

**ONEGENERATION**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

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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, 2019, 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.

### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 ONEgeneration as of June 30, 2019, 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.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit 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), 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Report on Summarized Comparative Information*

We have previously audited ONEgeneration's June 30, 2018 financial statements, and our report dated February 14, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2020 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.*

Los Angeles, California  
March 2, 2020

**ONEGENERATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

	2019			2018
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents - general	\$ -	\$ 660,785	\$ 660,785	\$ 770,467
Cash and cash equivalents - board designated	10,375	-	10,375	10,375
Investments - board designated (Note 3)	251,360	-	251,360	250,734
Grants and fees receivable - net	1,119,833	-	1,119,833	236,532
Prepaid expenses	58,460	-	58,460	105,583
<i>Total current assets</i>	<u>1,440,028</u>	<u>660,785</u>	<u>2,100,813</u>	<u>1,373,691</u>
Property and equipment - net (Note 4)	<u>2,389,412</u>	<u>-</u>	<u>2,389,412</u>	<u>2,397,413</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,829,440</u></u>	<u><u>\$ 660,785</u></u>	<u><u>\$ 4,490,225</u></u>	<u><u>\$ 3,771,104</u></u>
<b>LIABILITIES</b>				
<i>Current liabilities</i>				
Accounts payable	\$ 772,054	\$ -	\$ 772,054	\$ 263,663
Accrued expenses (Note 5)	359,378	-	359,378	331,216
Deferred income	-	-	-	21,280
Notes payable - current (Note 6)	8,657	-	8,657	8,657
<i>Total current liabilities</i>	<u>1,140,089</u>	<u>-</u>	<u>1,140,089</u>	<u>624,816</u>
<i>Long-term liabilities</i>				
Notes payable (Note 6)	109,336	-	109,336	117,993
Line of credit (Note 7)	845,000	-	845,000	650,000
<i>Total long-term liabilities</i>	<u>954,336</u>	<u>-</u>	<u>954,336</u>	<u>767,993</u>
<b>TOTAL LIABILITIES</b>	<u>2,094,425</u>	<u>-</u>	<u>2,094,425</u>	<u>1,392,809</u>
<b>NET ASSETS</b>				
<i>Net assets without donor restrictions</i>				
General fund	1,473,280	-	1,473,280	1,346,719
Board designated fund	261,735	-	261,735	261,109
<i>Total net assets without donor restrictions</i>	<u>1,735,015</u>	<u>-</u>	<u>1,735,015</u>	<u>1,607,828</u>
Net assets with donor restrictions (Note 10)	<u>-</u>	<u>660,785</u>	<u>660,785</u>	<u>770,467</u>
<b>TOTAL NET ASSETS</b>	<u>1,735,015</u>	<u>660,785</u>	<u>2,395,800</u>	<u>2,378,295</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,829,440</u></u>	<u><u>\$ 660,785</u></u>	<u><u>\$ 4,490,225</u></u>	<u><u>\$ 3,771,104</u></u>

*See independent auditor's report and accompanying notes*

**ONEGENERATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

	2019		2018	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>REVENUE AND SUPPORT</b>				
<i>Support</i>				
Contributions	\$ 396,303	\$ 660,785	\$ 1,057,088	\$ 1,246,445
Government contracts	2,228,606	-	2,228,606	1,670,230
Special events	164,199	-	164,199	185,929
Program service donations	107,870	-	107,870	115,607
<b>Total support</b>	<u>2,896,978</u>	<u>660,785</u>	<u>3,557,763</u>	<u>3,218,211</u>
<i>Revenue</i>				
Daycare fees	3,184,599	-	3,184,599	2,983,637
Farmers market income	166,389	-	166,389	156,298
Other income	336,757	-	336,757	337,287
Travel income - senior program	51,315	-	51,315	59,579
Rental income	332,132	-	332,132	297,668
Interest income	972	-	972	554
<b>Total revenue</b>	<u>4,072,164</u>	<u>-</u>	<u>4,072,164</u>	<u>3,835,023</u>
Donated facilities (Note 11)	672,368	-	672,368	611,244
<i>Net assets released from restrictions (Note 11)</i>				
Satisfaction of program restrictions	770,467	(770,467)	-	-
<b>TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS</b>	<u>8,411,977</u>	<u>(109,682)</u>	<u>8,302,295</u>	<u>7,664,478</u>
<b>EXPENSES</b>				
<i>Program services</i>				
Department of aging	2,012,511	-	2,012,511	1,989,632
Childcare	2,929,348	-	2,929,348	2,618,142
Care management	234,259	-	234,259	19,417
Grandparents as parents	254,841	-	254,841	-
Adult day health care	576,844	-	576,844	491,696
Adult day social care	592,200	-	592,200	762,231
Senior services	467,087	-	467,087	390,421
Farmers market	61,895	-	61,895	88,078
<b>Total program services</b>	<u>7,128,985</u>	<u>-</u>	<u>7,128,985</u>	<u>6,359,617</u>
<i>Supporting services</i>				
Administrative	1,035,833	-	1,035,833	1,130,120
Fund development	119,972	-	119,972	46,198
<b>Total supporting services</b>	<u>1,155,805</u>	<u>-</u>	<u>1,155,805</u>	<u>1,176,318</u>
<b>TOTAL EXPENSES</b>	<u>8,284,790</u>	<u>-</u>	<u>8,284,790</u>	<u>7,535,935</u>
<b>CHANGE IN NET ASSETS</b>	127,187	(109,682)	17,505	128,543
<b>NET ASSETS, Beginning of year</b>	<u>1,607,828</u>	<u>770,467</u>	<u>2,378,295</u>	<u>2,249,752</u>
<b>NET ASSETS, End of year</b>	<u>\$ 1,735,015</u>	<u>\$ 660,785</u>	<u>\$ 2,395,800</u>	<u>\$ 2,378,295</u>

*See independent auditor's report and accompanying notes*

**ONEGENERATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

	2019									Supporting Services		2018	
	Program Services									Administration	Fund Development	TOTAL	TOTAL
	Department of Aging	Childcare	Care Management	Grandparents as Parents	Adult Day Health Care	Adult Day Social Care	Senior Services	Farmers Market	PROGRAM TOTAL				
Salaries	\$ 638,292	\$ 1,886,368	\$ 120,450	\$ 157,565	\$ 324,406	\$ 367,344	\$ 261,213	\$ 37,144	\$ 3,792,782	\$ 514,975	\$ 48,777	\$ 4,356,534	\$ 3,803,059
Payroll taxes and employee benefits	172,329	282,956	18,068	23,635	48,661	55,102	39,182	5,571	645,504	72,638	6,882	725,024	676,977
Total salaries, payroll taxes, and employee benefits	810,621	2,169,324	138,518	181,200	373,067	422,446	300,395	42,715	4,438,286	587,613	55,659	5,081,558	4,480,036
Advertising and recruitment	-	503	-	165	-	3,117	-	-	3,785	1,622	-	5,407	2,598
Audit	18,000	-	-	2,850	-	-	-	-	20,850	3,540	-	24,390	21,500
Bad debt	-	-	-	-	856	3,967	-	-	4,823	-	-	4,823	4,600
Bank charges	-	44,955	-	-	-	-	-	-	44,955	6,456	-	51,411	66,462
Board expenses	-	-	-	-	-	-	-	-	-	1,012	-	1,012	1,093
Computer expenses	-	13,542	792	1,680	5,130	5,092	1,896	267	28,399	4,088	-	32,487	28,667
Consulting	-	-	-	-	-	-	100	-	100	3,130	-	3,230	2,620
Depreciation	10,555	-	-	-	-	-	-	-	10,555	236,811	-	247,366	202,377
DOA - Indirect costs	158,987	-	4,769	-	-	-	-	-	163,756	-	-	163,756	151,371
Dues and subscriptions	-	-	-	-	2,943	-	710	-	3,653	2,235	-	5,888	7,358
Fund development	-	-	-	-	-	-	-	-	-	-	54,633	54,633	32,918
Insurance	17,766	16,100	941	430	2,771	3,135	2,229	317	43,689	4,864	-	48,553	50,543
Interest expenses	-	15,763	922	1,316	2,712	3,070	2,182	310	26,275	4,761	-	31,036	7,778
Legal and accounting	-	8,436	493	2,141	1,452	1,643	1,168	166	15,499	2,548	-	18,047	19,677
Maintenance and repair	150	117,479	5,897	8,882	17,352	19,635	14,107	1,985	185,487	39,548	-	225,035	226,642
Marketing and promotion	-	-	-	5,461	-	-	271	117	5,849	6,602	-	12,451	3,627
Meals	601,092	156,383	26,583	379	22,372	26,603	(1,883)	-	831,529	-	-	831,529	826,063
Mileage	20,739	-	-	5,997	205	-	4,580	61	31,582	5,825	-	37,407	30,054
Miscellaneous	-	26,054	1,088	5,408	5,320	4,231	3,980	6,778	52,859	5,625	-	58,484	57,598
Office supplies	33,349	20,853	694	2,153	2,793	2,363	18,675	1,273	82,153	3,587	-	85,740	79,820
Outside services/Professional fees	37,643	13,385	32,520	225	52,281	34,585	13,491	-	184,130	10,579	-	194,709	217,881
Postage	-	162	-	47	151	-	-	-	360	5,326	-	5,686	4,691
Printing	-	-	-	35	-	-	-	-	35	1,441	-	1,476	4,225
Seminars and training	-	16,489	-	10,280	2,829	1,990	10,288	-	41,876	622	-	42,498	33,058
Supplies	-	35,188	-	-	7,537	5,046	3,148	446	51,365	-	-	51,365	80,012
Taxes, license and permits	2,172	2,268	-	85	6,535	454	3,059	1,753	16,326	2,699	-	19,025	21,543
Telephone	23,693	11,565	676	2,877	1,990	2,252	1,839	228	45,120	3,494	-	48,614	33,962
Transportation	-	-	-	577	17,747	-	1,540	-	19,864	-	-	19,864	27,394
Travel expenses	-	-	-	-	-	-	44,199	-	44,199	-	-	44,199	43,780
Utilities	85,724	23,162	1,354	1,971	3,986	4,510	3,206	456	124,369	6,995	-	131,364	129,216
Vehicle fuel and maintenance	28,691	-	-	-	-	-	-	-	28,691	688	-	29,379	25,527
<b>Total expenses before donated facilities</b>	<b>1,849,182</b>	<b>2,691,611</b>	<b>215,247</b>	<b>234,159</b>	<b>530,029</b>	<b>544,139</b>	<b>429,180</b>	<b>56,872</b>	<b>6,550,419</b>	<b>951,711</b>	<b>110,292</b>	<b>7,612,422</b>	<b>6,924,691</b>
Donated facilities	163,329	237,737	19,012	20,682	46,815	48,061	37,907	5,023	578,566	84,122	9,680	672,368	611,244
<b>TOTAL EXPENSES</b>	<b>\$ 2,012,511</b>	<b>\$ 2,929,348</b>	<b>\$ 234,259</b>	<b>\$ 254,841</b>	<b>\$ 576,844</b>	<b>\$ 592,200</b>	<b>\$ 467,087</b>	<b>\$ 61,895</b>	<b>\$ 7,128,985</b>	<b>\$ 1,035,833</b>	<b>\$ 119,972</b>	<b>\$ 8,284,790</b>	<b>\$ 7,535,935</b>



**ONEGENERATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 17,505	\$ 128,543
Adjustments to reconcile change in net assets to net cash (used)/provided by operating activities		
Depreciation	247,366	202,377
Change in allowance for doubtful accounts	3,009	(6,714)
Change in present value discount	3,343	3,343
(Increase) decrease in assets		
Grants and fees receivable	(886,310)	81,722
Pledges receivable	-	15,000
Prepaid expenses	47,123	16,890
Increase (decrease) in liabilities		
Accounts payable	508,391	25,440
Accrued expenses	28,162	33,613
Deferred income	(21,280)	21,280
Net cash (used)/provided by operating activities	<u>(52,691)</u>	<u>521,494</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(626)	(50,494)
Capital expenditures	(239,365)	(630,835)
Net cash (used) by investing activities	<u>(239,991)</u>	<u>(681,329)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(12,000)	(12,000)
Repayments on line of credit	(715,100)	(420,000)
Borrowings from line of credit	910,100	980,000
Net cash provided by financing activities	<u>183,000</u>	<u>548,000</u>
<b>NET (DECREASE)/INCREASE IN CASH</b>	(109,682)	388,165
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>780,842</u>	<u>392,677</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 671,160</u>	<u>\$ 780,842</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>		
Interest paid	<u>\$ 31,036</u>	<u>\$ 7,778</u>

*See independent auditor's report and accompanying notes*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

**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 43<sup>rd</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**

**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 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  
NOTES TO FINANCIAL STATEMENTS**

**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.

**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 on, 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, 2015 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, 2015 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.

**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, 2019 and 2018 the uninsured amounts was \$23,968 and \$569,809, respectively.

*(Note 2 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

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

**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. 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.

**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, 2019 and 2018 government grants receivable were \$1,054,142 and \$189,498, 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 getting 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, 2019 and 2018 were \$18,991 and \$12,644, respectively.

At June 30, 2019 and 2018 other receivables are composed of childcare fees receivable of none and \$2,130, respectively, and of adult care fees receivable of \$44,989 and \$41,865, respectively, and of employee advances of none and \$2,625, respectively.

The allowance for doubtful accounts includes any grants and fees receivable balances that are determined to be uncollectible, along with a general reserve. The balance in the allowance for doubtful accounts as of June 30, 2019 and 2018 was \$15,239 and \$12,230, respectively.

*(Note 2 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

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

**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.

**Grant Revenue**

The Organization receives funding through federal grants. Grant revenue includes exchange transactions 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.

**Advertising**

Advertising costs are expensed as incurred. During the years ended June 30, 2019 and 2018, advertising costs totaled \$5,407 and \$2,598, respectively.

**Vacation and Sick 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.

**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.

Several factors could contribute to short-term financial problems that adversely affect the Organization's cash flows. These problems include budgetary issues at the state level, which could result in a reduction in operating grants, as well as potential reductions in private donations. The Organization's Board of Directors has discussed these risks and uncertainties and has formulated alternative strategic plans to mitigate the effects of these concerns.

*(Note 2 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

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

**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, 2018, from which the summarized information was derived.

**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: audit, bank charges, computer expenses, insurance, interest expenses, legal and accounting, maintenance and repair, mileage, taxes, license and permits, telephone and utilities. 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, 2019. 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 2 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

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

***Presentation of Financial Statements of Not-for-Profit Entities*** – In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user’s ability to assess an entity’s available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The Organization has adopted ASU 2016-14 in these financial statements on a retrospective basis.

***Guidance for Contributions Received and Made*** – In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Made. This update requires a recipient of funds from a resource provider to determine if those funds should be classified as a reciprocal exchange transaction or as a contribution based on the value that the resource provider is receiving from the transaction. Additionally, the update requires recipient organizations to determine whether a contribution is conditional based on if the agreement includes barriers that must be overcome, and either a right of return of assets transferred, or a right of release of a resource provider’s obligation to transfer assets. If the agreement includes both characteristics, the recipient is not entitled to the transferred assets, and therefore does not recognize the associated revenues, until the barrier is overcome.

**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.

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:

*(Note 3 continued on the following page)*



**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

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

- 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, 2019 and 2018.

<i>Assets at Fair Value as of June 30, 2019</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Certificates of deposit	\$ <u>251,360</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>251,360</u>
<i>Assets at Fair Value as of June 30, 2018</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Certificates of deposit	\$ <u>250,734</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>250,734</u>

*(Note 3 continued on the following page)*

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

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

**Level 3 Gains and Losses**

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30:

	<i>Pledges Receivable</i>	
	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ -	\$ 15,000
New pledges	-	
Payments received		(15,000)
Change in allowance for uncollectible accounts	-	-
Change in present value discount	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>Method</u>	<u>Estimated Useful Lives (Years)</u>	<u>2019</u>	<u>2018</u>
Furniture and fixtures	Straight-line	5 – 24	\$ 1,000,116	\$ 964,045
Vehicles	Straight-line	7	222,160	222,160
Leasehold improvements	Straight-line	5 – 40	<u>3,976,363</u>	<u>3,773,069</u>
			5,198,639	4,959,274
Less: accumulated depreciation			<u>(2,809,227)</u>	<u>(2,561,861)</u>
			<u>\$ 2,389,412</u>	<u>\$ 2,397,413</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$247,366 and \$202,377, respectively.

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – ACCRUED EXPENSES**

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

	<u>2019</u>	<u>2018</u>
Payroll and payroll taxes	\$ 195,493	\$ 171,486
Vacation	160,363	125,085
Unemployment claims reserve	-	32,836
Other	3,522	1,809
	<u>\$ 359,378</u>	<u>\$ 331,216</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, 2019 and 2018 was \$117,993 and \$126,650, respectively.

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

	<u>2019</u>	<u>2018</u>
Face amount of the note	\$ 131,000	\$ 143,000
Present value discount	(13,007)	(16,350)
Present value of future payments	<u>\$ 117,993</u>	<u>\$ 126,650</u>

The following is a schedule of the future minimum principal for the Organization’s notes payable as of June 30, 2019:

Years ending June 30:		
2020	\$	8,657
2021		8,657
2022		8,657
2023		<u>92,022</u>
	<u>\$</u>	<u>117,993</u>

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

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

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 was \$100,000. The line of credit bears interest at a variable rate determined as the Prime Rate plus 0.75 basis points per annum (5.5% as of June 30, 2019). The line of credit originally expired on November 20, 2017 with an option to renew the agreement in order to extend the maturity date. On September 15, 2017 the Organization signed an extension agreement with the bank to extend the maturity date to November 20, 2018 and increase the cap amount to \$400,000. On November 21, 2018 the organization signed an extension agreement with the bank to extend the maturity date to November 20, 2019 and the cap amount increased to \$600,000. On November 12, 2019 the Organization signed and extension agreement to extend the maturity date to May 20, 2020. Borrowings are secured by substantially all of the assets of ONEgeneration. At June 30, 2019 and 2018, the Organization had \$595,000 and \$400,000 outstanding under this line of credit, respectively.

The second revolving line of credit had a maximum borrowing limit of \$100,000. The line of credit bears interest at a fixed rate of 2.12%. The line of credit was set to expire on June 30, 2017; however, on June 19, 2017 the Organization signed an extension agreement with the bank to extend the maturity date to December 29, 2017, increased the cap amount to \$200,000, and increased the interest rate to 2.22%. On January 4, 2018 the Organization signed an extension agreement with the bank to extend the maturity date to June 28, 2018 and increase the cap amount to \$250,000. On June 29, 2018 the Organization signed an extension agreement with the bank to extend the maturity date to December 28, 2018. On December 18, 2018 the Organization signed an extension agreement with the bank to extend the maturity date to June 28, 2019. On June 27, 2019 the Organization signed an extension agreement with the bank to extend the maturity date to December 28, 2019, with a rate of 2% over the index. On November 26, 2019 the Organization signed an extension agreement with the bank to extend the maturity date to June 26, 2020. Borrowings are collateralized by a security interest in a Certificate of Deposit of \$250,000 that is under deposit with the same bank. At June 30, 2019 and 2018, ONEgeneration had \$250,000 outstanding under this line of credit.

**NOTE 8 – 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 June 30, 2020. The monthly lease payment is \$900. The following is a schedule of minimum future lease payments as of June 30, 2019.

Years ending June 30:	
2020	\$ 10,800
	\$ <u>10,800</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$32,487 and \$28,667, respectively.

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – 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, 2019 and 2018 was \$40,331 and \$34,335, respectively.

**NOTE 10– NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods, as of June 30:

	<u>2019</u>	<u>2018</u>
<i>Subject to expenditure for the specified purpose:</i>		
PCL Program	\$ -	\$ 10,000
Capital projects	60,285	157,560
Direct services	600,500	602,907
	<u>\$ 660,785</u>	<u>\$ 770,467</u>

**NOTE 11 – 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>2019</u>	<u>2018</u>
<i>Expenditure for a specified purpose:</i>		
PCL program	\$ 10,000	\$ -
Capital projects	157,560	-
Meals program	-	22,000
Direct services	602,907	504,928
	<u>770,467</u>	<u>526,928</u>
<i>Expiration of time restrictions:</i>	<u>-</u>	<u>15,000</u>
	<u>\$ 770,467</u>	<u>\$ 541,928</u>

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
In-kind services, calculated at a range of \$15.24 to \$20.63 per hour for volunteers contributing services as care managers, house cleaners, shoppers, and clerical support and others	\$ 298,524	\$ 171,432

During the years ended June 30, 2019 and 2018 the Organization received free rent for its corporate offices and day care center facilities in the amounts of \$672,368 and \$611,244, respectively. The contributions were recorded at their fair market value at the date of donation. Equal amounts were also recorded as an expense.

**NOTE 13 – 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
	\$ 261,735	\$ 261,109

Activity in the fund for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 261,109	\$ 210,615
Contributions	-	50,000
Interest income	626	494
Ending balance	<u>\$ 261,735</u>	<u>\$ 261,109</u>

**ONEGENERATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – AVAILABILITY OF FINANCIAL ASSETS**

The following reflects The Organization's financial assets as of June 30, 2019 and 2018, 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 investing 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, 2019 have not been subtracted as unavailable.

The Organization's financial assets available within one year of June 30, 2019 for general expenditure are as follows:

<b><i>Financial assets, at year end</i></b>	
Cash and cash equivalents	\$ 167,607
Certificates of deposit	251,360
Grants and fees receivable	1,119,833
<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 time or purpose restrictions	(660,785)
<i>Board designations:</i>	
Reserve fund	(261,735)
Total	<u>\$ 616,280</u>

The Organization's financial assets available within one year of June 30, 2018 for general expenditure are as follows:

<b><i>Financial assets, at year end</i></b>	
Cash and cash equivalents	\$ 780,842
Certificates of deposit	250,734
Grants and fees receivable	236,532
<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 time or purpose restrictions	(770,467)
<i>Board designations:</i>	
Reserve fund	(261,109)
Total	<u>\$ 236,532</u>

**NOTE 15 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2019 have been evaluated through March 2, 2020, 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 disclosures 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, 2019**

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Contract Number	Total Expenditures
<b><i>Federal award expenditures</i></b>			
<u>U.S. Department of Health and Human Services:</u>			
Special programs for the aging			
Pass-through, City of Los Angeles Department of Aging:			
Title III B, Social Services	93.044	130173	\$ 266,714
Title III C-1, Congregate Meals	93.045	130173	497,186
Title III C-2, Home Delivered Meals	93.045	130173	652,797
Title III C-1, NSIP - Nutrition Services Incentives Program	93.053	130173	50,405
Title III C-2, NSIP - Nutrition Services Incentives Program	93.053	130173	48,110
			<u>1,515,212</u>
Administration for Community Living	93.47	90ADP10016-01-00	57,405
			<u>1,572,617</u>
<u>U.S. Department of Agriculture</u>			
Pass-through, California Department of Education			
Child and Adult Care Food Program	10.558	05026	28,818
Pass-through, Food and Nutrition Services, California Department of Food and Agriculture, and the City of Los Angeles Department of Aging:			
Senior Farmer's Market Nutrition Program (SFMNP)	10.576	128202	5,800
			<u>34,618</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-through, City of Los Angeles Department of Aging:			
Evidence Based Program (07/01/2018-03/31/2019)	14.218	127815	56,250
Evidence Based Program (04/01/2019-06/30/2019)	14.218	129256	18,750
			<u>75,000</u>
			<u>1,682,235</u>
<b><i>Total federal award expenditures</i></b>			
<b><i>Non-federal award expenditures</i></b>			
City of Los Angeles Department of Aging:			
Proposition A, Transportation Assistance Program	N/A	132033	258,970
			<u>258,970</u>
<b><i>Total non-federal award expenditures</i></b>			
			<u>258,970</u>
<b><i>Total federal and non-federal award expenditures</i></b>			
			<u>\$ 1,941,205</u>



**ONEGENERATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

***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, 2019. 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.



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**INDEPENDENT AUDITOR'S 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***

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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ONEgeneration as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise ONEgeneration's basic financial statements, and have issued our report thereon dated March 2, 2020.

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***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 determination of financial statement amounts. 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.*

Los Angeles, California  
March 2, 2020



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM  
GUIDANCE**

To the Board of Directors of  
ONEgeneration  
Van Nuys, California

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of ONEgeneration's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ONEgeneration's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ONEgeneration's compliance.

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

In our opinion, ONEgeneration complied, in all material respects, with the types of 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, 2019.

### **Report on Internal Control over Compliance**

Management of ONEgeneration is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ONEgeneration's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ONEgeneration's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.*

Los Angeles, California  
March 2, 2020

**ONEGENERATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**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 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 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 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, and, the Nutrition Services Incentive 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, 2019**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

	<b>2019</b>					<b>2018</b>	
	<b>Title III B</b>	<b>Title III C1</b>	<b>Title III C2</b>	<b>Prop A</b>	<b>Evidence Based Program</b>	<b>TOTAL</b>	<b>TOTAL</b>
Salaries	\$ 131,694	\$ 135,250	\$ 184,430	\$ 134,363	\$ 52,555	\$ 638,292	\$ 599,553
Payroll taxes and employee benefits	35,554	36,514	49,795	36,277	14,189	172,329	161,885
Total salaries, payroll taxes, and employee benefits	167,248	171,764	234,225	170,640	66,744	810,621	761,438
Audit	4,000	4,800	4,400	4,800	-	18,000	14,802
DOA - Indirect costs	23,704	44,660	60,741	23,063	6,819	158,987	151,371
Insurance	6,000	3,600	3,300	4,712	154	17,766	28,007
Maintenance and repair	-	-	-	-	150	150	-
Meals	-	272,902	328,190	-	-	601,092	622,443
Mileage	-	-	20,739	-	-	20,739	24,755
Office supplies	7,171	10,473	10,605	3,967	1,133	33,349	39,470
Outside services/Professional fees	37,643	-	-	-	-	37,643	48,095
Taxes, license and permits	-	-	-	2,172	-	2,172	2,120
Telephone	3,149	7,236	7,492	5,816	-	23,693	22,322
Utilities	13,157	29,620	27,838	15,109	-	85,724	87,738
Vehicle fuel and maintenance	-	-	-	28,691	-	28,691	22,280
Subtotal functional expenses	262,072	545,055	697,530	258,970	75,000	1,838,627	1,824,841
Depreciation	4,642	2,536	3,377	-	-	10,555	3,411
<b>Total expenses before donated facilities</b>	266,714	547,591	700,907	258,970	75,000	1,849,182	1,828,252
Donated facilities						163,329	161,380
<b>TOTAL EXPENSES</b>	<b>\$ 266,714</b>	<b>\$ 547,591</b>	<b>\$ 700,907</b>	<b>\$ 258,970</b>	<b>\$ 75,000</b>	<b>\$ 2,012,511</b>	<b>\$ 1,989,632</b>

*See independent auditor's report and accompanying notes*