

**ONE GENERATION AWAY, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
One Generation Away, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of One Generation Away, Inc. (a Tennessee not-for-profit corporation, the "Organization") which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 One Generation Away, Inc. as of December 31, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

October 11, 2017

ONE GENERATION AWAY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS		2016	2015
CURRENT ASSETS			
Cash		\$ 28,516	\$ 32,730
Inventory		<u>20,000</u>	<u>1,700</u>
Total Current Assets		48,516	34,430
EQUIPMENT, NET			
		98,507	23,254
RESTRICTED CASH			
		<u>50,219</u>	<u>-</u>
TOTAL ASSETS		<u><u>\$ 197,242</u></u>	<u><u>\$ 57,684</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued expenses		<u>\$ 7,665</u>	<u>\$ 9,700</u>
Total Current Liabilities		<u>7,665</u>	<u>9,700</u>
NET ASSETS			
Unrestricted		139,358	47,984
Temporarily restricted		<u>50,219</u>	<u>-</u>
Total Net Assets		<u>189,577</u>	<u>47,984</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 197,242</u></u>	<u><u>\$ 57,684</u></u>

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

ONE GENERATION AWAY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS		
Public Support		
Contributions	\$ 293,701	\$ 177,482
Donated food	968,497	728,076
Other income	6,686	-
	<u>1,268,884</u>	<u>905,558</u>
Total Public Support		
Functional Expenses		
Program services	1,105,106	847,577
Supporting services	72,404	43,503
	<u>1,177,510</u>	<u>891,080</u>
Total Functional Expenses		
INCREASE IN UNRESTRICTED NET ASSETS	<u>91,374</u>	<u>14,478</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restricted contributions	<u>50,219</u>	<u>-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>50,219</u>	<u>-</u>
INCREASE IN TOTAL NET ASSETS	141,593	14,478
NET ASSETS, BEGINNING OF THE YEAR	<u>47,984</u>	<u>33,506</u>
NET ASSETS, END OF THE YEAR	<u>\$ 189,577</u>	<u>\$ 47,984</u>

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

ONE GENERATION AWAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Grand Total	
		Management and General	Fundraising		Total
Food Distribution	\$ 994,595	\$ -	\$ -	\$ -	\$ 994,595
Advertising and Promotion	3,455	1,727	12,092	13,819	17,274
Conferences and Meetings	122	-	-	-	122
Depreciation	10,697	-	-	-	10,697
Insurance	4,890	2,096	-	2,096	6,986
Contributions	1,657	-	-	-	1,657
Professional Fees	-	10,320	-	10,320	10,320
Miscellaneous	2,035	-	-	-	2,035
Occupancy	35,746	-	-	-	35,746
Office Expenses	823	6,589	824	7,413	8,236
Salaries and Wages	50,671	18,550	18,550	37,100	87,771
Travel	415	828	828	1,656	2,071
	<u>\$ 1,105,106</u>	<u>\$ 40,110</u>	<u>\$ 32,294</u>	<u>\$ 72,404</u>	<u>\$ 1,177,510</u>

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

ONE GENERATION AWAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Food Distribution	\$ 766,024	\$ -	\$ -	\$ -	\$ 766,024
Advertising and Promotion	537	269	1,882	2,151	2,688
Conferences and Meetings	113	-	-	-	113
Depreciation	4,963	-	-	-	4,963
Insurance	3,016	1,292	-	1,292	4,308
Professional Fees	-	7,700	-	7,700	7,700
Miscellaneous	1,045	-	-	-	1,045
Occupancy	26,008	-	-	-	26,008
Office Expenses	358	2,864	358	3,222	3,580
Salaries and Wages	45,334	14,210	14,210	28,420	73,754
Travel	179	359	359	718	897
	<u>\$ 847,577</u>	<u>\$ 26,694</u>	<u>\$ 16,809</u>	<u>\$ 43,503</u>	<u>\$ 891,080</u>

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

ONE GENERATION AWAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Increase in net assets	\$ 141,593	\$ 14,478
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	10,697	4,963
Donated inventory	(17,600)	(1,200)
Donated equipment	(33,500)	-
Change in operating assets and liabilities:		
Inventory	(700)	-
Restricted cash received	(50,219)	-
Accrued expenses	(2,035)	7,700
	<u>(93,357)</u>	<u>11,463</u>
Total adjustments		
Net cash provided by operating activities	<u>48,236</u>	<u>25,941</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(52,450)</u>	<u>(22,340)</u>
Net cash used by investing activities	<u>(52,450)</u>	<u>(22,340)</u>
Cash flows from financing activities:		
Contributions restricted for purchasing equipment	<u>50,219</u>	<u>-</u>
Net cash provided by financing activities	<u>50,219</u>	<u>-</u>
Increase in cash	46,005	3,601
Cash, beginning of the year	<u>32,730</u>	<u>29,129</u>
Cash, end of the year	<u>\$ 78,735</u>	<u>\$ 32,730</u>

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

ONE GENERATION AWAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

One Generation Away, Inc., (the Organization) is a Tennessee not-for-profit corporation dedicated to eliminating racism, denominationalism, and poverty in America primarily through encouraging individuals and communities to participate in food distribution events in impoverished neighborhoods. The Organization's primary sources of support are donated food and cash contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Organization generally maintains cash on deposit at financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Inventory

Inventory consists of donated food received from food drives, food companies and grocery stores. Donated food is valued at \$2.00 per pound, the estimated fair market value at date of donation.

ONE GENERATION AWAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment

Acquisitions of equipment in excess of \$1,000 are capitalized. Equipment is carried at cost, or if donated, at the approximate fair value at the date of donation. Expenditures for ordinary maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-method over the estimated useful life of five years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets - net assets that are subject to donor imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets.

Contributions that are restricted for specific programs are reflected as unrestricted support if the restriction is fulfilled during the same fiscal year as it is received.

Donated Goods and Services

Donated goods are recorded as in-kind contributions in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance nonfinancial assets or the donated services requires specialized skills, was performed by a donor who possess such skills, and would have been purchased by the Organization, if not donated. Such services are recognized at estimated fair value as support and expense in the period the services were performed.

ONE GENERATION AWAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services (Continued)

The value of donated goods and services included in the statements of activities and changes in net assets and the corresponding expenses for the years ended December 31, 2016 and 2015 was \$931,997 and \$710,288, respectively.

A number of unpaid volunteers have made contributions of their time to assist the Organization in various ways. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measure or valuation.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization. Accordingly, no provision for income tax has been made.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2016 no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions for the periods of 2013 to the present; however, there are currently no audits for any tax periods in progress.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services.

NOTE 3 - EQUIPMENT

The Organization's equipment consists of the following as of December 31:

	2016	2015
Vehicles	\$ 92,290	\$ 22,340
Equipment	22,200	6,200
	<u>114,490</u>	<u>28,540</u>
Less accumulated depreciation	<u>(15,983)</u>	<u>(5,286)</u>
	<u>\$ 98,507</u>	<u>\$ 23,254</u>

ONE GENERATION AWAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	2016	2015
Restricted for purchase of equipment	\$ 50,219	\$ -

NOTE 5 - ADVERTISING COSTS

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. For the years ended December 31, 2016 and 2015, advertising expense was \$9,062 and \$2,488, respectively.

NOTE 6 - LEASING ARRANGEMENTS

The Organization leases warehouse space under an operating lease which expires on November 30, 2018. Effective December 2016, the Organization entered into a sublease agreement which expires on November 30, 2018.

The minimum lease payments required under non-cancelable operating leases as of December 31, 2016 are as follows:

Years ending December 31:	Minimum Lease Commitments	Sublease Income	Net Lease Commitments
2017	\$ 52,200	\$ 10,200	\$ 42,000
2018	47,850	9,350	38,500
Total	\$ 100,050	\$ 19,550	\$ 80,500

Net rental expense for the years ending December 31, 2016 and 2015 are as follows:

	2016	2015
Rent expense	\$ 31,020	\$ 24,360
Less: Sublease rental income	(850)	-
Net rental expense	\$ 30,170	\$ 24,360

NOTE 7 - CONCENTRATION OF INCOME SOURCES

During 2016 and 2015, the Organization received approximately 77% and 80% of its total revenue from in-kind food donations. Food donations from a single donor comprised approximately 30% and 44% of total revenue in 2016 and 2015, respectively.

NOTE 8 - MANAGERMENTS' REVIEW

The Organization's management has evaluated subsequent events through October 11, 2017, the date which the financial statements were available to be issued.