

**ONEGENERATION**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2021)**

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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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ONEgeneration as of June 30, 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ONEgeneration and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ONEgeneration's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ONEgeneration's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ONEgeneration's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited ONEgeneration's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 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 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2023 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 24, 2023

**ONEGENERATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	<b>2022</b>			<b>2021</b>
	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents - general	\$ (479,046)	\$ 1,035,964	\$ 556,918	\$ 1,127,439
Cash and cash equivalents - board designated	10,340	-	10,340	10,360
Investments - board designated (Note 3)	1,201,973	-	1,201,973	801,373
Grants, pledges and fees receivable - net	700,311	46,000	746,311	1,693,922
Prepaid expenses	66,184	-	66,184	54,335
<i>Total current assets</i>	<u>1,499,762</u>	<u>1,081,964</u>	<u>2,581,726</u>	<u>3,687,429</u>
Property and equipment - net (Note 4)	3,260,298	-	3,260,298	2,564,064
<b>TOTAL ASSETS</b>	<u>\$ 4,760,060</u>	<u>\$ 1,081,964</u>	<u>\$ 5,842,024</u>	<u>\$ 6,251,493</u>
<b>LIABILITIES</b>				
<i>Current liabilities</i>				
Accounts payable	\$ 238,303	\$ -	\$ 238,303	\$ 354,149
Accrued expenses (Note 5)	471,939	-	471,939	489,404
Notes payable - current (Note 6)	92,022	-	92,022	8,657
EIDL payable - current (Note 8)	12,112	-	12,112	11,784
<i>Total current liabilities</i>	<u>814,376</u>	<u>-</u>	<u>814,376</u>	<u>863,994</u>
<i>Long-term liabilities</i>				
Notes payable (Note 6)	-	-	-	92,022
EIDL payable (Note 8)	485,043	-	485,043	497,155
PPP loan payable (Note 8)	-	-	-	1,052,845
<i>Total long-term liabilities</i>	<u>485,043</u>	<u>-</u>	<u>485,043</u>	<u>1,642,022</u>
<b>TOTAL LIABILITIES</b>	<u>1,299,419</u>	<u>-</u>	<u>1,299,419</u>	<u>2,506,016</u>
<b>NET ASSETS</b>				
<i>Net assets without donor restrictions</i>				
General fund	2,248,328	-	2,248,328	1,889,372
Board designated fund (Note 14)	1,212,313	-	1,212,313	811,733
<i>Total net assets without donor restrictions</i>	<u>3,460,641</u>	<u>-</u>	<u>3,460,641</u>	<u>2,701,105</u>
Net assets with donor restrictions (Note 11)	-	1,081,964	1,081,964	1,044,372
<b>TOTAL NET ASSETS</b>	<u>3,460,641</u>	<u>1,081,964</u>	<u>4,542,605</u>	<u>3,745,477</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,760,060</u>	<u>\$ 1,081,964</u>	<u>\$ 5,842,024</u>	<u>\$ 6,251,493</u>

*See independent auditor's report and accompanying notes*

**ONEGENERATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022		2021	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>REVENUE AND SUPPORT</b>				
<i>Support</i>				
Contributions	\$ 686,479	\$ 1,081,964	\$ 1,768,443	\$ 1,649,486
Government contracts	3,899,073	-	3,899,073	3,819,599
Special events	203,100	-	203,100	111,348
Program service donations	57,819	-	57,819	72,810
<b>Total support</b>	<u>4,846,471</u>	<u>1,081,964</u>	<u>5,928,435</u>	<u>5,653,243</u>
<i>Revenue</i>				
Daycare fees	2,759,546	-	2,759,546	2,316,025
Farmers market income	232,393	-	232,393	192,429
Other income	411,770	-	411,770	462,963
Rental income	161,950	-	161,950	141,303
Interest income	712	-	712	2,543
<b>Total revenue</b>	<u>3,566,371</u>	<u>-</u>	<u>3,566,371</u>	<u>3,115,263</u>
Donated facilities (Note 13)	814,992	-	814,992	570,494
<i>Net assets released from restrictions (Note 12)</i>				
Satisfaction of program restrictions	854,372	(854,372)	-	-
Expiration of time restrictions	190,000	(190,000)	-	-
	<u>1,044,372</u>	<u>(1,044,372)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS</b>	<u>10,272,206</u>	<u>37,592</u>	<u>10,309,798</u>	<u>9,339,000</u>
<b>EXPENSES</b>				
<i>Program services</i>				
Department of aging	2,515,376	-	2,515,376	2,825,421
County of Los Angeles WDACS	70,011	-	70,011	471,618
Childcare	3,053,274	-	3,053,274	2,209,641
Care management	1,746,579	-	1,746,579	1,168,668
Grandparents as parents	364,275	-	364,275	259,158
Adult day health care	634,522	-	634,522	406,876
Adult day social care	427,745	-	427,745	290,865
Senior services	590,202	-	590,202	336,625
Farmers market	60,518	-	60,518	64,185
<b>Total program services</b>	<u>9,462,502</u>	<u>-</u>	<u>9,462,502</u>	<u>8,033,057</u>
<i>Supporting services</i>				
Administrative	1,024,708	-	1,024,708	987,626
Fund development	87,853	-	87,853	55,879
<b>Total supporting services</b>	<u>1,112,561</u>	<u>-</u>	<u>1,112,561</u>	<u>1,043,505</u>
<b>TOTAL EXPENSES</b>	<u>10,575,063</u>	<u>-</u>	<u>10,575,063</u>	<u>9,076,562</u>
<b>OTHER INCOME AND (EXPENSES)</b>				
Gain on debt extinguishment (Note 8)	1,062,393	-	1,062,393	1,070,622
<b>CHANGE IN NET ASSETS</b>	759,536	37,592	797,128	1,333,060
<b>NET ASSETS, Beginning of year</b>	<u>2,701,105</u>	<u>1,044,372</u>	<u>3,745,477</u>	<u>2,412,417</u>
<b>NET ASSETS, End of year</b>	<u>\$ 3,460,641</u>	<u>\$ 1,081,964</u>	<u>\$ 4,542,605</u>	<u>\$ 3,745,477</u>

**ONEGENERATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022										2021			
	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	\$ 772,606	\$ 15,916	\$ 2,027,049	\$ 652,606	\$ 230,396	\$ 432,045	\$ 310,592	\$ 401,669	\$ 35,985	\$ 4,878,865	\$ 544,078	\$ 34,572	\$ 5,457,515	\$ 4,318,780
Payroll taxes and employee benefits	208,561	4,297	348,844	112,310	39,650	74,353	53,451	69,125	6,193	916,782	93,634	5,949	1,016,365	813,587
Total salaries, payroll taxes, and employee benefits	981,167	20,213	2,375,893	764,916	270,046	506,398	364,043	470,793	42,178	5,795,647	637,712	40,521	6,473,880	5,132,367
Advertising and recruitment	-	-	4,807	919	447	2,558	-	5,615	45	14,390	211	-	14,601	2,983
Audit	10,400	-	-	2,000	-	-	-	-	-	12,400	10,100	-	22,500	23,500
Bad debt	-	-	-	-	-	60	-	-	-	60	-	-	60	(30)
Bank charges	-	-	6,752	-	-	-	-	-	-	6,752	-	-	6,752	4,900
Computer expenses	-	-	19,160	10,180	2,000	10,800	3,000	5,634	-	50,774	7,403	-	58,177	54,253
Consulting	-	-	2,500	-	-	1,371	-	-	-	3,871	2,229	-	6,100	23,290
Depreciation	182,818	-	-	-	-	-	-	-	-	182,818	169,593	-	352,411	321,243
DOA - indirect costs	184,620	5,873	-	63,870	-	-	-	-	-	254,363	-	-	254,363	321,908
Dues and subscriptions	-	-	2,392	-	-	1,924	570	-	-	4,886	1,506	-	6,392	7,209
Fund development	-	-	-	-	-	-	-	-	-	-	-	37,802	37,802	23,533
Insurance	25,048	-	18,519	17,000	2,500	6,000	5,000	1,981	-	76,048	6,373	-	82,421	75,618
Interest expenses	-	-	8,363	4,250	1,250	3,942	3,445	2,500	1,250	25,000	4,157	-	29,157	32,614
Legal and accounting	10,000	-	2,006	4,002	-	1,505	1,011	1,081	515	20,120	1,975	-	22,095	17,899
Maintenance and repair	4,831	-	74,451	27,554	12,250	1,629	1,215	1,362	8,915	132,207	25,754	-	157,961	205,182
Marketing and promotion	-	-	-	67	10,843	-	-	44	51	11,005	3,265	-	14,270	6,813
Meals	595,216	-	131,596	21,046	-	9,266	-	-	-	757,124	-	-	757,124	1,338,524
Mileage	15,316	-	-	8,810	5,173	-	-	2,050	-	31,349	4,789	-	36,138	33,779
Miscellaneous	-	-	30,129	89,208	23,666	1,273	60	1,200	50	145,586	6,802	-	152,388	32,142
Office supplies	67,244	-	7,382	-	789	1,302	-	-	87	76,804	10,452	-	87,256	73,264
Outside services/Professional fees	65,204	38,529	38,061	135,420	-	2,406	3,820	40,066	-	323,506	6,500	-	330,006	233,514
Postage	-	-	2,708	1,810	-	1,377	1,204	8	-	7,108	901	481	8,490	9,007
Printing	-	-	1,594	181	-	1,100	1,650	506	150	5,181	1,330	2,278	8,789	5,417
Seminars and training	-	-	13,837	50	1,072	1,733	567	669	-	17,928	-	-	17,928	19,960
Supplies	-	-	38,973	882	937	16,882	4,698	113	-	62,484	16,050	-	78,534	103,514
Taxes, license and permits	-	-	8,854	3,681	-	9,728	454	286	1,325	24,328	2,001	-	26,329	25,610
Telephone	48,452	-	10,420	7,189	1,783	1,531	1,498	4,960	-	75,833	5,781	-	81,614	91,017
Tenant rent subsidies	-	-	-	421,230	-	-	-	-	-	421,230	-	-	421,230	91,901
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	116
Utilities	114,626	-	19,573	4,448	3,445	2,838	2,544	5,198	1,288	153,960	20,403	-	174,363	167,010
Vehicle fuel and maintenance	16,581	-	-	22,454	-	-	-	650	-	39,685	1,255	-	40,940	28,011
<b>Total expenses before donated facilities</b>	<b>2,321,523</b>	<b>64,615</b>	<b>2,817,970</b>	<b>1,611,166</b>	<b>336,201</b>	<b>585,621</b>	<b>394,779</b>	<b>544,717</b>	<b>55,854</b>	<b>8,732,446</b>	<b>946,542</b>	<b>81,082</b>	<b>9,760,070</b>	<b>8,506,068</b>
Donated facilities	193,853	5,396	235,304	135,414	28,074	48,901	32,965	45,485	4,664	730,055	78,166	6,770	814,992	570,494
<b>TOTAL EXPENSES</b>	<b>\$ 2,515,376</b>	<b>\$ 70,011</b>	<b>\$ 3,053,274</b>	<b>\$ 1,746,579</b>	<b>\$ 364,275</b>	<b>\$ 634,522</b>	<b>\$ 427,745</b>	<b>\$ 590,202</b>	<b>\$ 60,518</b>	<b>\$ 9,462,502</b>	<b>\$ 1,024,708</b>	<b>\$ 87,853</b>	<b>\$ 10,575,063</b>	<b>\$ 9,076,562</b>



**ONEGENERATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 797,128	\$ 1,333,060
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Forgiveness of PPP loan	(1,062,393)	(1,070,622)
Capitalized interest	9,548	23,957
Depreciation	352,411	321,243
Change in allowance for doubtful accounts	60	(30)
Change in present value discount	3,343	3,343
(Increase) decrease in assets		
Grants and fees receivable	947,551	(335,039)
Prepaid expenses	(11,849)	4,287
Increase (decrease) in liabilities		
Accounts payable	(115,846)	(244,548)
Accrued expenses	(17,465)	(23,363)
Net cash provided by operating activities	<u>902,488</u>	<u>12,288</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(400,600)	(801,373)
Proceeds from maturities of investments	-	500,000
Capital expenditures	(1,048,645)	(398,530)
Net cash (used) by investing activities	<u>(1,449,245)</u>	<u>(699,903)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(12,000)	(12,000)
Repayments on line of credit	-	(1,018,341)
Borrowings from line of credit	-	618,341
Principal payments of EIDL payable	(11,784)	(2,896)
Proceeds from PPP loans	-	1,052,845
Net cash (used)/provided by financing activities	<u>(23,784)</u>	<u>637,949</u>
<b>NET (DECREASE) IN CASH</b>	(570,541)	(49,666)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>1,137,799</u>	<u>1,187,465</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 567,258</u>	<u>\$ 1,137,799</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>		
Interest paid	<u>\$ 29,157</u>	<u>\$ 32,614</u>

*See independent auditor's report and accompanying notes*

**ONEGENERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

**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, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

**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  
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**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, 2021, 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 out, 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, 2019 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, 2018 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  
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**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, 2022 and 2021 the uninsured amounts was \$503,037 and \$915,512, 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. The 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)*

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**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, 2022 and 2021 government grants receivable were \$676,634 and \$1,485,324, 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 compiling the 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, 2022 and 2021 were \$9,442 and \$8,649, respectively.

At June 30, 2022 and 2021 other fees receivables are composed of adult daycare fees receivable of \$14,435 and \$3,895, 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, 2022 and 2021 was \$200 and \$140, 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, 2022 and 2021 the allowance for uncollectible pledges was none. At June 30, 2022 and 2021 pledges receivable were \$46,000 and \$196,194, respectively. The entire balance of the pledges receivable at June 30, 2022 and 2021 were due within one year from fiscal year end.

*(Note 2 continued on the following page)*

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

**Tuition Revenue**

The Organization recognizes tuition revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers,” and all the related amendments, which are also codified into ASC 606, using a full retrospective approach. Pursuant to ASC 606, revenues are recognized upon applying the following steps:

- Identification of the contract(s) with a customer;
- Identification of the performance obligations with the contract;
- Determination of the transaction price;
- Allocation of the transaction price amongst the performance obligations of the contract;
- Recognition of revenues when, or as, the contractual obligations are satisfied

Tuition revenues consist of all gross tuition revenue and other day care related fees earned. The Organization recognizes unrestricted revenues from student tuition and fees totally within the fiscal year in which the academic term is predominantly conducted. Dependents of staff pay reduced tuition rates. Unearned tuition and fees are included in deferred revenue in the statements of financial position.

**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, 2022 and 2021, advertising costs totaled \$14,601 and \$2,983, 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.

*(Note 2 continued on the following page)*

**ONEGENERATION  
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**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.

**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.

*(Note 3 continued on the following page)*



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

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, 2022 and 2021.

<i><b>Assets at Fair Value as of June 30, 2022</b></i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Certificates of deposit	\$ <u>1,201,973</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,201,973</u>
<i><b>Assets at Fair Value as of June 30, 2021</b></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>

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**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>2022</b>	<b>2021</b>
Furniture and fixtures	Straight-line	5 – 24	\$ 1,390,776	\$ 1,210,792
Vehicles	Straight-line	7	399,657	399,657
Buildings and improvements	Straight-line	5 – 40	4,741,477	4,343,900
			<u>6,531,910</u>	<u>5,954,349</u>
Less: accumulated depreciation			<u>(3,756,299)</u>	<u>(3,403,889)</u>
Construction in progress			484,687	13,604
			<u>\$ 3,260,298</u>	<u>\$ 2,564,064</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$352,411 and \$321,243, respectively.

**NOTE 5 – ACCRUED EXPENSES**

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

	<b>2022</b>	<b>2021</b>
Payroll and payroll taxes	\$ 252,333	\$ 226,893
Vacation	194,733	213,013
Unemployment claims reserve	21,127	47,137
Other	3,746	2,361
	<u>\$ 471,939</u>	<u>\$ 489,404</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, 2022 and 2021 was \$92,022 and \$100,679, respectively.

*(Note 6 continued on the following page)*

**ONEGENERATION  
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**NOTE 6 – NOTES PAYABLE (Continued)**

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

	<u>2022</u>	<u>2021</u>
Face amount of the note	\$ 95,000	\$ 107,000
Present value discount	(2,978)	(6,321)
Present value of future payments	<u>\$ 92,022</u>	<u>\$ 100,679</u>

The following is a schedule of the future minimum principal for the Organization's notes payable as of June 30, 2022:

Years ending June 30:	
2023	<u>\$ 92,022</u>

**NOTE 7 – LINE OF CREDIT AND SUBSEQUENT EVENTS**

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 (5.50% as of June 30, 2022). The line of credit originally expired on November 20, 2022. However, on October 4, 2022 ONEgeneration signed an extension agreement with the bank to extend the maturity date to November 20, 2023 with the cap amount remaining at \$300,000. At June 30, 2022 and 2021, 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 22, 2022, ONEgeneration signed an extension agreement with the bank to extend the maturity date to December 26, 2023, 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 deposited with the same bank. At June 30, 2022 and 2021, the Organization had an outstanding balance under this line of credit of none.

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**NOTE 8 – PPP LOAN, EIDL NOTES PAYABLE**

**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.

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. 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).

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).

*(Note 8 continued on the following page)*

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

**EIDL Loan**

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. 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:		
2023	\$	12,112
2024		12,449
2025		12,796
2026		13,153
2027		13,519
Thereafter		433,126
	\$	<u>497,155</u>

**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, 2022.

Years ending June 30:		
2023	\$	10,266
2024		10,266
2025		7,700
	\$	<u>28,232</u>

Rent expense for the years ended June 30, 2022 and 2021 was \$58,177 and \$54,253, respectively.

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**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, 2022 and 2021 was \$48,768 and \$41,448, 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>2022</u>	<u>2021</u>
<i>Subject to expenditure for the specified purpose:</i>		
Capital projects	\$ 313,000	\$ 24,000
Direct services	722,964	830,372
 <i>Subject to the passage of time:</i>		
	<u>46,000</u>	<u>190,000</u>
	<u>\$ 1,081,964</u>	<u>\$ 1,044,372</u>

**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>2022</u>	<u>2021</u>
<i>Expenditure for a specified purpose:</i>		
Capital projects	\$ 24,000	\$ 490,400
Direct services	830,372	686,705
 <i>Expiration of time restrictions:</i>		
	<u>190,000</u>	<u>250,000</u>
	<u>\$ 1,044,372</u>	<u>\$ 1,427,105</u>

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**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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</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>283,632</u>	\$ <u>300,380</u>

During the years ended June 30, 2022 and 2021 the Organization received free rent for its corporate offices and day care center facilities in the amounts of \$814,992 and \$570,494, respectively. The contributions were recorded at their fair market value at the date of donation (the last day of the fiscal year once the conditions of the grant were met for the fiscal year) 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, respectively.

**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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	\$ <u>1,212,313</u>	\$ <u>811,733</u>

*(Note 14 continued on the following page)*

**ONEGENERATION**  
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**NOTE 14 – BOARD DESIGNATED RESERVE FUND (Continued)**

Activity in the fund for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 811,733	\$ 510,360
Designations	400,580	300,000
Interest income	-	1,373
Transfers to operating fund	-	-
Ending balance	<u>\$ 1,212,313</u>	<u>\$ 811,733</u>

**NOTE 15 – AVAILABILITY OF FINANCIAL ASSETS**

The following reflects The Organization's financial assets as of June 30, 2022 and 2021, 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 investment 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, 2022 have not been subtracted as unavailable.

The Organization's financial assets available within one year of June 30, 2022 and 2021 for general expenditure are as follows:

<b><i>Financial assets, at year end</i></b>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 567,258	\$ 1,137,799
Investments – board designated	1,201,973	801,373
Grants, pledges, and fees receivable - current	746,311	1,693,922
<b><i>Less those unavailable for general expenditures within one year due to:</i></b>		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	(1,081,964)	(1,044,372)
<i>Board designations:</i>		
Reserve fund	<u>(1,212,313)</u>	<u>(811,733)</u>
Total	<u>\$ 221,265</u>	<u>\$ 1,776,989</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.



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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

**NOTE 17 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2022 have been evaluated through March 24, 2023, the date at which the Organization's audited financial statements were available to be issued. Except as described in Note 7 above, no events requiring disclosure 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, 2022**

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Contract Number	Total Expenditures
<b><i>Federal award expenditures</i></b>			
<b><u>U.S. Department of Health and Human Services:</u></b>			
Special programs for the aging (Aging Cluster)			
Pass-through, City of Los Angeles Department of Aging:			
Title III B, Social Services	93.044	C-139380	\$ 483,036
Title III C-1, Congregate Meals	93.045	C-139380	498,608
Title III C-2, Home Delivered Meals	93.045	C-139380	834,345
Title III Dignity at Home Fall Prevention Program	93.044	C-139380	5,214
Title III C-1, NSIP - Nutrition Services Incentives Program	93.053	C-139380	39,862
Title III C-2, NSIP - Nutrition Services Incentives Program	93.053	C-139380	43,391
			<u>1,904,456</u>
Administration for Community Living			
Pass-through, County of Los Angeles, Workforce Development, Aging and Community Services			
Supportive Services Program	93.044	SSP192011	62,659
Adult Protection Services (APS) Integrated Care Services	93.747	SSP192011	1,956
			<u>64,615</u>
Center for Disease Control and Prevention (CDC)			
Pass-through, Sierra Health Foundation: Center for Health Program Management			
	93.268	NH231P922612	100,000
Administration for Community Living			
	93.470	90ADP10016-01-00	291,678
<b><u>Total U.S. Department of Health and Human Services:</u></b>			<u>2,360,749</u>
<b><u>U.S. Department of Homeland Security / Federal Emergency Management Agency</u></b>			
Pass-through United Way of Greater Los Angeles			
Emergency Food and Shelter Program	97.024	LRO 069500-524	75,000
<b><u>U.S. Department of Agriculture</u></b>			
Pass-through, California Department of Education			
Child and Adult Care Food Program	10.558	5026	9,266
Pass-through, Agricultural Marketing Service			
Agricultural Worker Pandemic Relief and Protection Program	10.181	AM22PRSCA4237-00	20,000
<b><u>Total U.S. Department of Agriculture:</u></b>			<u>29,266</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Pass-through, City of Los Angeles Department of Aging:			
CDBG HCID Emergency Meals	14.218	C-139614	61,308
Evidence Based Program (07/01/2020-03/31/2021)	14.218	C-139614	56,250
Evidence Based Program (04/01/2021-06/30/2021)	14.218	C-139614	18,750
<b><u>Total U.S. Department of Housing and Urban Development</u></b>			<u>136,308</u>
<b><i>Total federal award expenditures</i></b>			<u>2,601,323</u>
<b><i>Non-federal award expenditures</i></b>			
City of Los Angeles Department of Aging:			
Proposition A, Transportation Assistance Program	N/A	C-139380	280,759
<b><i>Total non-federal award expenditures</i></b>			<u>280,759</u>
<b><i>Total federal and non-federal award expenditures</i></b>			<u>\$ 2,882,082</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, 2022**

***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, 2022. 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 statements of functional expenses as program services and management and general. In certain programs, the expenditures reported in the basic 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.

***Note 6 - Subrecipient monitoring***

ONEgeneration did not pass through any federal awards to subrecipients during the year ended June 30, 2022.



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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, 2022, 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 24, 2023.

***Report on 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 and significant deficiencies may exist that have not been identified.

### ***Report on 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 24, 2023



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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**

***Opinion on Each Major Federal Program***

We have audited ONEgeneration's compliance with the types of compliance requirements identified as subject to audit 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, 2022. ONEgeneration's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ONEgeneration complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ONEgeneration and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of ONEgeneration's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ONEgeneration's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ONEgeneration's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ONEgeneration's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ONEgeneration's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ONEgeneration's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 ONEgeneration's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 24, 2023



**ONEGENERATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 or material weaknesses 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 or material weaknesses 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, 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, 2022  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022							2021	
	Title III B	Title III C1	Title III C2	Prop A	Evidence Based Program	CDBG HCID Emergency Meals	Dignity at Home Fall Prevention Program	TOTAL	TOTAL
Salaries	\$ 147,944	\$ 159,899	\$ 244,645	\$ 151,620	\$ 52,652	\$ 14,883	\$ 963	\$ 772,606	\$ 790,549
Payroll taxes and employee benefits	39,937	43,163	66,046	40,931	14,209	4,017	258	208,561	213,341
Total salaries, payroll taxes, and employee benefits	187,881	203,062	310,691	192,551	66,861	18,900	1,221	981,167	1,003,890
Audit	2,400	7,200	5,200	4,800	-	800	-	20,400	18,918
DOA - indirect costs	27,906	44,244	74,405	25,208	6,814	5,572	471	184,620	231,294
Insurance	7,200	5,800	5,800	5,848	-	400	-	25,048	20,504
Maintenance and repair	-	-	-	4,831	-	-	-	4,831	9,974
Meals	-	176,815	385,010	-	-	33,391	-	595,216	1,020,798
Mileage	-	-	15,316	-	-	-	-	15,316	28,466
Office supplies	18,280	33,117	10,588	2,089	1,325	1,845	-	67,244	57,506
Outside services/Professional fees	51,182	10,500	-	-	-	-	3,522	65,204	103,721
Telephone	6,870	15,789	15,743	10,050	-	-	-	48,452	42,042
Utilities	16,199	35,552	43,674	18,801	-	400	-	114,626	93,902
Vehicle fuel and maintenance	-	-	-	16,581	-	-	-	16,581	11,313
Subtotal functional expenses	317,918	532,079	866,427	280,759	75,000	61,308	5,214	2,138,705	2,642,328
Depreciation	165,118	6,391	11,309	-	-	-	-	182,818	78,665
<b>Total expenses before donated facilities</b>	483,036	538,470	877,736	280,759	75,000	61,308	5,214	2,321,523	2,720,993
Donated facilities	40,335	44,964	73,293	23,444	6,263	5,119	435	193,853	104,428
<b>TOTAL EXPENSES</b>	<b>\$ 523,371</b>	<b>\$ 583,434</b>	<b>\$ 951,029</b>	<b>\$ 304,203</b>	<b>\$ 81,263</b>	<b>\$ 66,427</b>	<b>\$ 5,649</b>	<b>\$ 2,515,376</b>	<b>\$ 2,825,421</b>