

**GENERATION: YOU EMPLOYED, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2018**



**GENERATION: YOU EMPLOYED, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

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## **REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
Generation: You Employed, Inc.

We have audited the accompanying consolidated financial statements of Generation: You Employed, Inc. (GYE), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Career Readiness Social Initiative Limited (Kenya) and Fundación Generation Spain, not-for-profit membership corporations of which GYE is the sole member, which statements reflect total assets of \$494,948 and \$409,587, respectively, as of December 31, 2018, and total revenues of \$476,584 and \$1,255,253, respectively, for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Career Readiness Social Initiative Limited (Kenya) and Fundación Generation Spain, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Generation: You Employed, Inc. and its controlled entities as of December 31, 2018, and the consolidated changes in their net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information is presented for purposes of additional analysis of the consolidated 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 consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CalibreCPAGroup, PLLC*

Bethesda, MD

October 18, 2019, except for information regarding

In-kind contributions, for which the date is November 26, 2019

**GENERATION: YOU EMPLOYED, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 7,505,928
Short term investments	172,795
Accounts receivable	476,352
Grants and contributions receivable	4,479,709
Prepaid expenses	<u>156,909</u>
Total current assets	12,791,693

NONCURRENT ASSETS

Grants and contributions receivable, net of current portion	2,823,182
Property and equipment, net	<u>71,909</u>
Total assets	<u>\$ 15,686,784</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 599,152
Accrued expenses	533,658
Deferred revenue	<u>382,728</u>
Total liabilities	<u>1,515,538</u>

NET ASSETS

Without donor restrictions	302,377
With donor restrictions	<u>13,868,869</u>
Total net assets	<u>14,171,246</u>
Total liabilities and net assets	<u>\$ 15,686,784</u>

See accompanying notes to financial statements.

**GENERATION: YOU EMPLOYED, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Grants and contributions	\$ 2,646,406	\$ 5,773,452	\$ 8,419,858
Government grants	-	7,195,743	7,195,743
In-kind contributions	11,804,333	-	11,804,333
Other income	370,066	-	370,066
Net assets released from restrictions	10,776,585	(10,776,585)	-
Total revenue	25,597,390	2,192,610	27,790,000
<b>EXPENSES</b>			
Generation program			
United States	7,292,558	-	7,292,558
Kenya	3,463,267	-	3,463,267
Mexico	1,835,525	-	1,835,525
Spain	1,943,537	-	1,943,537
Global	7,227,943	-	7,227,943
Total generation program	21,762,830	-	21,762,830
Management and general	3,646,335	-	3,646,335
Total expenses	25,409,165	-	25,409,165
<b>CHANGE IN NET ASSETS</b>	188,225	2,192,610	2,380,835
<b>NET ASSETS</b>			
Beginning of year	114,152	11,676,259	11,790,411
End of year	\$ 302,377	\$ 13,868,869	\$ 14,171,246

See accompanying notes to financial statements.

**GENERATION: YOU EMPLOYED, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2018

	Generation						Management and General	Total
	U.S.	Kenya	Mexico	Spain	GYE Global	Total		
Salaries and fringe - direct	\$ 2,683,263	\$ 114,745	\$ 601,648	\$ 509,539	\$ -	\$ 3,909,195	\$ 1,721,329	\$ 5,630,524
Salaries and fringe - in-kind	2,454,326	1,372,216	1,040,800	553,947	6,259,778	11,681,067	-	11,681,067
Direct subcontractor costs	1,177,169	1,405,525	-	-	796,081	3,378,775	424,411	3,803,186
Direct materials and other costs	711,015	457,615	51,703	865,312	55,631	2,141,276	288,059	2,429,335
Travel	207,422	48,360	8,520	7,025	72,339	343,666	260,836	604,502
Accounting and legal	2,500	5,407	23,010	-	37,870	68,787	523,736	592,523
Office expenses	39,124	12,149	8,918	6,873	3,082	70,146	229,898	300,044
Occupancy - direct	17,261	13,655	45,686	-	-	76,602	6,904	83,506
Occupancy - in-kind	-	-	-	-	-	-	123,266	123,266
Other expenses	363	-	40,227	-	3,162	43,752	38,906	82,658
Student related expenses	115	18,921	4,672	-	-	23,708	-	23,708
Consultants	-	-	10,341	-	-	10,341	28,990	39,331
Depreciation	-	14,674	-	841	-	15,515	-	15,515
Total expenses	<u>\$ 7,292,558</u>	<u>\$ 3,463,267</u>	<u>\$ 1,835,525</u>	<u>\$ 1,943,537</u>	<u>\$ 7,227,943</u>	<u>\$ 21,762,830</u>	<u>\$ 3,646,335</u>	<u>\$ 25,409,165</u>

See accompanying notes to consolidated financial statements.

**GENERATION: YOU EMPLOYED, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,380,835
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	15,515
Changes in assets and liabilities	
Accounts receivable	338,527
Grants and contributions receivable	(1,199,741)
Prepaid expenses and other assets	(107,270)
Accounts payable	345,591
Accrued expenses	208,553
Deferred revenue	<u>175,037</u>
Net cash provided by operating activities	<u>2,157,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of short term investments	(122,668)
Purchases of property and equipment	<u>(7,973)</u>
Net cash used for investing activities	<u>(130,641)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,026,406
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>5,479,522</u>
End of year	<u>\$ 7,505,928</u>

See accompanying notes to consolidated financial statements.



**GENERATION: YOU EMPLOYED, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2018

**NOTE 1. ORGANIZATION AND PROGRAM SERVICES**

Generation: You Employed, Inc. (GYE, formerly known as McKinsey Social Initiative) is an independent nonprofit organization founded by McKinsey & Company (McKinsey), built to develop innovative approaches to complex social challenges. It is a separate organization exempt under Internal Revenue Code (IRC) Section 501(c)(3) that houses programs focusing on a single issue. These programs convene diverse partnerships to co-create new methodologies, and they apply McKinsey's analytical and management expertise to shape powerful cross-disciplinary approaches. GYE helps manage and implement solutions at speed and scale, and test and improve those solutions, so they can be shared and replicated.

Today, more than 75 million young adults are out of work, and three times as many are under employed. At the same time, 40 percent of employers say a skills shortage is leaving them with entry-level vacancies. Generation aims to close this gap through an ambitious program that accelerates learning, places disconnected young adults in jobs, and gives them the skills and support they need to achieve enduring personal and professional success.

Generation aims to connect young people to skills and jobs across fifteen countries by 2020. By the end of 2018, we had nearly 25,000 graduates in nine countries and 90 cities. Generation has 84% graduation rate and 81% job placement rate and 2,600+ employer partners, of whom 83% say they would hire from Generation again. Generation empowers young people to build thriving, sustainable careers and to provide employers the highly skilled, motivated talent they need.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation** - The consolidated financial statements include the accounts of Generation: You Employed, Inc. (Global), and its controlled affiliates - Generation LLC (U.S.), Career Readiness Social Initiative Limited (Kenya), MSI Generation Servicios S.A. de C.V. (Mexico), and Fundación Generation Spain (Spain). Significant intra-entity accounts and transactions have been eliminated in consolidation, including amounts due to Global for items such as subsidies, working capital loans, affiliate dues and share capitalizations.

**Basis of Accounting** - The accompanying consolidated financial statements have been prepared using the accrual method of accounting. Revenue is recognized when earned and expenses when the obligation is incurred.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Financial Statement Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, GYE 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.

**Income Taxes** - GYE is exempt from Federal income taxes as a public charity under Section 501(c)(3) of the IRC. GYE is not classified as a private foundation. Any income of GYE that is not related to exempt purposes of the organization, less any applicable deductions, is subject to federal and state taxes.

GYE accounts for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

In December 2017, the Tax Cuts and Jobs Act of 2017 was signed into law. Under the provisions of the law, transportation benefits provided by GYE to employees are subject to unrelated business income tax effective January 1, 2018. As a result, GYE incurred a de minimis amount of unrelated business income tax related to transportation benefits provided for the year ended December 31, 2018.

GYE performed an evaluation of uncertain tax positions for the years ended December 31, 2018, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have an effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remains open with the U.S. federal jurisdiction. It is GYE's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

**Use of Estimates** - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Investments** - Investments consist of amounts held in fixed deposit and treasury securities held by GYE's Kenyan affiliate and are reported at fair value, estimated based on actual cost. Fair value is 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. Purchases and sales of securities are recorded on a trade-date-basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

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

Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains (losses) arising from sales of securities are included in investment income. Investment income is reported in the consolidated statement of activities net of all external and direct internal investment expenses.

**Accounts, Grants and Contributions Receivable** - Accounts, grants and contributions receivable are reported at net realizable value, or the amount GYE expects to collect. GYE's management periodically reviews the status of all receivable balances for collectability. As a result of these reviews, receivable balances deemed to be uncollectible are written-off. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debts had been recorded. Management believes the balance due as of December 31, 2018 is fully collectible. There were no amounts written-off during the year ended December 31, 2018.

**Deferred Revenue** - Deferred revenue consists of unexpended amounts received from grant agreements that are refundable if not spent in future periods. Such amounts will be recognized as revenue as related allowable expenses are incurred.

**Net Assets** - Net assets are reported in two distinct classes as follows:

*Net assets without donor restrictions* - These net assets are available to finance the general operations of GYE. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of GYE's, the environment in which it operates, and the purposes specified in its organizing documents.

*Net assets with donor restrictions* - These net assets result from contributions and other inflows of assets, the use of which by GYE is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Net assets previously reported as of December 31, 2017, were restated to account for the effects of consolidating controlled foreign affiliates. Accordingly, amounts previously reported as unrestricted (and total) net assets were increased by \$84,174 as of that date, and renamed as net assets without donor restrictions. Amounts previously reported as temporarily restricted net assets were unaffected and renamed as net assets with donor restrictions.

**Contributions** - Donor-restricted contributions are generally reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**In-kind Contributions** - GYE receives in-kind contributions, primarily in the form of donated salaries and occupancy costs. GYE's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions have been recognized as revenue and related expense at estimated fair value.

**Functional Allocation of Expenses** - The costs of providing the various programs and supporting activities of the organization have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Other common costs such as occupancy, depreciation and related infrastructure costs are also allocated based on employee time and effort studies.

**New Accounting Pronouncement Adopted** - During the year ended December 31, 2018, the organization adopted the provisions of Accounting Standards Update 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (the Update). The Update amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets - those with donor restrictions and those without donor restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as a separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and the availability of financial resources; requiring the presentation of investment return net of all external and direct internal expenses; and modifying the presentation of underwater endowment funds and related disclosures.

## NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of GYE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table represents the organization's financial assets available to meet cash needs for general expenditures within one year as of December 31, 2018.

**NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)**

Total assets at end of year	\$ 15,686,784
Less nonfinancial assets	
Prepaid expenses	(156,909)
Property and equipment, net	<u>(71,909)</u>
Total financial assets at end of year	15,457,966
Less amounts not available for to meet general expenditures coming due within one year	
Amounts subject to donor purpose restrictions	<u>(13,868,869)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,589,097</u>

**NOTE 4. FAIR VALUE MEASUREMENTS**

Investments consist of amounts held in fixed deposit and treasury securities held by GYE's Kenyan affiliate and are reported at fair value, estimated based on actual cost. In accordance with U.S. generally accepted accounting principles, the Organization uses the following prioritized input levels to measure investments carried at fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes;

Level 2 - Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data; and

Level 3 - Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Fair values of investments measured at fair value on a recurring basis are valued as follows at December 31, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed deposit	\$ 83,392	\$ -	\$ 83,392	\$ -
Treasury bills	<u>89,403</u>	<u>-</u>	<u>89,403</u>	<u>-</u>
	<u>\$ 172,795</u>	<u>\$ -</u>	<u>\$ 172,795</u>	<u>\$ -</u>

**NOTE 5. GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable as of December 31, 2018 are due as follows:

Amounts due in less than one year	\$ 4,479,709
Amounts due in two to five years	<u>2,823,182</u>
	7,302,891
Less: discount to net present value	<u>-</u>
Net grants and contributions receivable	<u>\$ 7,302,891</u>

At December 31, 2018, 19% of the total contributions receivable are due from McKinsey.

Additionally, GYE has received conditional promises to give from McKinsey and Tides Foundation. McKinsey has made conditional promises to give of up to \$5,000,000 for the fiscal year ending December 31, 2019, up to \$4,000,000 for the fiscal year ending December 31, 2020, and \$1,000,000 for the fiscal year ending December 31, 2021, contingent on organizational need as evaluated by McKinsey. Tides Foundation made a conditional promise to give of up to \$4,939,467, contingent on GYE's successful expansion of its programs into Spain, Italy and France by December 2021.

**NOTE 6. PROPERTY AND EQUIPMENT**

Furniture and equipment are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets (3 - 5 years). Property and equipment and depreciation expense consisted of the following as of and for the year ended December 31, 2018:

	<u>Kenya</u>	<u>Spain</u>	<u>Total</u>
Furniture and office equipment	\$ 66,385	\$ -	\$ 66,385
Computer equipment	<u>33,508</u>	<u>4,648</u>	<u>38,156</u>
	99,893	4,648	104,541
Less accumulated depreciation	<u>(31,436)</u>	<u>(1,196)</u>	<u>(32,632)</u>
Net property and equipment	<u>\$ 68,457</u>	<u>\$ 3,452</u>	<u>\$ 71,909</u>
Depreciation expense	<u>\$ 14,674</u>	<u>\$ 841</u>	<u>\$ 15,515</u>

## NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Activity in net assets with donor restrictions as of and for the year ended December 31, 2018 was as follows:

	Beginning of Year	Restricted Contributions	Releases from Restrictions	End of Year
Time restricted	\$ 4,000,000	\$ -	\$ (4,000,000)	\$ -
Purpose restricted - governments				
DOL / ETA	-	115,453	(115,453)	-
First Coast	-	580,675	(580,675)	-
SIDA	-	4,587,900	-	4,587,900
USAID	-	1,911,715	(1,911,715)	-
	<u>-</u>	<u>7,195,743</u>	<u>(2,607,843)</u>	<u>4,587,900</u>
Purpose restricted - foundation and other				
Bill & Melinda Gates Foundation	-	1,364,830	(26,523)	1,338,307
Boys and Girls Clubs of Puerto Rico	-	142,500	(25,634)	116,866
Cadia	12,000	-	(12,000)	-
DC DOES	144,264	140,000	(284,264)	-
Delaware Community Foundation	-	25,000	(17,731)	7,269
Goodwill of North Georgia	24,100	-	(24,100)	-
Greater Houston Partnership	43,387	-	(43,387)	-
Krishna Institute	1,380	-	(1,380)	-
Longwood Foundation	111,643	-	(111,643)	-
M&T Charitable Foundation	-	10,000	-	10,000
Nando's	-	48,500	(48,500)	-
PSDF	-	76,521	(76,521)	-
Rockefeller Foundation	800,000	700,000	(183,944)	1,316,056
SSG	-	318,068	(318,068)	-
Starbucks Foundation	-	100,000	-	100,000
State of DE	15,750	-	(15,750)	-
The Ralph C. Wilson Foundation	-	85,000	(11,622)	73,378
Tides Foundation	-	2,560,533	(29,608)	2,530,925
Umsizi Fund	22,400	-	(22,400)	-
United Way for Southeastern Michigan	-	40,000	(23,201)	16,799
United Way of Northeast Florida, Inc.	-	130,000	(214)	129,786
University of Alabama - Birmingham	-	32,500	(32,500)	-
Wal-Mart	6,501,335	-	(2,859,752)	3,641,583
	<u>7,676,259</u>	<u>5,773,452</u>	<u>(4,168,742)</u>	<u>9,280,969</u>
	<u>\$ 11,676,259</u>	<u>\$ 12,969,195</u>	<u>\$ (10,776,585)</u>	<u>\$ 13,868,869</u>

**NOTE 8. RELATED PARTIES**

McKinsey employees provide certain programmatic as well as general and management services to GYE which are reported as in-kind contributions. The total fair value of these services for the year ended December 31, 2018 was \$11,681,067.

McKinsey also provides office space in Washington, D.C. to GYE which is reported as an in-kind contribution. The fair value of this office space for the year ended December 31, 2018 was \$123,266.

During the year ended December 31, 2018, GYE paid for certain salaries and administrative expenses of McKinsey.org, another non-profit organization founded by McKinsey, totaling \$245,398. At December 31, 2018, the balance due from McKinsey.org totaled \$95,909. This amount will be reimbursed by McKinsey.

**NOTE 9. RETIREMENT PLAN**

**Defined Contribution Plan** - GYE maintains a qualified profit-sharing plan under Section 403(b) of the Internal Revenue Code for employees who have completed two months of service and have attained age 21. GYE made contributions to the plan of \$165,863 during the year ended December 31, 2018.

**NOTE 10. CONCENTRATIONS**

GYE maintains its cash and cash equivalents with a single financial institution. Deposits are entirely insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At December 31, 2018, GYE had uninsured cash balances of approximately \$6,830,000. Additionally, GYE held cash in foreign banks totaling approximately \$449,000 in U.S. dollars. Management regularly monitors the financial institutions, together with its cash balances, to reduce any potential risk.

**NOTE 11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated November 26, 2019, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an additional adjustment to, or disclosure in, the accompanying consolidated financial statements.



## **SUPPLEMENTAL INFORMATION**

**GENERATION: YOU EMPLOYED, INC.  
AND AFFILIATES**

**SCHEDULE OF REVENUE AND EXPENSES - U.S. ACTIVITY**

YEAR ENDED DECEMBER 31, 2018

	Global			U.S. LLC			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>REVENUE</b>								
Grants and contributions	\$ 448,488	\$ 2,818,330	\$ 3,266,818	\$ 153,282	\$ -	\$ 153,282	\$(103,229)	3,316,871
Less amounts for non-U.S. expenses	-	(112,463)	(112,463)	-	-	-	-	(112,463)
Available for U.S. expenses	448,488	2,705,867	3,154,355	153,282	-	153,282	(103,229)	3,204,408
Government grants	696,128	-	696,128	-	-	-	-	696,128
In-kind contributions	2,454,326	-	2,454,326	-	-	-	-	2,454,326
Other income (loss)	500	-	500	147,150	-	147,150	-	147,650
Net assets released from restriction	3,401,422	(3,401,422)	-	-	-	-	-	-
Total revenue	7,000,864	(695,555)	6,305,309	300,432	-	300,432	(103,229)	6,502,512
<b>EXPENSES</b>								
Salaries and fringe - direct	2,683,263	-	2,683,263	-	-	-	-	2,683,263
Salaries and fringe - in-kind	2,454,326	-	2,454,326	-	-	-	-	2,454,326
Direct subcontractor costs	1,177,169	-	1,177,169	-	-	-	-	1,177,169
Direct materials and other costs	711,015	-	711,015	26,349	-	26,349	(26,349)	711,015
Travel	207,422	-	207,422	63,426	-	63,426	(63,426)	207,422
Accounting and legal	2,500	-	2,500	2,500	-	2,500	(2,500)	2,500
Office expenses	39,124	-	39,124	2,784	-	2,784	(2,784)	39,124
Occupancy	17,261	-	17,261	8,055	-	8,055	(8,055)	17,261
Other expenses	-	-	-	363	-	363	-	363
Student related expenses	115	-	115	115	-	115	(115)	115
Total expenses	7,292,195	-	7,292,195	103,592	-	103,592	(103,229)	7,292,558
CHANGE IN NET ASSETS	\$ (291,331)	\$ (695,555)	\$ (986,886)	\$ 196,840	\$ -	\$ 196,840	\$ -	\$ (790,046)