

**ONE GENERATION AWAY, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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# BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## 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, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

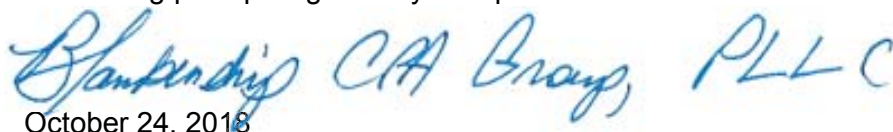
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2017 and 2016 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.

Handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

October 24, 2018

**ONE GENERATION AWAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

<b>ASSETS</b>		<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>			
Cash		\$ 154,947	\$ 78,735
Inventory		68,538	20,000
Total Current Assets		<u>223,485</u>	<u>98,735</u>
<b>NONCURRENT ASSETS</b>			
Property and equipment		119,661	114,491
Less: Accumulated Depreciation		<u>(39,572)</u>	<u>(15,984)</u>
Property and Equipment, Net		<u>80,089</u>	<u>98,507</u>
<b>OTHER ASSETS</b>		<u>4,300</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 307,874</u></u>	<u><u>\$ 197,242</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accrued expenses		<u>\$ 4,320</u>	<u>\$ 7,665</u>
Total Current Liabilities		<u>4,320</u>	<u>7,665</u>
<b>NET ASSETS</b>			
Unrestricted		220,885	139,358
Temporarily restricted		<u>82,669</u>	<u>50,219</u>
Total Net Assets		<u>303,554</u>	<u>189,577</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 307,874</u></u>	<u><u>\$ 197,242</u></u>

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

**ONE GENERATION AWAY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CHANGE IN UNRESTRICTED NET ASSETS		
Public Support		
Contributions	\$ 296,435	\$ 293,701
Donated food	1,259,977	968,497
Other income	14,407	6,686
Net assets released from restrictions	<u>62,569</u>	<u>-</u>
Total Public Support	<u>1,633,388</u>	<u>1,268,884</u>
Functional Expenses		
Program services	1,474,785	1,105,419
Supporting services	<u>77,076</u>	<u>72,091</u>
Total Functional Expenses	<u>1,551,861</u>	<u>1,177,510</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>81,527</u>	<u>91,374</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restricted contributions	95,019	50,219
Net assets released from restrictions	<u>(62,569)</u>	<u>-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>32,450</u>	<u>50,219</u>
INCREASE IN TOTAL NET ASSETS	113,977	141,593
NET ASSETS, BEGINNING OF THE YEAR	<u>189,577</u>	<u>47,984</u>
NET ASSETS, END OF THE YEAR	<u><u>\$ 303,554</u></u>	<u><u>\$ 189,577</u></u>

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

**ONE GENERATION AWAY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017**

	Program Services	Supporting Services			Grand Total
		Management and General	Fundraising	Total	
Food Distribution	\$ 1,312,257	\$ -	\$ -	\$ -	\$ 1,312,257
Advertising and Promotion	2,710	1,356	9,489	10,845	13,555
Conferences and Meetings	359	-	-	-	359
Depreciation	23,588	-	-	-	23,588
Insurance	7,536	3,230	-	3,230	10,766
Contributions	2,291	-	-	-	2,291
Professional Fees	-	3,940	-	3,940	3,940
Miscellaneous	213	-	-	-	213
Occupancy	64,447	-	-	-	64,447
Office Expenses	1,277	10,218	1,277	11,495	12,772
Salaries and Wages	59,404	22,378	22,378	44,756	104,160
Travel	703	1,405	1,405	2,810	3,513
	<u>\$ 1,474,785</u>	<u>\$ 42,527</u>	<u>\$ 34,549</u>	<u>\$ 77,076</u>	<u>\$ 1,551,861</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	\$ 994,933	\$ -	\$ -	\$ -	\$ 994,933
Advertising and Promotion	3,471	1,735	12,147	13,882	17,353
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	782	6,255	782	7,037	7,819
Salaries and Wages	50,671	18,550	18,550	37,100	87,771
Travel	415	828	828	1,656	2,071
	<u>\$ 1,105,419</u>	<u>\$ 39,784</u>	<u>\$ 32,307</u>	<u>\$ 72,091</u>	<u>\$ 1,177,510</u>

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

**ONE GENERATION AWAY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 113,977	\$ 141,593
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	23,588	10,697
Contributions restricted for purchasing equipment	(67,720)	(50,219)
Donated inventory	(48,538)	(17,600)
Donated equipment	-	(33,500)
Change in operating assets and liabilities:		
Inventory	-	(700)
Other assets	(4,300)	-
Accrued expenses	(3,345)	(2,035)
Total adjustments	<u>(100,315)</u>	<u>(93,357)</u>
Net cash provided by operating activities	<u>13,662</u>	<u>48,236</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(5,170)</u>	<u>(52,450)</u>
Net cash used by investing activities	<u>(5,170)</u>	<u>(52,450)</u>
Cash flows from financing activities:		
Contributions restricted for property and equipment	<u>67,720</u>	<u>50,219</u>
Net cash provided by financing activities	<u>67,720</u>	<u>50,219</u>
Increase in cash	76,212	46,005
Cash, beginning of the year	<u>78,735</u>	<u>32,730</u>
Cash, end of the year	<u>\$ 154,947</u>	<u>\$ 78,735</u>

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



**ONE GENERATION AWAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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**

Basis of 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.

Financial Statement Presentation

Financial statement presentation is reported in accordance with the FASB Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that may be maintained permanently by the Organization. There were no permanently restricted net assets at December 31, 2017 and 2016.

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.

**ONE GENERATION AWAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventory

Inventory consists of donated food received from food drives, food companies and grocery stores. Donated food is valued at \$1.73 per pound, the estimated fair market value at date of donation.

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-line method over the estimated useful life of five years.

Fair Value Measurements

The Organization classifies its assets and liabilities measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Donated inventory items are classified within Level 3 where the Organization assigns values to items based on pricing research conducted with third party organizations.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The Organization believes its valuation method is appropriate and consistent with that of other market participants, however the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date. There have been no changes in the valuation methodologies since the prior year.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

**ONE GENERATION AWAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions (Continued)

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.

The value of donated goods and services included in the statements of activities and the corresponding expenses for the years ended December 31, 2017 and 2016 was \$1,259,977 and \$931,997, 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, 2017 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 2014 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.

**ONE GENERATION AWAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

The following is a reconciliation of the beginning and ending balances for inventory measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for years ended December 31:

	<u>2017</u>	<u>2016</u>
Beginning of year	\$ 20,000	\$ 1,700
Donated food received	1,259,977	931,997
Donated food distributed	(1,263,519)	(970,623)
Purchased food	62,340	61,151
Valuation adjustments	<u>(10,260)</u>	<u>(4,225)</u>
End of year	<u>\$ 68,538</u>	<u>\$ 20,000</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

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

	<u>2017</u>	<u>2016</u>
Vehicles	\$ 92,291	\$ 92,291
Equipment	<u>27,370</u>	<u>22,200</u>
	119,661	114,491
Less accumulated depreciation	<u>(39,572)</u>	<u>(15,984)</u>
	<u>\$ 80,089</u>	<u>\$ 98,507</u>

**NOTE 5 - RESTRICTIONS ON NET ASSETS**

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

	<u>2017</u>	<u>2016</u>
Restricted for equipment	\$ 67,720	\$ 50,219
Restricted for disaster relief	<u>14,949</u>	<u>-</u>
Total	<u>\$ 82,669</u>	<u>\$ 50,219</u>

**ONE GENERATION AWAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 6 - ADVERTISING COSTS**

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. For the years ended December 31, 2017 and 2016, advertising expense was \$3,809 and \$9,062, respectively.

**NOTE 7 - 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, 2017 are as follows:

<u>Years ending December 31:</u>	<u>Minimum Lease Commitments</u>	<u>Sublease Income</u>	<u>Net Lease Commitments</u>
2018	<u>\$ 47,850</u>	<u>\$ 9,350</u>	<u>\$ 38,500</u>

Net rental expense for the years ending December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Rent expense	\$ 52,200	\$ 31,020
Less: Sublease rental income	<u>(10,200)</u>	<u>(850)</u>
Net rental expense	<u>\$ 42,000</u>	<u>\$ 30,170</u>

**NOTE 8 - CONCENTRATION OF INCOME SOURCES**

During 2017 and 2016, the Organization received approximately 77% and 76% of its total revenue from in-kind food donations. Food donations from a single donor comprised approximately 70% and 30% of total revenue in 2017 and 2016, respectively.

**ONE GENERATION AWAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9 - RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2016, the FASB issued new accounting guidance that amends the requirements for financial statements and notes of a not-for-profit entity. The new guidance is effective for periods beginning after December 15, 2017, on a retrospective basis, with early adoption permitted. This new accounting guidance will result in changes to financial statement presentation and additional disclosures and the Organization is still evaluating its impact.

In February 2016, the FASB issued new accounting guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new accounting guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2019. The Organization is currently evaluating the effect of this pronouncement on its policies, procedures, and financial statements.

In May 2014, the FASB issued new accounting guidance to clarify the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective retrospectively for nonpublic entities for annual reporting periods beginning after December 15, 2018. The Organization is in the process of evaluating the impact of the provisions of this new accounting guidance but does not expect it to have a material impact on its financial position or results of operations.

**NOTE 10 – MANAGEMENT’S REVIEW**

The Organization’s management has evaluated subsequent events through October 24, 2018, the date which the financial statements were available to be issued.