor's report on compliance for each major federal program and report on internal control over compliance in accordance with the Uniform Guidance	28 – 30
Schedule of audit results, findings, and questioned costs	31
Supplementary Schedule #1: Schedule of functional expenses – department of aging	32



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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, 2021, 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.

### ***Auditor's 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, 2021, 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.

### ***Report on Supplementary Information***

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 Supplementary Schedule # 1 – Statement of Functional Expenses – Department of Aging 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 31, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 22, 2022 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 22, 2022

**ONEGENERATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents - general	\$ 273,067	\$ 854,372	\$ 1,127,439	\$ 1,177,105
Cash and cash equivalents - board designated	10,360	-	10,360	10,360
Investments - board designated (Note 3)	801,373	-	801,373	500,000
Grants, pledges and fees receivable - net	1,503,922	190,000	1,693,922	1,358,853
Prepaid expenses	54,335	-	54,335	58,622
<i>Total current assets</i>	<u>2,643,057</u>	<u>1,044,372</u>	<u>3,687,429</u>	<u>3,104,940</u>
Property and equipment - net (Note 4)	2,564,064	-	2,564,064	2,486,777
<b>TOTAL ASSETS</b>	<u>\$ 5,207,121</u>	<u>\$ 1,044,372</u>	<u>\$ 6,251,493</u>	<u>\$ 5,591,717</u>
<b>LIABILITIES</b>				
<i>Current liabilities</i>				
Accounts payable	\$ 354,149	\$ -	\$ 354,149	\$ 598,697
Accrued expenses (Note 5)	489,404	-	489,404	512,767
Notes payable - current (Note 6)	8,657	-	8,657	8,657
EIDL payable - current (Note 8)	11,784	-	11,784	3,974
<i>Total current liabilities</i>	<u>863,994</u>	<u>-</u>	<u>863,994</u>	<u>1,124,095</u>
<i>Long-term liabilities</i>				
Notes payable (Note 6)	92,022	-	92,022	100,679
Line of credit (Note 7)	-	-	-	400,000
EIDL payable (Note 8)	497,155	-	497,155	496,026
PPP loan payable (Note 8)	1,052,845	-	1,052,845	1,058,500
<i>Total long-term liabilities</i>	<u>1,642,022</u>	<u>-</u>	<u>1,642,022</u>	<u>2,055,205</u>
<b>TOTAL LIABILITIES</b>	<u>2,506,016</u>	<u>-</u>	<u>2,506,016</u>	<u>3,179,300</u>
<b>NET ASSETS</b>				
<i>Net assets without donor restrictions</i>				
General fund	1,889,372	-	1,889,372	474,952
Board designated fund (Note 14)	811,733	-	811,733	510,360
<i>Total net assets without donor restrictions</i>	<u>2,701,105</u>	<u>-</u>	<u>2,701,105</u>	<u>985,312</u>
Net assets with donor restrictions (Note 11)	-	1,044,372	1,044,372	1,427,105
<b>TOTAL NET ASSETS</b>	<u>2,701,105</u>	<u>1,044,372</u>	<u>3,745,477</u>	<u>2,412,417</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,207,121</u>	<u>\$ 1,044,372</u>	<u>\$ 6,251,493</u>	<u>\$ 5,591,717</u>

**ONEGENERATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>REVENUE AND SUPPORT</b>				
<i>Support</i>				
Contributions	\$ 605,114	\$ 1,044,372	\$ 1,649,486	\$ 2,269,338
Government contracts	3,819,599	-	3,819,599	2,404,156
Special events	111,348	-	111,348	112,971
Program service donations	72,810	-	72,810	106,004
<b>Total support</b>	<u>4,608,871</u>	<u>1,044,372</u>	<u>5,653,243</u>	<u>4,892,469</u>
<i>Revenue</i>				
Daycare fees	2,316,025	-	2,316,025	2,712,026
Farmers market income	192,429	-	192,429	156,334
Other income	462,963	-	462,963	367,376
Travel income - senior program	-	-	-	33,788
Rental income	141,303	-	141,303	175,028
Interest income	2,543	-	2,543	1,413
<b>Total revenue</b>	<u>3,115,263</u>	<u>-</u>	<u>3,115,263</u>	<u>3,445,965</u>
Donated facilities (Note 13)	570,494	-	570,494	550,120
<i>Net assets released from restrictions (Note 12)</i>				
Satisfaction of program restrictions	1,177,105	(1,177,105)	-	-
Expiration of time restrictions	250,000	(250,000)	-	-
	<u>1,427,105</u>	<u>(1,427,105)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS</b>	<u>9,721,733</u>	<u>(382,733)</u>	<u>9,339,000</u>	<u>8,888,554</u>
<b>EXPENSES</b>				
<i>Program services</i>				
Department of aging	2,825,421	-	2,825,421	2,169,367
County of Los Angeles WDACS	471,618	-	471,618	127,960
Childcare	2,209,641	-	2,209,641	2,840,959
Care management	1,168,668	-	1,168,668	483,359
Grandparents as parents	259,158	-	259,158	293,539
Adult day health care	406,876	-	406,876	644,225
Adult day social care	290,865	-	290,865	596,468
Senior services	336,625	-	336,625	560,195
Farmers market	64,185	-	64,185	57,712
<b>Total program services</b>	<u>8,033,057</u>	<u>-</u>	<u>8,033,057</u>	<u>7,773,784</u>
<i>Supporting services</i>				
Administrative	987,626	-	987,626	1,028,072
Fund development	55,879	-	55,879	70,081
<b>Total supporting services</b>	<u>1,043,505</u>	<u>-</u>	<u>1,043,505</u>	<u>1,098,153</u>
<b>TOTAL EXPENSES</b>	<u>9,076,562</u>	<u>-</u>	<u>9,076,562</u>	<u>8,871,937</u>
<b>OTHER INCOME AND (EXPENSES)</b>				
Gain on debt extinguishment (Note 8)	1,070,622	-	1,070,622	-
<b>CHANGE IN NET ASSETS</b>	1,715,793	(382,733)	1,333,060	16,617
<b>NET ASSETS, Beginning of year</b>	985,312	1,427,105	2,412,417	2,395,800
<b>NET ASSETS, End of year</b>	<u>\$ 2,701,105</u>	<u>\$ 1,044,372</u>	<u>\$ 3,745,477</u>	<u>\$ 2,412,417</u>

See independent auditor's report and accompanying notes

**ONEGENERATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	2021										2020			
	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	\$ 790,549	\$ 166,004	\$ 1,449,054	\$ 518,193	\$ 168,344	\$ 263,233	\$ 198,511	\$ 228,048	\$ 39,342	\$ 3,821,278	\$ 474,211	\$ 23,291	\$ 4,318,780	\$ 4,748,421
Payroll taxes and employee benefits	213,341	44,818	239,384	85,605	27,810	43,486	32,794	37,674	6,499	731,411	78,328	3,848	813,587	1,055,228
Total salaries, payroll taxes, and employee benefits	1,003,890	210,822	1,688,438	603,798	196,154	306,719	231,305	265,722	45,841	4,552,689	552,539	27,139	5,132,367	5,803,649
Advertising and recruitment	-	-	675	135	-	45	444	367	-	1,666	1,317	-	2,983	1,902
Audit	18,918	-	-	2,983	-	-	-	-	-	21,901	1,599	-	23,500	21,500
Bad debt	-	-	-	-	-	(30)	-	-	-	(30)	-	-	(30)	(12,792)
Bank charges	-	-	-	-	-	-	-	-	-	-	4,900	-	4,900	9,633
Board expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	792
Computer expenses	-	-	18,404	10,023	5,846	7,930	2,361	3,067	468	48,099	6,154	-	54,253	40,863
Consulting	-	-	-	20,000	-	2,129	-	-	-	22,129	1,161	-	23,290	32,260
Depreciation	78,665	-	-	-	-	-	-	-	-	78,665	242,578	-	321,243	273,419
DOA - indirect costs	231,294	33,035	-	57,579	-	-	-	-	-	321,908	-	-	321,908	206,128
Dues and subscriptions	-	-	-	-	-	2,770	1,189	250	-	4,209	3,000	-	7,209	6,596
Fund development	-	-	-	-	-	-	-	-	-	-	-	23,533	23,533	7,444
Insurance	20,504	-	14,519	24,996	3,106	2,637	1,989	2,285	394	70,430	5,188	-	75,618	53,196
Interest expenses	-	-	13,455	4,719	2,958	2,444	1,843	2,117	365	27,901	4,713	-	32,614	36,247
Legal and accounting	-	-	4,000	8,975	1,481	727	548	630	109	16,470	1,429	-	17,899	26,385
Maintenance and repair	9,974	-	83,855	27,567	12,829	14,565	10,984	14,596	2,177	176,547	28,635	-	205,182	173,250
Marketing and promotion	-	-	-	-	-	-	-	-	-	-	6,813	-	6,813	6,836
Meals	1,020,798	187,708	65,796	62,330	-	1,638	254	-	-	1,338,524	-	-	1,338,524	949,685
Mileage	28,466	-	-	1,090	715	891	-	2,404	-	33,566	213	-	33,779	40,472
Miscellaneous	-	-	6,578	3,065	1,873	-	-	-	5,781	17,297	14,845	-	32,142	48,645
Office supplies	57,506	-	4,198	-	1,017	657	101	-	500	63,979	9,285	-	73,264	66,612
Outside services/Professional fees	103,721	18,125	17,470	90,749	-	140	1,540	1,769	-	233,514	-	-	233,514	187,397
Postage	-	-	3,944	1,248	422	690	533	571	98	7,506	1,298	203	9,007	6,542
Printing	-	-	-	2,313	-	-	-	-	-	2,313	1,177	1,927	5,417	4,232
Seminars and training	-	-	16,161	-	-	2,032	339	-	-	18,532	1,428	-	19,960	23,307
Supplies	-	-	42,284	14,537	4,912	11,575	6,529	7,025	1,551	88,413	15,101	-	103,514	60,685
Taxes, license and permits	-	-	7,159	-	-	8,936	454	500	866	17,915	7,695	-	25,610	17,610
Telephone	42,042	-	10,805	27,053	1,943	1,887	1,423	1,871	282	87,306	3,711	-	91,017	48,909
Tenant rent subsidies	-	-	-	91,901	-	-	-	-	-	91,901	-	-	91,901	-
Transportation	-	-	-	-	-	-	-	103	-	103	13	-	116	14,875
Travel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	24,890
Utilities	93,902	-	20,486	29,948	3,664	3,722	2,806	3,224	556	158,308	8,702	-	167,010	116,703
Vehicle fuel and maintenance	11,313	-	-	15,208	-	-	-	-	-	26,521	1,490	-	28,011	23,946
<b>Total expenses before donated facilities</b>	<b>2,720,993</b>	<b>449,690</b>	<b>2,018,227</b>	<b>1,100,217</b>	<b>236,920</b>	<b>372,104</b>	<b>264,642</b>	<b>306,501</b>	<b>58,988</b>	<b>7,528,282</b>	<b>924,984</b>	<b>52,802</b>	<b>8,506,068</b>	<b>8,321,818</b>
Donated facilities	104,428	21,928	191,414	68,451	22,238	34,772	26,223	30,124	5,197	504,775	62,642	3,077	570,494	550,119
<b>TOTAL EXPENSES</b>	<b>\$ 2,825,421</b>	<b>\$ 471,618</b>	<b>\$ 2,209,641</b>	<b>\$ 1,168,668</b>	<b>\$ 259,158</b>	<b>\$ 406,876</b>	<b>\$ 290,865</b>	<b>\$ 336,625</b>	<b>\$ 64,185</b>	<b>\$ 8,033,057</b>	<b>\$ 987,626</b>	<b>\$ 55,879</b>	<b>\$ 9,076,562</b>	<b>\$ 8,871,937</b>



**ONEGENERATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,333,060	\$ 16,617
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Forgiveness of PPP loan	(1,070,622)	-
Capitalized interest	23,957	-
Depreciation	321,243	273,419
Change in allowance for doubtful accounts	(30)	(15,069)
Change in present value discount	3,343	3,343
(Increase) decrease in assets		
Grants and fees receivable	(335,039)	(223,951)
Prepaid expenses	4,287	(162)
Increase (decrease) in liabilities		
Accounts payable	(244,548)	(173,357)
Accrued expenses	(23,363)	153,389
Net cash provided by operating activities	12,288	34,229
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(801,373)	(500,000)
Proceeds from maturities of investments	500,000	251,360
Capital expenditures	(398,530)	(370,784)
Net cash (used) by investing activities	(699,903)	(619,424)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(12,000)	(12,000)
Repayments on line of credit	(1,018,341)	(845,000)
Borrowings from line of credit	618,341	400,000
Principal payments of EIDL payable	(2,896)	-
Proceeds from EIDL payable	-	500,000
Proceeds from PPP loans	1,052,845	1,058,500
Net cash provided by financing activities	637,949	1,101,500
<b>NET (DECREASE)/INCREASE IN CASH</b>	(49,666)	516,305
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	1,187,465	671,160
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 1,137,799	\$ 1,187,465
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>		
Interest paid	\$ 32,614	\$ 36,247

*See independent auditor's report and accompanying notes*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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 45<sup>th</sup> 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, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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, 2020, 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, 2018 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, 2017 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, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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, 2021 and 2020 the uninsured amounts was \$915,512 and \$697,657, 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, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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, 2021 and 2020 government grants receivable were \$1,485,324 and \$1,335,541, 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, 2021 and 2020 were \$8,649 and \$3,707, respectively.

At June 30, 2021 and 2020 other fees receivables are composed of adult daycare fees receivable of \$3,895 and \$13,300, respectively.

Grants and fees receivable are stated less an allowance for doubtful accounts. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of grantors to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The balance in the allowance for doubtful accounts as of June 30, 2021 and 2020 was \$140 and \$170, respectively.

**Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using the equivalent borrowing rate on the Organization's line of credit applicable in the year in which the promise was made. At June 30, 2021 and 2020 the allowance for uncollectible pledges was none. At June 30, 2021 and 2020 pledges receivable were \$196,194 and \$6,475, respectively. The entire balance of the pledges receivable at June 30, 2021 and 2020 were due within one year from fiscal year end.

*(Note 2 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tuition Revenue**

Tuition revenues consist of all gross child Daycare revenue and other related fees earned. The Organization recognizes unrestricted revenues from child tuition and fees totally within the fiscal year in which the daycare term is predominantly conducted. Scholarships given on the basis of financial need are netted against tuition and fees. Dependents of schoolteachers and staff pay reduced tuition rates. Unearned tuition and fees are included in deferred revenue in the statements of financial position, if any.

**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.

**Advertising**

The Organization uses advertising to promote its programs amongst the communities it serves. The production costs of advertising are expensed as incurred. During the years June 30, 2021 and 2020, advertising costs totaled \$2,983 and \$1,902, respectively.

**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.

*(Note 2 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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: computer expenses, interest expenses, maintenance and repair, office supplies, postage, supplies and transportation. 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.

***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, 2020. Early adoption is not permitted. The Organization has adopted ASU 2014-09 in these financial statements on a retrospective basis. No adjustments to net assets as of July 1, 2020, or 2019 was necessary and adoption of the new guidance did not have a material impact on the Organization's financial statements.



**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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.

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, 2021 and 2020.

*(Note 3 continued on the following page)*

**ONEGENERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)**

<i>Assets at Fair Value as of June 30, 2021</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Certificates of deposit	\$ <u>801,373</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>801,373</u>
<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 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<b>Method</b>	<b>Estimated Useful Lives (Years)</b>	<b>2021</b>	<b>2020</b>
Furniture and fixtures	Straight-line	5 – 24	\$ 1,210,792	\$ 1,055,977
Vehicles	Straight-line	7	399,657	274,162
Buildings and improvements	Straight-line	5 – 40	<u>4,343,900</u>	<u>4,239,283</u>
			5,954,349	5,569,422
Less: accumulated depreciation			<u>(3,403,889)</u>	<u>(3,082,645)</u>
Construction in progress			<u>13,604</u>	<u>-</u>
			<u>\$ 2,564,064</u>	<u>\$ 2,486,777</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$321,243 and \$273,419, respectively.

**ONEGENERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**NOTE 5 – ACCRUED EXPENSES**

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

	<u>2021</u>	<u>2020</u>
Payroll and payroll taxes	\$ 226,893	\$ 185,649
Vacation	213,013	185,533
Unemployment claims reserve	47,137	139,505
Other	2,361	2,080
	<u>\$ 489,404</u>	<u>\$ 512,767</u>

**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, 2021 and 2020 was \$100,679 and \$109,336, respectively.

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

	<u>2021</u>	<u>2020</u>
Face amount of the note	\$ 107,000	\$ 119,000
Present value discount	(6,321)	(9,664)
Present value of future payments	<u>\$ 100,679</u>	<u>\$ 109,336</u>

The following is a schedule of the future minimum principal for the Organization’s notes payable as of June 30, 2021:

Years ending June 30:		
2022		\$ 8,657
2023		92,022
		<u>\$ 100,679</u>

*(Note 8 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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 is \$300,000. 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, 2021). The line of credit originally expired on November 20, 2021. However, on November 8, 2021 ONEgeneration signed an extension agreement with the bank to extend the maturity date to November 20, 2022 with the cap amount remaining at \$300,000. At June 30, 2021 and 2020, the Organization had an outstanding balance under this line of credit of none.

The second revolving line of credit had a maximum borrowing limit of \$500,000. The line of credit bears interest at 2% over the index. The line of credit originally expired on December 26, 2021. However, on November 8, 2021, ONEgeneration signed an extension agreement with the bank to extend the maturity date to December 26, 2022, with the cap amount remaining at \$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, 2021 and 2020, ONEgeneration had none and \$400,000 outstanding under this line of credit, respectively.

**NOTE 8 – PPP LOAN, EIDL NOTES PAYABLE AND SUBSEQUENT EVENT**

**PPP Loan**

On April 8, 2020, the Organization received loan proceeds for its first PPP Loan 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. On June 3, 2021, the Organization received full forgiveness of its first PPP loan in the amount of \$1,070,622 (\$1,058,500 principal and \$12,122 in accrued interest).

Since the Organization had not applied for full or partial forgiveness of its first PPP Loan and had not yet, as of the date its prior year audit report was issued, March 31, 2021, it could not determine if it met all of the eligibility requirements for forgiveness. Therefore, the proceeds for the first PPP loan are accounted for under the debt model per ASC 470. As a result, the funds from the first PPP Loan were accounted for as a loan until the eligibility requirements for forgiveness have been determined by the SBA.

*(Note 8 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**NOTE 8 – PPP LOAN, EIDL NOTES PAYABLE AND SUBSEQUENT EVENT (Continued)**

**PPP Loan (Continued)**

On January 31, 2021, the Organization received a second PPP loan in the amount of \$1,052,845 equal to 2.5 times of the average monthly payroll expenses of the Organization. The principal 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. On December 29, 2021, the Organization applied for full forgiveness of its second PPP loan.

In order to maintain consistent accounting policies with the first PPP loan, the proceeds for the second PPP loan are accounted for under the debt model per ASC 470. As a result, the funds from the second PPP Loan are accounted for as a loan until the eligibility requirements for forgiveness have been determined by the SBA. On January 5, 2022, the Organization received full forgiveness of its second PPP loan in the amount of \$1,062,393 (\$1,052,845 principal and \$9,548 in accrued interest).

**EIDL Loan**

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. Capitalized accrued interest of \$11,835 was added to the balance of this loan from the date it was issued until the first monthly installment was made in March 2021. The EIDL Loan is due as follows for the periods ended June 30:

Years ending June 30:		
2022	\$	11,784
2023		12,112
2024		12,449
2025		12,796
2026		13,153
Thereafter		446,645
	\$	<u>508,939</u>

*(Note 8 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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, 2021.

Years ending June 30:		
2022	\$	10,266
2023		10,266
2024		10,266
2025		7,700
	\$	<u>38,498</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$54,253 and \$40,863, 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, 2021 and 2020 was \$41,448 and \$44,322, 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>2021</u>	<u>2020</u>
<b><i>Subject to expenditure for the specified purpose:</i></b>		
Capital projects	\$ 24,000	\$ 490,400
Direct services	830,372	686,705
<b><i>Subject to the passage of time:</i></b>	<u>190,000</u>	<u>250,000</u>
	<u>\$ 1,044,372</u>	<u>\$ 1,427,105</u>

*(Note 8 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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>2021</u>	<u>2020</u>
<i>Expenditure for a specified purpose:</i>		
Capital projects	\$ 490,400	\$ 60,285
Direct services	686,705	600,500
 <i>Expiration of time restrictions:</i>	 <u>250,000</u>	 <u>250,000</u>
	<u>\$ 1,427,105</u>	<u>\$ 910,785</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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
In-kind services, calculated at \$19.05 per hour for volunteers contributing services as care managers, house cleaners, shoppers, and clerical support and others	\$ <u>300,380</u>	\$ <u>264,595</u>

During the years ended June 30, 2021 and 2020 the Organization received free rent for its corporate offices and day care center facilities in the amounts of \$570,494 and \$550,120, respectively. The contributions were recorded at their fair market value at the date of donation and are treated as conditional grants because the agreement are revocable by the grantor if the facilities are not used in accordance with the terms of the agreements. 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, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**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, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
	\$ 811,733	\$ 510,360

Activity in the fund for the years ended June 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 510,360	\$ 261,735
Designations	300,000	250,000
Interest income	1,373	1,360
Transfers to operating fund	-	(2,735)
Ending balance	\$ 811,733	\$ 510,360

**NOTE 15 – AVAILABILITY OF FINANCIAL ASSETS**

The following reflects The Organization’s financial assets as of June 30, 2021 and 2020, 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, 2021 have not been subtracted as unavailable.

*(Note 15 continued on the following page)*



**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2020**

**NOTE 15 – AVAILABILITY OF FINANCIAL ASSETS (Continued)**

The Organization’s financial assets available within one year of June 30, 2021 and 2020 for general expenditure are as follows:

<i><b>Financial assets, at year end</b></i>	<u><b>2021</b></u>	<u><b>2020</b></u>
Cash and cash equivalents	\$ 1,137,799	\$ 1,187,465
Investments – board designated	801,373	500,000
Grants, pledges, and fees receivable - current	1,693,922	1,358,853
<i><b>Less those unavailable for general expenditures within one year due to:</b></i>		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	(1,044,372)	(1,427,105)
<i>Board designations:</i>		
Reserve fund	<u>(811,733)</u>	<u>(510,360)</u>
Total	<u>\$ 1,776,989</u>	<u>\$ 1,108,853</u>

**NOTE 16 – LITIGATION**

The Organization may be subject to certain outside claims and litigation arising in the ordinary course of business. In the opinion of the Organization’s management and its counsel, there are no matters which could have a material effect on the accompanying financial statements.

**NOTE 17 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2021 have been evaluated through March 22, 2022, the date at which the Organization's audited financial statements were available to be issued. Except as described in Notes 7 and 8 above, 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, 2021**

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Contract Number	Total Expenditures
<b><i>Federal award expenditures</i></b>			
<u>U.S. Department of Health and Human Services:</u>			
Special programs for the aging (Aging Cluster)			
Pass-through, City of Los Angeles Department of Aging:			
Title III B, Social Services	93.044	C-137369	\$ 282,994
Title III C-1, Congregate Meals	93.045	C-137369	613,972
Title III C-2, Home Delivered Meals	93.045	C-137369	742,076
Title III CARES Act Emergency Meals	93.045	C-137369	376,360
Title III CARES Act III-B	93.044	C-137369	98,600
Title III Dignity at Home Fall Prevention Program	93.044	C-137369	3,411
Title III C-1, NSIP - Nutrition Services Incentives Program	93.053	C-137369	40,557
Title III C-2, NSIP - Nutrition Services Incentives Program	93.053	C-137369	46,980
			<u>2,204,950</u>
Administration for Community Living			
Pass-through, County of Los Angeles, Workforce Development, Aging and Community Services			
Supportive Services Program	93.044	SSP192011	50,229
Elderly Nutrition Program for Home-Delivered Meals	93.045	SSP192011	387,463
National Family Caregiver Support Program	93.052	SSP192011	5,341
			<u>443,033</u>
Administration for Community Living	93.470	90ADP10016-01-00	<u>368,047</u>
<u>Total U.S. Department of Health and Human Services:</u>			<u>3,016,030</u>
<u>U.S. Department of Agriculture</u>			
Pass-through, County of Los Angeles, Workforce Development, Aging and Community Services			
Expanding California Fresh Program Services	10.561	ECFP19202	<u>6,657</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-through, City of Los Angeles Department of Aging:			
CDBG HCID Emergency Meals	14.218	C-137525	122,100
Evidence Based Program (07/01/2020-03/31/2021)	14.218	C-137525	53,710
Evidence Based Program (04/01/2021-06/30/2021)	14.218	C-137525	18,750
<u>Total U.S. Department of Housing and Urban Development</u>			<u>194,560</u>
<b><i>Total federal award expenditures</i></b>			<u>3,217,247</u>
<b><i>Non-federal award expenditures</i></b>			
City of Los Angeles Department of Aging:			
Proposition A, Transportation Assistance Program	N/A	C-137369	<u>321,483</u>
<b><i>Total non-federal award expenditures</i></b>			<u>321,483</u>
<b><i>Total federal and non-federal award expenditures</i></b>			<u>\$ 3,538,730</u>

**ONEGENERATION**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(WITH EXPENDITURES OF NON-FEDERAL AWARDS)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

***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, 2021. 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 grants.



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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, 2021, 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 22, 2022.

***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 22, 2022



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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, 2021. 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.

***Auditor's 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, 2021.

### **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 22, 2022



**ONEGENERATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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 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, the Nutrition Services Incentive Program, Title III CARES Act Emergency Meals Program, Title III CARES Act III-B Program, and the Dignity at Home Fall Prevention Program passed-through the City of Los Angeles Department of Aging, CFDA #'s 93.044, 93.045, and 93.053.
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, 2021**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)**

	<b>2021</b>										<b>2020</b>	
	<b>Title III B</b>	<b>Title III C1</b>	<b>Title III C2</b>	<b>Prop A</b>	<b>Evidence Based Program</b>	<b>CDBG HCID Emergency Meals</b>	<b>CARES Act Emergency Meals</b>	<b>CARES Act IIIB</b>	<b>Dignity at Home Fall Prevention Program</b>	<b>TOTAL</b>	<b>TOTAL</b>	
Salaries	\$ 137,274	\$ 128,823	\$ 213,118	\$ 145,205	\$ 49,955	\$ 35,113	\$ 73,094	\$ 5,517	\$ 2,450	\$ 790,549	\$ 714,899	
Payroll taxes and employee benefits	37,057	34,775	57,525	39,201	13,451	9,476	19,725	1,480	651	213,341	193,008	
Total salaries, payroll taxes, and employee benefits	174,331	163,598	270,643	184,406	63,406	44,589	92,819	6,997	3,101	1,003,890	907,907	
Audit	2,400	3,200	4,400	4,800	518	600	2,400	600	-	18,918	16,700	
DOA - indirect costs	23,632	54,974	67,282	24,233	6,586	11,100	34,214	8,963	310	231,294	168,890	
Insurance	7,200	2,400	2,588	3,320	500	-	3,396	1,100	-	20,504	16,316	
Maintenance and repair	-	-	-	9,974	-	-	-	-	-	9,974	4,000	
Meals	-	362,290	371,544	-	-	64,760	222,204	-	-	1,020,798	629,088	
Mileage	-	-	17,491	-	-	975	10,000	-	-	28,466	24,400	
Office supplies	31,862	10,082	8,585	4,216	250	76	2,327	108	-	57,506	27,987	
Outside services/Professional fees	23,537	-	-	-	-	-	-	80,184	-	103,721	31,641	
Taxes, license and permits	-	-	-	-	-	-	-	-	-	-	1,578	
Telephone	4,429	11,516	16,308	9,789	-	-	-	-	-	42,042	27,185	
Utilities	13,161	23,394	30,215	16,284	1,200	-	9,000	648	-	93,902	84,920	
Vehicle fuel and maintenance	-	-	-	11,313	-	-	-	-	-	11,313	23,234	
Subtotal functional expenses	280,552	631,454	789,056	268,335	72,460	122,100	376,360	98,600	3,411	2,642,328	1,963,846	
Depreciation	2,442	23,075	-	53,148	-	-	-	-	-	78,665	71,006	
<b>Total expenses before donated facilities</b>	282,994	654,529	789,056	321,483	72,460	122,100	376,360	98,600	3,411	2,720,993	2,034,852	
Donated facilities	18,133	17,017	28,152	19,181	6,599	4,638	9,655	729	324	104,428	134,515	
<b>TOTAL EXPENSES</b>	<b>\$ 301,127</b>	<b>\$ 671,546</b>	<b>\$ 817,208</b>	<b>\$ 340,664</b>	<b>\$ 79,059</b>	<b>\$ 126,738</b>	<b>\$ 386,015</b>	<b>\$ 99,329</b>	<b>\$ 3,735</b>	<b>\$ 2,825,421</b>	<b>\$ 2,169,367</b>	