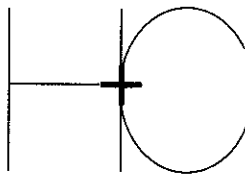


GENERATIONS INCORPORATED
FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

GENERATIONS INCORPORATED

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Certified Public Accountants

David J. McCaughin, CPA
John S. McNamara, CPA

Independent Auditors' Report

To the Board of Directors
Generations Incorporated
Boston, Massachusetts

We have audited the accompanying statements of financial position of Generations Incorporated as of and for the years ended June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Generations Incorporated's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Generations Incorporated as of June 30, 2008 and 2007, and the results of its operations and changes in net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2009 on our consideration of Generations Incorporated'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

To the Board of Directors
Generations Incorporated
Page 2

Our audits were conducted for the purpose of forming an opinion on the financial statements of Generations Incorporated's basic financial statements. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2008 is presented for purposes of additional analysis as required by *United States Office of Management and Budget (OMB) Circular A-133*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hughes and Company, P.C.

HUGHES AND COMPANY, P.C.
Melrose, Massachusetts
January 8, 2009

GENERATIONS INCORPORATED
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2008 AND 2007

	<u>ASSETS</u>	
	<u>2008</u>	<u>2007</u>
Current Assets		
Cash	\$ 56,513	\$ 8,324
Accounts receivable, net of allowance for uncollectibles	26,707	142,335
Unconditional promises to give (Note 2)	51,000	200,000
Grants and contributions receivable	16,550	2,500
Prepaid expenses	3,456	15,804
Total Current Assets	<u>154,226</u>	<u>368,963</u>
Property and Equipment		
Furniture, fixtures and equipment	69,453	58,628
Less accumulated depreciation	<u>(34,843)</u>	<u>(21,045)</u>
Property and Equipment, Net	<u>34,610</u>	<u>37,583</u>
Other Assets		
Security deposit	17,850	17,850
Long-term unconditional promises to give (Note 2)	<u>25,000</u>	<u>-</u>
Total Other Assets	<u>42,850</u>	<u>17,850</u>
Total Assets	<u>\$ 231,686</u>	<u>\$ 424,396</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 57,407	\$ 70,032
Total Current Liabilities	<u>57,407</u>	<u>70,032</u>
Net Assets:		
Unrestricted	67,279	43,364
Temporarily Restricted	<u>107,000</u>	<u>311,000</u>
Total Net Assets	<u>174,279</u>	<u>354,364</u>
Total Liabilities and Net Assets	<u>\$ 231,686</u>	<u>\$ 424,396</u>

The accompanying notes are an integral part of the financial statements.

GENERATIONS INCORPORATED
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Changes in Unrestricted Net Assets		
Support and Revenue		
Federal funding	\$ 664,853	\$ 464,234
Corporate and private foundation grants	512,000	435,500
Contributions and gifts	72,057	86,086
Special events revenue, net of expenses of \$2,413 and \$1,072, respectively	5,322	2,428
In-kind donations (Note 3)	835,133	758,400
Training and participation fees	46,660	36,168
Book sales	4,471	23,219
Interest income	45	297
Total Unrestricted Support and Revenue	<u>2,140,541</u>	<u>1,806,332</u>
Net Assets Released from Restrictions		
Corporate and private foundation grants	310,000	335,254
Total Unrestricted Support, Revenue and Reclassifications	<u>2,450,541</u>	<u>2,141,586</u>
Expenses		
Program services	2,069,157	1,748,220
Management and general	129,424	142,363
Fundraising	228,045	190,873
Total Expenses	<u>2,426,626</u>	<u>2,081,456</u>
Increase in Unrestricted Net Assets	<u>23,915</u>	<u>60,130</u>
Changes in Temporarily Restricted Net Assets		
Corporate and private foundation grants	106,000	133,770
Net assets released from restrictions		
Expiration of time restrictions	(310,000)	(335,254)
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(204,000)</u>	<u>(201,484)</u>
Change in Net Assets	(180,085)	(141,354)
Net Assets, Beginning	<u>354,364</u>	<u>495,718</u>
Net Assets, Ending	<u>\$ 174,279</u>	<u>\$ 354,364</u>

The accompanying notes are an integral part of the financial statements.

GENERATIONS INCORPORATED
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008 AND 2007

	2008			2007			
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Total
Salaries, wages and stipends	\$ 1,475,686	\$ 88,535	\$ 195,158	\$ 1,184,095	\$ 90,466	\$ 151,759	\$ 1,426,320
Payroll taxes	47,464	7,122	10,185	37,693	9,304	9,603	56,600
Employee benefits	55,235	6,590	2,041	47,602	6,871	1,930	56,403
Advertising	4,634	667	2,550	4,254	953	809	6,016
Auditing fees	10,440	580	580	9,900	2,215	550	12,665
Bad debts	-	-	-	-	7,300	-	7,300
Bank and credit card charges	-	-	463	-	53	1,107	1,160
Conferences, conventions and meetings	353	681	30	722	739	10	1,471
Consultants	-	10,665	913	195	7,642	4,088	11,925
Depreciation	12,418	690	690	10,056	559	559	11,174
Dues and subscriptions	50	2,074	290	115	978	250	1,343
Equipment rental and maintenance	5,866	366	326	6,620	384	360	7,364
Grants	86,614	-	-	75,711	-	-	75,711
Insurance	2,928	1,882	143	2,779	1,821	154	4,754
Interest	-	-	-	-	661	-	661
Miscellaneous	1,235	1,572	6,240	1,474	2,256	12,195	15,925
Occupancy	73,866	4,104	4,104	82,013	4,556	4,556	91,125
Office expense	549	576	28	133	2,729	7	2,869
Postage and shipping	1,439	224	668	1,590	95	296	1,981
Printing and publications	550	-	-	-	-	-	-
Recruitment	7,589	-	-	5,656	-	-	5,656
Supplies	14,383	763	210	28,135	912	268	29,315
Technical support and software	-	-	-	-	387	-	387
Telephone and internet usage	10,218	1,123	568	8,800	600	535	9,935
Training	8,615	381	301	16,992	40	925	17,957
Transportation	10,324	-	-	16,311	-	730	17,041
Travel	2,898	401	46	381	467	182	1,030
Uniforms	2,038	-	-	2,173	-	-	2,173
Volunteer incentives and stipends	233,765	428	2,511	204,820	375	-	205,195
Total Functional Expenses	\$ 2,069,157	\$ 129,424	\$ 228,045	\$ 1,748,220	\$ 142,363	\$ 190,873	\$ 2,081,456

The accompanying notes are an integral part of the financial statements.

GENERATIONS INCORPORATED
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (180,085)	\$ (141,354)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	13,798	11,174
Changes in assets and liabilities (Increase) Decrease in:		
Accounts receivable	115,628	(93,277)
Unconditional promises to give	124,000	191,230
Contribution receivable	(14,050)	(2,500)
Prepaid expenses	12,348	(12,645)
Increase (Decrease) in:		
Accounts payable	(12,625)	19,866
Net Cash Provided by (Used in) Operating Activities	<u>59,014</u>	<u>(27,506)</u>
Cash Flows from Investing Activities		
Purchase of equipment	<u>(10,825)</u>	<u>(17,301)</u>
Net Cash Used in Investing Activities	<u>(10,825)</u>	<u>(17,301)</u>
Cash Flows from Financing Activities		
Payments on loan	<u>-</u>	<u>(18,103)</u>
Net Cash Used in Financing Activities	<u>-</u>	<u>(18,103)</u>
Net Increase (Decrease) in Cash	48,189	(62,910)
Cash, Beginning	<u>8,324</u>	<u>71,234</u>
Cash, Ending	<u>\$ 56,513</u>	<u>\$ 8,324</u>
Supplemental disclosures of cash flows information		
Cash paid during the year for		
Interest	<u>\$ -</u>	<u>\$ 661</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

GENERATIONS INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Generations Incorporated (the "Organization") was incorporated on March 31, 1994, pursuant to the laws of the Commonwealth of Massachusetts. The Organization is a not-for-profit corporation formed for the purpose of developing and implementing inter-generational programming that recruits older adults to tutor elementary school age youth. The Organization has established the following primary program services:

- (a) The **Reading Coaches** program joins older adults with children who are reading below grade level in weekly mentoring sessions focused on reading comprehension. In 2007, a rigorous evaluation of the program showed that students in the test group showed greater improvements in reading comprehension than control group students.
- (b) The **Lunchtime Mentoring** program pairs caring older adults with 4th or 5th grade students who will benefit from having a trusting mentor. Weekly mentoring sessions focus on literacy and character development while also making learning fun. This program can take place during the school day or in after-school settings.
- (c) The **Classroom Literacy** program brings trained older adults into elementary school classrooms. Twice each week, they work with children in small groups to improve literacy skills while reinforcing teacher instruction. This not only provides an extra learning opportunity for children, but also provides a smaller adult:child ratio inside the classroom.

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting, whereby assets, liabilities, revenues and expenses were recognized and recorded when earned or incurred.

Financial Statement Presentation

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

GENERATIONS INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 AND 2007

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

Contributions

The Organization reports contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 years.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

GENERATIONS INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 AND 2007

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Unconditional Promises to Give

During 2008, the Organization received pledges to fund various programs. Unconditional promises to give as of June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Experience Corps Volunteers Expansion Initiative	\$ -	\$ 200,000
Kindergarten program	25,000	-
Classroom literacy	30,000	-
General support	6,000	-
Tutors	15,000	-
Total gross unconditional promises to give	<u>76,000</u>	<u>200,000</u>
Less: unamortized discount	-	-
Net unconditional promises to give	<u>\$ 76,000</u>	<u>\$ 200,000</u>
Receivable in less than one year	\$ 51,000	\$ 200,000
Receivable in one to five years	25,000	-
Total Unconditional Promises to Give	<u>\$ 76,000</u>	<u>\$ 200,000</u>

GENERATIONS INCORPORATED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 AND 2007

Note 3 - In-Kind Donations

The value of donated services, supplies and space included as contributions in the financial statements and the corresponding functional categories for the year ended June 30, 2008 (with comparative totals as of June 30, 2007) are as follows:

	Program Services	Management and General	Fundraising	2008 Totals	2007 Totals
AmeriCorps Volunteers	\$ 170,972	\$ -	\$ -	\$ 170,972	\$ 144,046
Experience Corps Volunteers	477,485	-	-	477,485	471,965
Volunteers in Service to America	133,172	-	31,725	164,897	120,124
Advertising	-	-	2,012	2,012	180
Books	2,961	-	-	2,961	16,516
Office Furnishings	5,017	324	277	5,618	-
Recruitment, Training and Volunteer Incentives	8,145	-	-	8,145	1,581
Supplies	665	6	6	677	3,988
Miscellaneous	2,342	12	12	2,366	-
Totals	<u>\$ 800,759</u>	<u>\$ 342</u>	<u>\$ 34,032</u>	<u>\$ 835,133</u>	<u>\$ 758,400</u>

Note 4 - Related Party Transactions

Certain officers and members of the Board of Directors of Generations Incorporated provide pro-bono legal and insurance placement and consulting services.

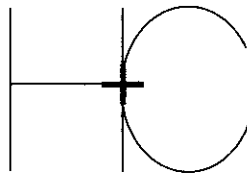
Note 5 - Commitments

The Organization leases office facilities located in Boston, Massachusetts. Rent on the lease is payable in monthly installments of \$5,950 beginning October, 2005, with annual increases of 3%. The initial lease term is five years.

Additional rent is assessed to cover the Organization's share of increases in real estate taxes. In addition, the rent is adjusted annually based on increases in the Consumer Price Index, as defined. Utilities, insurance and maintenance expenses are paid directly by the Organization.

The Organization estimates that its minimum future rent commitment under the lease is as follows:

Year Ending June 30,	
2009	\$ 77,469
2010	79,773
2011	20,088



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Certified Public Accountants

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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Generations Incorporated
Boston, Massachusetts

Compliance

We have audited the compliance of Generations Incorporated, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Generations Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Generations Incorporated's management. Our responsibility is to express an opinion on Generations Incorporated's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Generations Incorporated'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. Our audit does not provide a legal determination of Generations Incorporated's compliance with those requirements.

In our opinion, Generations Incorporated, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

To the Board of Directors
Generations Incorporated
Boston, Massachusetts

Internal Control Over Compliance

The management of Generations Incorporated, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Generations Incorporated's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Generations Incorporated's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

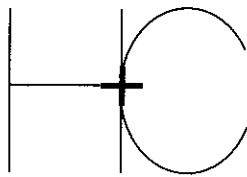
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hughes and Company, P.C.

HUGHES AND COMPANY, P.C.
Melrose, Massachusetts
January 8, 2009



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Certified Public Accountants

David J. McCaughin, CPA
John S. McNamara, CPA

**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
Generations Incorporated
Boston, Massachusetts

We have audited the financial statements of Generations Incorporated as of and for the year ended June 30, 2008, and have issued our report thereon dated January 8, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Generations Incorporated's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Generations Incorporated's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

To the Board of Directors
Generations Incorporated
Page two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Generations Incorporated's financial statements are free of 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*.

This report is intended solely for the information and use of management, the board of directors, others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Hughes and Company, P.C.

HUGHES AND COMPANY, P.C.
Melrose, Massachusetts
January 8, 2009

GENERATIONS INCORPORATED
 SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Corporation for National and Community Service</u>			
Direct Programs:			
Americorps* VISTA	94.006		\$ 233,460
Pass-Through Programs From:			
Mass Service Alliance:			
Americorps	94.013	06AFHMA0010006	166,986
Total Corporation for National Community Service			<u>400,446</u>
<u>U. S. Department of Education</u>			
Direct Programs:			
Mentoring Program	84.184B		201,244
Pass-Through Programs From:			
City of Boston - Boston Public Schools:			
Supplemental Education Services	n/a	453362	38,163
Total U. S. Department of Education			<u>239,407</u>
<u>U. S. Department of Housing and Urban Development</u>			
Pass-Through Programs From:			
City of Boston - Economic Development Industrial Corporation:			
Community Development Block Grant	14.218		25,000
Total Expenditures of Federal Awards			<u>\$ 664,853</u>

See accompanying note to Schedule of Expenditures of Federal Awards

GENERATIONS INCORPORATED
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Generations Incorporated and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

GENERATIONS INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Generations Incorporated.
2. No reportable conditions relating to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control Over Financial Reporting 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 Generations Incorporated were disclosed during the audit.
4. No reportable conditions relating to the audit of major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A133*.
5. The auditors' report on compliance for the major federal award programs for Generations Incorporated expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Generations Incorporated are reported in Part C of this Schedule.
7. The programs tested as major programs included:
 - a. CFDA #94.006 - Americorps* VISTA
 - b. CFDA #94.013 - Americorps
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Generations Incorporated was determined to be a low- risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No material findings.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No material findings or questioned costs.

D. PRIOR YEAR FINDINGS

There were no material findings reported in the June 30, 2007 report.