

**ONE GENERATION AWAY, INC.**  
**(A NONPROFIT ORGANIZATION)**

**FRANKLIN, TENNESSEE**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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# JOBE, HASTINGS & ASSOCIATES

## *Certified Public Accountants*

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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, 2022, 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, 2022, 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.

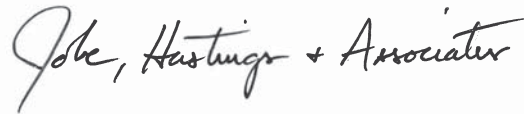
In performing an audit in accordance with generally accepted auditing standards, we:

- 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.

A handwritten signature in black ink that reads "Joke, Hastings + Associates". The signature is written in a cursive, flowing style.

Certified Public Accountants

Murfreesboro, Tennessee  
July 7, 2023

**ONE GENERATION AWAY, INC.**  
**(A NONPROFIT ORGANIZATION)**

**Franklin, Tennessee**

**Statement of Financial Position**

**December 31, 2022**

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**ASSETS**

Current Assets -		
Cash and cash equivalents	\$	1,827,255
Prepaid expenses		7,976
Inventory		370,320
Deposits		9,912
	TOTAL CURRENT ASSETS	\$ <u>2,215,463</u>
Fixed Assets -		
Vehicles	\$	463,096
Equipment		151,589
Leasehold improvements		14,495
		\$ <u>629,180</u>
Less accumulated depreciation		<u>(366,057)</u>
		\$ <u>263,123</u>
Other Assets -		
Operating lease right-of-use asset, net of accumulated amortization of \$85,641	\$	286,489
		\$ <u>286,489</u>
	TOTAL ASSETS	\$ <u><u>2,765,075</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities -		
Accounts payable	\$	30,257
Accrued wages		10,432
Current portion of operating lease liability		85,139
	TOTAL CURRENT LIABILITIES	\$ <u>125,828</u>
Long-Term Liabilities -		
Operating lease liability, net of current portion	\$	205,571
	TOTAL LONG-TERM LIABILITIES	\$ <u>205,571</u>
	TOTAL LIABILITIES	\$ <u>331,399</u>
Net Assets -		
Without donor restrictions	\$	2,296,738
With donor restrictions		136,938
	TOTAL NET ASSETS	\$ <u>2,433,676</u>
	TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>2,765,075</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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support -			
Contributions -			
Contributions	\$ 1,332,880		\$ 1,332,880
Fund-raising events	331,718		331,718
Grants	223,208		223,208
Donated food	8,959,152		8,959,152
Miscellaneous income	7,354		7,354
Net assets released from restrictions	180,583	\$ (180,583)	
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>\$ 11,034,895</u>	<u>\$ (180,583)</u>	<u>\$ 10,854,312</u>
Expenses -			
Program services	\$ 10,291,798		\$ 10,291,798
Supporting services -			
Management and general	272,325		272,325
Fundraising	186,953		186,953
TOTAL EXPENSES	<u>\$ 10,751,076</u>		<u>\$ 10,751,076</u>
CHANGE IN NET ASSETS	\$ 283,819	\$ (180,583)	\$ 103,236
Net Assets, Beginning of year, as restated	2,012,919	317,521	2,330,440
NET ASSETS, END OF YEAR	<u><u>\$ 2,296,738</u></u>	<u><u>\$ 136,938</u></u>	<u><u>\$ 2,433,676</u></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, 2022**

			<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>	
Salaries	\$ 330,093	\$ 97,865	\$ 75,344	\$ 503,302	
Payroll taxes	26,164	7,757	5,972	39,893	
Payroll fees	8,420	2,065	1,922	12,407	
Employee benefits	8,357	1,679	1,907	11,943	
TOTAL SALARIES AND RELATED EXPENSES	\$ 373,034	\$ 109,366	\$ 85,145	\$ 567,545	
Food distribution	9,521,364			9,521,364	
Occupancy	158,224	14,478	1,935	174,637	
Event expenses			99,112	99,112	
Depreciation	96,936			96,936	
Advertising and promotion	78,158			78,158	
Office expense		77,988	26	78,014	
Professional fees		66,124		66,124	
Contributions	27,755		416	28,171	
Insurance	20,049	2,619		22,668	
Travel	16,278		319	16,597	
Conferences and meetings		1,750		1,750	
TOTAL EXPENSES	\$ 10,291,798	\$ 272,325	\$ 186,953	\$ 10,751,076	

See notes to financial statements.

**ONE GENERATION AWAY, INC.**  
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**Franklin, Tennessee**

**Statement of Cash Flows**

**For the Year Ended December 31, 2022**

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CASH FLOWS FROM OPERATING ACTIVITIES -

Change in net assets	\$ 103,236
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	96,936
Changes in assets and liabilities -	
Decrease in inventory	88,159
Increase in prepaid expenses	(5,976)
Decrease in operating lease right-of-use asset, net of accumulated amortization	85,641
Increase in accounts payable	24,048
Increase in accrued wages	2,492
Decrease in lease liability	(81,420)

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>313,116</u>
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CASH FLOWS FROM INVESTING ACTIVITIES -

Purchases of fixed assets	\$ <u>(130,607)</u>
NET CASH USED FOR INVESTING ACTIVITIES	\$ <u>(130,607)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 182,509
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Cash and cash equivalents, beginning of year	1,644,746
CASH AND CASH EQUIVALENTS , END OF YEAR	\$ <u><u>1,827,255</u></u>

NON CASH INVESTING ACTIVITIES -

Prior year deposit applied toward purchase of fixed asset	\$ <u>(13,307)</u>
	\$ <u><u>(13,307)</u></u>

See notes to financial statements.



**ONE GENERATION AWAY, INC.**  
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**Franklin, Tennessee**

**Notes to Financial Statements**

**December 31, 2022**

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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 \$136,938 at December 31, 2022.

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 2021, 2020, and 2019 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, 2022.

**ONE GENERATION AWAY, INC.**  
**(A NONPROFIT ORGANIZATION)**

**Franklin, Tennessee**

**Notes to Financial Statements (continued)**

**December 31, 2022**

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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, 2022.

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 \$96,936 for the year ended December 31, 2022.

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 \$78,158 for the year ended December 31, 2022.

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, 2022.

Reclassifications - Reclassifications between net assets without donor restriction and net assets with donor restriction in the amount of \$181,111 have been made to the prior year financial statements in order to conform with the current year presentation.

Implementation of FASB ASU 2016-02, Leases - In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which among other things, requires the recognition of right-to-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to existing guidance for operating leases. The Organization implemented the standard for the year ended December 31, 2022. As a result, the Organization recorded an operating lease right-of-use asset and an operating lease liability as of January 1, 2022, the date of implementation of the new standard. See Note C.

Subsequent Events - Management has evaluated subsequent events through July 7, 2023, the date the financial statements were available to be issued.

Note B - CONCENTRATIONS

For the year ended 2022, two donors gave approximately 49% 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, 2022, the Organization exceeded the insured limit by \$1,245,237. 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.

**ONE GENERATION AWAY, INC.**  
**(A NONPROFIT ORGANIZATION)**

**Franklin, Tennessee**

**Notes to Financial Statements (continued)**

**December 31, 2022**

**Note C - LEASE COMMITMENTS**

The Organization entered into a 60-month lease effective April 1, 2021. This lease has been classified as an operating lease under the new lease standard. The initial monthly rental installment under the lease was \$7,002 which increased 3% after each 12-month period under the lease term. In addition to the monthly rental installment, the Organization is responsible for an annual rental adjustment which includes costs for the landlord to operate, repair and maintain the building and common areas in good condition and repair. These additional annual rental adjustment costs are considered non-lease costs and have not been included in the operating lease right-of-use asset or operating lease liability.

The following summarizes the line items in the balance sheet which include amounts for the operating lease as of December 31, 2022:

Operating lease - right-of-use asset	\$ <u>286,489</u>
Current operating lease liability	\$ 85,139
Long-term operating lease liability	<u>205,571</u>
Total operating lease liability	\$ <u>290,710</u>

The lease did not provide an implicit rate, so the Organization used the risk-free rate of return for the discount rate to determine the present value of the future lease payments. Lease cost for the year ended December 31, 2022 was \$117,710.

The minimum lease payments required under the operating lease as of December 31, 2022 are as follows:

<u>Year ending</u> <u>December 31,</u>	
2023	\$ 88,491
2024	91,145
2025	93,880
2026	<u>23,642</u>
Total Lease payments	\$ 297,158
Less discount	<u>(6,448)</u>
Present value of lease liability	\$ <u>290,710</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, 2022:

Disaster relief	\$ <u>136,938</u>
	\$ <u>136,938</u>

**ONE GENERATION AWAY, INC.**  
**(A NONPROFIT ORGANIZATION)**

**Franklin, Tennessee**

**Notes to Financial Statements (continued)**

**December 31, 2022**

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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

\$ 1,827,255

Total financial assets      \$ 1,827,255

Less amounts not available to be used within one year -

Net assets with donor restrictions

\$ 136,938

Less net assets with purpose restrictions to be  
met in less than a year

(136,938)

\$ -

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

\$ 1,827,255

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.

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.