

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

FRANKLIN, TENNESSEE

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 One Generation Away, Inc. 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 One Generation Away, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted 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 generally accepted 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.

Board of Directors of
One Generation Away, Inc.

- 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 One Generation Away, Inc.'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 One Generation Away, Inc.'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.



Certified Public Accountants

Murfreesboro, Tennessee
June 29, 2022

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Statement of Financial Position

December 31, 2021

ASSETS

Current Assets-		
Cash and cash equivalents		\$ 1,644,746
Prepaid expenses		2,000
Inventory		458,479
Deposits		23,219
	TOTAL CURRENT ASSETS	\$ <u>2,128,444</u>
Fixed Assets-		
Vehicles		\$ 329,762
Equipment		142,204
Leasehold improvements		13,300
		\$ <u>485,266</u>
Less accumulated depreciation		<u>(269,121)</u>
		\$ <u>216,145</u>
	TOTAL ASSETS	\$ <u><u>2,344,589</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities-		
Accounts payable		\$ 6,209
Accrued wages		7,940
	TOTAL CURRENT LIABILITIES	\$ <u>14,149</u>
Net Assets-		
Without donor restrictions		\$ 2,194,030
With donor restrictions		136,410
	TOTAL NET ASSETS	\$ <u>2,330,440</u>
	TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>2,344,589</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support -			
Contributions -			
Contributions	\$ 1,455,337	\$ 133,067	\$ 1,588,404
Fund-raising events	373,894		373,894
Grants	122,544		122,544
Donated food	10,257,599		10,257,599
Miscellaneous income	2,883		2,883
Net assets released from restrictions	11,657	(11,657)	
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>\$ 12,223,914</u>	<u>\$ 121,410</u>	<u>\$ 12,345,324</u>
Expenses -			
Program services	\$ 11,100,519		\$ 11,100,519
Supporting services -			
Management and general	255,375		255,375
Fundraising	199,267		199,267
TOTAL EXPENSES	<u>\$ 11,555,161</u>		<u>\$ 11,555,161</u>
CHANGE IN NET ASSETS	\$ 668,753	\$ 121,410	\$ 790,163
Net Assets, Beginning of year	1,525,277	15,000	1,540,277
NET ASSETS, END OF YEAR	<u>\$ 2,194,030</u>	<u>\$ 136,410</u>	<u>\$ 2,330,440</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, 2021

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund- Raising</u>	
Salaries	\$ 219,505	\$ 127,639	\$ 109,632	\$ 456,776
Payroll taxes	15,896	9,244	7,939	33,079
Payroll fees	1,109	644	553	2,306
TOTAL SALARIES AND RELATED EXPENSES	\$ <u>236,510</u>	\$ <u>137,527</u>	\$ <u>118,124</u>	\$ <u>492,161</u>
Food distribution	10,575,533			10,575,533
Occupancy	139,654	12,630		152,284
Depreciation	85,295			85,295
Event expenses			78,908	78,908
Office expense		55,550		55,550
Advertising and promotion	18,512			18,512
Insurance	22,158	1,643		23,801
Professional fees		48,025		48,025
Contributions	16,643			16,643
Travel	6,214			6,214
Materials and supplies			2,235	2,235
TOTAL EXPENSES	\$ <u><u>11,100,519</u></u>	\$ <u><u>255,375</u></u>	\$ <u><u>199,267</u></u>	\$ <u><u>11,555,161</u></u>

See notes to financial statements.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Statement of Cash Flows

For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES -	
Change in net assets	\$ 790,163
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	85,295
Changes in assets and liabilities -	
Decrease in grants receivable	7,730
Decrease in miscellaneous receivable	158
Increase in inventory	(4,537)
Increase in deposits	(2,000)
Decrease in accounts payable	(11,295)
Increase in accrued wages	2,116
Decrease in deferred revenue	(10,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>857,630</u>
CASH FLOWS FROM INVESTING ACTIVITIES -	
Purchases of fixed assets	\$ (58,022)
Deposits paid	(23,219)
NET CASH USED FOR INVESTING ACTIVITIES	\$ <u>(81,241)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 776,389
Cash and cash equivalents, beginning of year	868,357
CASH AND CASH EQUIVALENTS , END OF YEAR	\$ <u><u>1,644,746</u></u>

See notes to financial statements.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Notes to Financial Statements

December 31, 2021

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 \$136,410 at December 31, 2021.

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 2020, 2019, and 2018 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, 2021.

ONE GENERATION AWAY, INC.
(A NONPROFIT ORGANIZATION)

Franklin, Tennessee

Notes to Financial Statements (continued)

December 31, 2021

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, 2021.

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 \$85,295 for the year ended December 31, 2021.

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 \$18,512 for the year ended December 31, 2021.

Contributed Services - The Organization relies on volunteers to deliver the program services to the Organization's clients, as well as to perform supporting services. Contributed services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No contributed services met the criteria for recognition for the year ended December 31, 2021.

Subsequent Events - Management has evaluated subsequent events through June 29, 2022, the date the financial statements were available to be issued.

Note B - CONCENTRATIONS

For the year ended 2021, one donor gave approximately 28% 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 deposit at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances, at times, may exceed the federally insured limit. At December 31, 2021, the Organization exceeded the insured limit by \$1,063,715. 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 - LEASE COMMITMENTS

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 lease was amended in August 2020 to accommodate additional space for an additional \$406 per month over the remaining term of the lease. The total lease expense for the year ended December 31, 2021 under this agreement totaled \$21,561.

ONE GENERATION AWAY, INC.
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Franklin, Tennessee

Notes to Financial Statements (continued)

December 31, 2021

Note C - LEASE COMMITMENTS (continued)

The Organization entered into a 60-month lease effective April 1, 2021. The agreement requires monthly lease payments of \$7,002. The total lease expense for the year ended December 31, 2021 under this agreement totaled \$86,254.

The minimum lease payments required under the operating lease as of December 31, 2021 are as follows:

<u>Year ending</u> <u>December 31,</u>	<u>Minimum Lease</u> <u>Commitments</u>
2022	\$ 85,913
2023	88,491
2024	91,145
2025	93,880
2026	<u>23,642</u>
	<u>\$ 383,071</u>

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, 2021:

Restricted for additional truck driver	\$ 3,343
Restricted for purchase of truck and refrigerated trailer	<u>133,067</u>
	<u>\$ 136,410</u>

Note E - 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>1,644,746</u>
	Total financial assets \$ <u>1,644,746</u>
Less amounts not available to be used within one year -	
Net assets with donor restrictions	\$ 136,410
Less net assets with purpose restrictions to be met in less than a year	<u>(136,410)</u>
	\$ <u>-</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>1,644,746</u>

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, 2021

Note F - 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.

Note G - PURCHASE COMMITMENT

Prior to December 31, 2021, the Organization entered into an agreement to purchase a truck and refrigerated trailer. In the year ended December 31, 2021, the Organization made a \$13,307 deposit toward the purchase. As of December 31, 2021, the truck and refrigerated trailer had not been delivered and the Organization had an outstanding purchase commitment of \$118,792 on the purchase.

Note H - RISKS AND UNCERTAINTIES RELATED TO THE PANDEMIC (COVID-19)

In March 2020, the World Health Organization classified a new strain of coronavirus outbreak as a pandemic (COVID-19). As a result of the outbreak, individuals, governments and financial markets have experienced unprecedented disruption and risk. The extent of the impact of COVID-19 on the Organization's operational and financial performance for the year ended December 31, 2021 cannot be measured. Additionally, subsequent to year end the effects of COVID-19 are ongoing. Risks associated with the outbreak have been lessened with the release of vaccines.