

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

FRANKLIN, TENNESSEE

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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Joel H. Jobe (1944 – 2006)

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
One Generation Away, Inc.
Franklin, Tennessee

We have audited the accompanying financial statements of One Generation Away, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One Generation Away, Inc. as of December 31, 2018, 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.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
October 29, 2019

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Statement of Financial Position

December 31, 2018

ASSETS

| | | |
|-------------------------------|----------------------|--------------------------|
| Current Assets- | | |
| Cash and cash equivalents | \$ | 117,979 |
| Inventory | | 102,903 |
| Deposits | | <u>4,200</u> |
| | TOTAL CURRENT ASSETS | \$ <u>225,082</u> |
| | | |
| Fixed Assets- | | |
| Vehicles | \$ | 190,020 |
| Equipment | | <u>50,823</u> |
| | \$ | 240,843 |
| Less accumulated depreciation | | <u>(46,576)</u> |
| | \$ | <u>194,267</u> |
| | TOTAL ASSETS | \$ <u><u>419,349</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------|----------------------------------|--------------------------|
| Current Liabilities- | | |
| Accounts payable | \$ | <u>27,256</u> |
| | TOTAL CURRENT LIABILITIES | \$ <u>27,256</u> |
| | | |
| Net Assets- | | |
| Without donor restrictions | \$ | 384,591 |
| With donor restrictions | | <u>7,502</u> |
| | TOTAL NET ASSETS | \$ <u>392,093</u> |
| | TOTAL LIABILITIES AND NET ASSETS | \$ <u><u>419,349</u></u> |

See notes to financial statements.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Statement of Activities

For the Year Ended December 31, 2018

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | |
|---|---|--|---------------------|-----------|
| Revenues, Gains, and Other Support | | | | |
| Contributions - | | | | |
| Contributions | \$ 383,130 | | \$ 383,130 | |
| Fund-raising events | 150,232 | | 150,232 | |
| Grants | 96,638 | \$ 15,000 | 111,638 | |
| Donated food | 3,912,356 | | 3,912,356 | |
| Miscellaneous income | 3,605 | | 3,605 | |
| Loss on disposal of fixed assets | (6,320) | | (6,320) | |
| Net assets released from restrictions | 90,167 | (90,167) | | |
| TOTAL REVENUES, GAINS, AND OTHER SUPPORT | \$ 4,629,808 | \$ (75,167) | \$ 4,554,641 | |
| Expenses - | | | | |
| Program services | \$ 4,277,616 | | \$ 4,277,616 | |
| Supporting services - | | | | |
| Management and general | 111,370 | | 111,370 | |
| Fundraising | 77,116 | | 77,116 | |
| TOTAL EXPENSES | \$ 4,466,102 | | \$ 4,466,102 | |
| | CHANGE IN NET ASSETS | \$ 163,706 | \$ (75,167) | \$ 88,539 |
| Net Assets, Beginning of year | 220,885 | 82,669 | 303,554 | |
| NET ASSETS, END OF YEAR | <u>\$ 384,591</u> | <u>\$ 7,502</u> | <u>\$ 392,093</u> | |

See notes to financial statements.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Statement of Functional Expenses

For the Year Ended December 31, 2018

| | Program Services | Supporting Services | | Total |
|-------------------------------------|---------------------|---------------------------|------------------|--------------|
| | | Management and General | Fund- Raising | |
| Salaries | \$ 77,141 | \$ 51,510 | \$ 29,214 | \$ 157,865 |
| Payroll taxes | 5,901 | 3,941 | 2,235 | 12,077 |
| Payroll fees | 651 | 435 | 246 | 1,332 |
| TOTAL SALARIES AND RELATED EXPENSES | \$ 83,693 | \$ 55,886 | \$ 31,695 | \$ 171,274 |
| Food distribution | 4,020,413 | | | 4,020,413 |
| Advertising and promotion | 18,613 | 106 | 34,921 | 53,640 |
| Depreciation | 35,524 | | | 35,524 |
| Insurance | 13,952 | 5,700 | | 19,652 |
| Contributions | 2,950 | | | 2,950 |
| Professional fees | | 8,385 | 10,500 | 18,885 |
| Miscellaneous | | 4,428 | | 4,428 |
| Occupancy | 71,559 | 6,872 | | 78,431 |
| Office expense | | 29,993 | | 29,993 |
| Travel | 30,912 | | | 30,912 |
| TOTAL EXPENSES | \$ 4,277,616 | \$ 111,370 | \$ 77,116 | \$ 4,466,102 |

See notes to financial statements.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Statement of Cash Flows

For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES-

| | |
|---|------------------|
| Change in net assets | \$ 88,539 |
| To reconcile change in net assets to net cash provided by operating activities- | |
| Add: Depreciation | 35,524 |
| Loss on disposal of fixed assets | 6,320 |
| Decrease in pledges receivable | 100 |
| Increase in accounts payable | 22,936 |
| Deduct: Noncash vehicle and equipment donations | (32,700) |
| Noncash grant of vehicles and equipment | (56,638) |
| Increase in inventory | (34,365) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ <u>29,716</u> |

CASH FLOWS FROM INVESTING ACTIVITIES-

| | |
|---------------------------------------|--------------------|
| Purchase of fixed assets | \$ <u>(66,684)</u> |
| NET CASH USED BY INVESTING ACTIVITIES | \$ <u>(66,684)</u> |

NET DECREASE IN CASH AND CASH EQUIVALENTS \$ (36,968)

| | |
|--|--------------------------|
| Cash and cash equivalents, beginning of year | 154,947 |
| CASH AND CASH EQUIVALENTS , END OF YEAR | \$ <u><u>117,979</u></u> |

NON CASH INVESTING ACTIVITIES -

| | |
|---|-------------------------|
| Donation of vehicles and equipment | \$ 32,700 |
| Noncash grant of vehicles and equipment | 56,638 |
| | \$ <u><u>89,338</u></u> |

See notes to financial statements.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Notes to Financial Statements

December 31, 2018

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation - The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had net assets with temporary purpose restrictions of \$7,502 at December 31, 2018.

Contributions - The Organization follows US GAAP whereby contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for use at the discretion of management and the board of directors unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or specific purposes are reported as support with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, it is reported as support without donor restrictions.

Support and Revenue - Sources of revenue include private donations of cash and food items, grants and fund raising events.

Functional Allocation of Expenses - The costs of providing the program and supporting services have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation under Section 509(a)(2) and generally is also exempt from state income taxes. Accordingly, federal and state income taxes are not provided in the accompanying financial statements.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2017, 2016, and 2015 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the year ended December 31, 2018.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Notes to Financial Statements (continued)

December 31, 2018

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Cash and Cash Equivalents - Cash and cash equivalents consist of short-term, highly liquid investments with an initial maturity of three months or less. Cash restricted by internal or external designations, if any, is generally maintained in separate accounts. The Organization had no cash equivalents at December 31, 2018.

Property and Equipment - Fixed assets with a value of \$1,000 or greater are recorded at cost as of the date of acquisition or fair value as of the date of receipt if contributed. Depreciation is computed using the straight-line method based on the estimated useful life of the asset. Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. Depreciation expense was \$35,524 for the year ended December 31, 2018.

Inventory - Inventory primarily consists of food items donated for distribution to the hungry and needy, received from food drives, food companies and grocery stores. Donated food is valued at \$2.50 per pound, the estimated fair market value at the date of donation. Generally, inventory is distributed within 30 days of receipt.

Advertising Costs - The Organization expenses advertising and promotional costs as incurred. Advertising and promotional costs were \$53,640 for the year ended December 31, 2018.

Donated Services - The Organization has many unpaid volunteers who contribute their time to forward the Organization's program services. The value of that contributed time, though significant, does not meet the criteria for recognition in these statements. Professional services are recorded at market value, generally as estimated by the provider.

New Accounting Pronouncement - On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Subsequent Events - Management has evaluated subsequent events through October 29, 2019, the date the financial statements were available to be issued.

Note B - CONCENTRATIONS

For the year ended 2018, one donor gave approximately 43% of the dollar value of donated food. Additionally, the Organization receives a substantial amount of its monetary support from the communities it serves, primarily from foundations, churches, corporations, organizations, agencies and individuals. Any significant reduction in the levels of this support from any of these sources, if this were to occur, could have an adverse effect on the Organization's programs and activities.

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

Note C - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash. The Organization estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Notes to Financial Statements (continued)

December 31, 2018

Note D - NET ASSETS WITH DONOR RESTRICTIONS

Contributions with donor restrictions contain donor-imposed restrictions that direct the Organization to use the donation as specified and is satisfied either by the passage of time (time restriction) or by fulfilling the donor-imposed purpose (purpose restriction). A purpose restriction specifies the purpose or specific program that the contribution is to support. The release from a purpose restriction is by fulfillment of the purpose.

Net assets with donor restrictions consist of the following at December 31, 2018:

| | | |
|--|----|---------------------|
| Restricted for equipment purchases | \$ | 3,035 |
| Restricted for additional truck driver | | <u>4,467</u> |
| | \$ | <u><u>7,502</u></u> |

Note E - LEASE COMMITMENTS

The Organization leased warehouse space under an operating lease which expired on November 30, 2018. The total lease expense for the year ended December 31, 2018 under this agreement totaled \$47,850.

The Organization entered into a 28 month lease effective December 1, 2018. The agreement requires monthly lease payments of \$6,781. The lease may be terminated with 30 days written notice, however, the Organization would be required to pay \$444 for each month remaining of the term. The total lease expense for the year ended December 31, 2018 under this agreement totaled \$6,781.

The minimum lease payments required under the operating lease as of December 31, 2018 are as follows:

| <u>Year ending</u> <u>December 31,</u> | <u>Minimum Lease</u> <u>Commitments</u> |
|---|--|
| 2019 | \$ 81,372 |
| 2020 | 81,372 |
| 2021 | <u>20,343</u> |
| | <u><u>\$ 183,087</u></u> |

Note F - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date:

Financial assets at year end -

| | | |
|------|------------------------|--------------------------|
| Cash | \$ | <u>117,979</u> |
| | Total financial assets | \$ <u><u>117,979</u></u> |

Less amounts not available to be used within one year -

| | | |
|---|----|-----------------|
| Net assets with donor restrictions | \$ | 7,502 |
| Less net assets with purpose restrictions to be met in less than a year | | <u>(7,502)</u> |
| | \$ | <u><u>-</u></u> |

Financial assets available to meet general expenditures over the next twelve months

\$ 117,979

The Organization's goal is generally to maintain financial assets to be available to meet its general expenditures, liabilities, and other obligations as they come due.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Notes to Financial Statements (continued)

December 31, 2018

Note G - EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and related benefits have been allocated on the basis of estimates of time and effort. Occupancy expenses are allocated based upon estimates of utilization of the building.