

JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

**SINGLE AUDIT FINANCIAL REPORT
UNDER UNIFORM GUIDANCE**

JUNE 30, 2019 AND 2018

JUSTICE IN AGING

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JUNE 30, 2019 AND 2018

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7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

1150 18TH STREET, NW
SUITE 550
WASHINGTON, DC 20036
(T) 202.822.0717

Independent Auditors' Report

To the Board of Directors of
Justice in Aging
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Justice in Aging (a nonprofit organization), 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 auditors' 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 auditors consider 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 Justice in Aging 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.

To the Board of Directors of
Justice in Aging

Report on Summarized Comparative Information

We have previously audited Justice in Aging's June 30, 2018 financial statements, and our report dated September 20, 2018, 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.

Emphasis of Matter

As discussed in Note 2 of the financial statements, Justice in Aging adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019, on our consideration of Justice in Aging'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 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 the Organization's internal control over financial reporting and compliance.

Councilor, Buchanan + Mitchell, P.C.

Certified Public Accountants

Washington, D.C.
November 1, 2019

JUSTICE IN AGING
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

Assets	2019	2018
Current Assets		
Cash and Cash Equivalents	\$ 2,222,192	\$ 1,751,341
Accounts Receivable	9,426	-
Grants and Contributions Receivable	410,418	1,135,388
Prepaid Expenses and Other Current Assets	67,856	52,662
Total Current Assets	<u>2,709,892</u>	<u>2,939,391</u>
Property and Equipment, at Cost		
Property and Equipment, at Cost	84,844	86,184
Less Accumulated Depreciation	<u>(75,151)</u>	<u>(65,251)</u>
Net Property and Equipment	<u>9,693</u>	<u>20,933</u>
Other Assets		
Deposits	<u>13,287</u>	<u>13,287</u>
Total Other Assets	<u>13,287</u>	<u>13,287</u>
Total Assets	<u><u>\$ 2,732,872</u></u>	<u><u>\$ 2,973,611</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 74,333	\$ 48,660
Accrued Vacation	131,454	119,284
Deferred Rent and Lease Incentive, Current Portion	12,741	8,031
Refundable Advances	<u>41,381</u>	<u>42,273</u>
Total Current Liabilities	<u>259,909</u>	<u>218,248</u>
Other Liability		
Deferred Rent and Lease Incentive, Net of Current Portion	<u>53,618</u>	<u>36,138</u>
Total Liabilities	<u>313,527</u>	<u>254,386</u>
Net Assets		
Net Assets Without Donor Restrictions	1,026,498	1,041,792
Net Assets With Donor Restrictions	<u>1,392,847</u>	<u>1,677,433</u>
Total Net Assets	<u>2,419,345</u>	<u>2,719,225</u>
Total Liabilities and Net Assets	<u><u>\$ 2,732,872</u></u>	<u><u>\$ 2,973,611</u></u>

See accompanying Notes to Financial Statements.

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**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Total	2018 Total
Support and Revenue				
Grants and Contracts	\$ 1,350,516	\$ 1,381,093	\$ 2,731,609	\$ 1,910,297
Contributions	319,050	-	319,050	300,056
Special Events Revenue	155,023	-	155,023	182,805
Rent and Other Income	54,631	-	54,631	141,227
Attorney Fees Recovered	-	-	-	50,000
Net Assets Released from Restrictions Satisfaction or Program Restrictions	1,665,679	(1,665,679)	-	-
Total Support and Revenue	3,544,899	(284,586)	3,260,313	2,584,385
Expenses				
Program Services				
Health Care Advocacy	1,788,394	-	1,788,394	1,795,269
Economic Security Advocacy	755,756	-	755,756	877,568
Litigation	432,817	-	432,817	428,283
Total Program Services	2,976,967	-	2,976,967	3,101,120
Supporting Services				
General and Administrative	418,641	-	418,641	330,768
Fundraising	164,585	-	164,585	193,361
Total Supporting Services	583,226	-	583,226	524,129
Total Expenses	3,560,193	-	3,560,193	3,625,249
Change in Net Assets	(15,294)	(284,586)	(299,880)	(1,040,864)
Net Assets, Beginning of Year	1,041,792	1,677,433	2,719,225	3,760,089
Net Assets, End of Year	\$ 1,026,498	\$ 1,392,847	\$ 2,419,345	\$ 2,719,225

See accompanying Notes to Financial Statements.

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

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	2019 Total	2018 Total
	Health Care Advocacy	Economic Security Advocacy	Litigation		General and Administrative	Fundraising			
Salaries	\$ 1,035,919	\$ 432,827	\$ 299,187	\$ 1,767,933	\$ 236,682	\$ 75,430	\$ 312,112	\$ 2,080,045	\$ 1,993,105
Employee Benefits	240,597	106,381	62,852	409,830	68,858	20,197	89,055	498,885	436,086
Professional Fees	23,533	25,942	1,937	51,412	4,799	14,327	19,126	70,538	173,781
Subcontractor Expenses	229,468	89,749	-	319,217	-	-	-	319,217	338,879
Occupancy and Storage	122,925	51,816	34,842	209,583	29,403	9,203	38,606	248,189	319,933
Travel	40,928	11,619	5,191	57,738	61,753	5,999	67,752	125,490	130,398
Direct Benefits to Donors	-	-	-	-	-	17,307	17,307	17,307	30,109
Office Supplies and Equipment	9,062	3,820	2,567	15,449	2,354	4,037	6,391	21,840	26,340
Printing and Postage	6,158	2,218	867	9,243	597	5,514	6,111	15,354	20,607
Telecommunications	7,569	4,007	4,620	16,196	1,651	460	2,111	18,307	18,909
Technology	36,573	12,779	7,316	56,668	6,174	1,932	8,106	64,774	37,016
Library Maintenance	8,588	3,620	4,882	17,090	253	1,624	1,877	18,967	19,057
Insurance	7,687	3,240	2,179	13,106	1,839	575	2,414	15,520	13,639
Dues and Membership	10,992	4,200	3,997	19,189	2,270	711	2,981	22,170	25,809
Depreciation and Amortization	5,568	2,346	1,578	9,492	1,331	417	1,748	11,240	26,460
Services Charges	2,827	1,192	802	4,821	677	6,852	7,529	12,350	15,121
Totals	\$ 1,788,394	\$ 755,756	\$ 432,817	\$ 2,976,967	\$ 418,641	\$ 164,585	\$ 583,226	\$ 3,560,193	\$ 3,625,249

See accompanying Notes to Financial Statements.

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STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ (299,880)	\$ (1,040,864)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	11,240	26,460
Changes in Assets and Liabilities		
Decrease in Grants and Contributions Receivable	724,970	307,864
(Increase) Decrease in Accounts Receivable	(9,426)	10,900
Decrease in Attorneys Fees Receivable	-	386,870
(Increase) Decrease in Prepaid Expenses	(15,194)	4,338
Decrease in Deposits	-	18,629
Increase in Accounts Payable	25,673	5,242
Increase in Accrued Vacation	12,170	24,307
Increase in Deferred Rent and Lease Incentive	22,190	17,037
Increase (Decrease) in Refundable Advances	(892)	312
	470,851	(238,905)
Net Cash Provided by (Used in) Operating Activities	470,851	(238,905)
Cash Flows from Investing Activities		
Purchases of Property and Equipment - Net Cash Used in Investing Activities	-	(11,134)
Net Increase (Decrease) in Cash	470,851	(250,039)
Cash, Beginning of Year	1,751,341	2,001,380
Cash, End of Year	\$ 2,222,192	\$ 1,751,341

See accompanying Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Justice in Aging ensures that low-income older Americans are able to access high quality, affordable health and long-term care through Medicaid, Medicare, and other programs. Through Justice in Aging's expertise in law, elder rights, and the government programs that deliver health care to low-income seniors, Justice in Aging breaks down barriers low-income seniors face in getting the care they need. Justice in Aging advocates to ensure that health care services prioritize home and community-based services over institutions, honor choice, and include strong consumer protections. Further, Justice in Aging works to address disparities in access to health care caused by discrimination based on race, ethnicity, English language proficiency, disability, gender identity, sexual orientation, or other potential disadvantage.

Justice in Aging advances the health care and economic security rights of older adults through an innovative combination of training and technical assistance to local advocates and service providers, administrative advocacy, legislative advocacy, and impact litigation. Each year, Justice in Aging provides training and advice on health care and economic security issues to several thousand direct service providers.

Health Care Advocacy

Justice in Aging ensures that low-income older Americans are able to access high quality, affordable health and long-term care through Medicaid, Medicare, and other programs. Through Justice in Aging's expertise in law, elder rights, and the government programs that deliver health care to low-income seniors, Justice in Aging breaks down barriers low-income seniors face in getting the care they need. Justice in Aging advocates to ensure that health care services prioritize home and community-based services over institutions, honor choice, and include strong consumer protections. Further, by focusing Justice in Aging's work on populations who have been marginalized and excluded from justice, Justice in Aging addresses disparities in access to health care caused by discrimination based on race, ethnicity, English language proficiency, disability, gender identity, sexual orientation, or other potential disadvantage.

Justice in Aging advances the health care rights of older adults through an innovative combination of training and technical assistance to local advocates and service providers, administrative and legislative advocacy, and impact litigation. Each year, Justice in Aging provides training and advice on health care issues to several thousand direct service providers.

In 2019, Justice in Aging is focusing efforts in the following areas: (1) Defending and improving the system of health care and long-term services and supports that today's seniors rely on and ensuring that programs like Medicaid and Medicare are adequately funded and improved to meet the growing needs of an aging population. (2) Strengthening federal oversight over nursing homes, assisted living, and other long-term care facilities to prevent financial and physical abuse, preserve consumer rights and choice, and meet the growing medical needs of current residents. (3) Ensuring that low-income older adults can access the care and services they need from Medicaid and Medicare to remain healthy. This includes the ability to see a doctor or dentist

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Health Care Advocacy (Continued)

that accepts Medicaid, being able to get Medicaid-funded transportation to see their doctors or access care, not being subject to unaffordable charges for the care they receive and being able to receive support with the activities of daily living through Medicaid, so they can remain at home and in their communities.

Economic Security Advocacy

Justice in Aging preserves, strengthens, expands, and improves the income supports that help low-income older Americans afford food, shelter, and other basic necessities. Justice in Aging uses its legal expertise to protect and improve programs such as Social Security and Supplemental Security Income (SSI) so they provide adequate funds to help low-income seniors meet their basic needs; are accessible to all seniors who qualify without arbitrary disruptions, denials, or delays; and are delivered without discrimination based on race, ethnicity, language ability, disability, gender identity, sexual orientation, or other potential disadvantage.

Justice in Aging advances the economic security of older adults through an innovative combination of training and technical assistance to local advocates and service providers, administrative advocacy, and impact litigation. Each year, Justice in Aging provides training and advice on economic security issues to several thousand direct service providers.

In 2019, Justice in Aging is focused in the following areas: (1) SSI Program: Updating and restoring the SSI program so that it meets the needs of poor seniors today. (2) Non-Disability Appeals: When benefits are denied or disrupted, Justice in Aging works with local advocates and the Social Security Administration to identify and solve issues in the appeals process. When these administrative and advocacy efforts fail, Justice in Aging brings about change through strategic class action lawsuits. (3) Raising awareness about senior poverty: Through strategic communications and partnerships, Justice in Aging raises awareness about the growing number of seniors aging into poverty, with the ultimate goal of aligning more people and organizations with the issue and inspiring them to join in and bring about needed change.

Litigation

As the only national organization focused solely on protecting the rights of low-income seniors, Justice in Aging partners with advocates on the ground who help Justice in Aging monitor and uncover issues that impact poor seniors. When a group needs a champion in the courts, Justice in Aging is there, on its own or in partnership with other organizations, to litigate precedent-setting cases that benefit hundreds of thousands of seniors.

Current cases include: (1) *Alexander et. al. vs. Mayhew and Prudom*: This lawsuit challenges Florida's Medicaid long-term care system for violating Title II of the Americans with Disabilities Act by failing to ensure that older adults and adults with disabilities can access needed long-term care outside of institutional settings. (2) *Hart v. Berryhill*: Justice in Aging is implementing a settlement on behalf of over 7,000 individuals who were denied or had their disability benefits discontinued due to The Social Security Administration's (SSA) reliance on medical determinations of a disqualified physician. Many of the 7,000 class members now have an

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Litigation (Continued)

opportunity to have their cases re-decided. (3) *Kelley v. Kent*: This lawsuit challenges California's failure to implement a federal Medicaid law that extends the prior financial protection for spouses of people in nursing facilities to those receiving home and community-based care. California has failed to implement this provision, which went into effect in 2014. As a result, people needing long-term care face the choice of unnecessary institutionalization or going without needed care. Litigation is ongoing. (3) *Alexander v. Azar* (formerly *Barrows v. Burwell*): This case challenges the lack of appeal procedure for Medicare beneficiaries who are classified as patients under observation when receiving care in a hospital, instead of being admitted, leading to thousands of dollars in costs that would have been covered by Medicare.

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Justice in Aging (the Organization) recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as net assets without donor restrictions and net assets with donor restrictions, based on donor intent.

Cash Equivalents

The Organization considers all short-term investments with original maturities of three months or less to be cash equivalents included in cash.

The Organization's demand deposits with financial institutions at times exceeded federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risks.

Accounts Receivable

Contributions and accounts receivable are recorded at the amount the Organization expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors these receivables and charges off any balances that are determined to be uncollectible. As of June 30, 2019 and 2018, the Organization's allowance for doubtful accounts was \$-0-. The Organization had no bad debt expense from contributions for the years ended June 30, 2019 and 2018.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight-line basis over a three year or five year estimated useful life. Leasehold improvements are amortized over the terms of the leases. The Organization capitalizes purchases of \$1,000 or more.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances

Fees from contracts in exchange for services are recorded as refundable advances until the related work is performed.

Classes of Net Assets

Under ASU 2016-14 (see Note 2), the Organization is required to report its financial position and activities according to two classes of net assets. Those categories are assets without donor-imposed restrictions and assets with donor-imposed restrictions.

Net assets without donor restrictions are received without a donor-imposed time and/or program restriction. The funds are available for general operating purposes.

Net assets with donor restrictions are received with donor-imposed time and/or program restrictions. These donor restricted net assets require that resources be used for specific purposes and/or in a later period or after a specified date. Net assets with donor restrictions become unrestricted when the time restrictions expire, or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. Net assets with donor restrictions that are released in the same period are recorded as net assets without donor restrictions in the accompanying statement of activities.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed 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 most operating costs that support various programs and functions. The basis of the allocations is direct salary costs which have been allocated to program and supporting functions based on documentation of employee time and effort.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Accounting for Uncertainty in Income Taxes

The Organization has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Income Taxes*, which prescribes measurement and disclosure requirements for current and deferred income tax positions, the interpretation provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that the Organization does not hold any uncertain tax positions.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2018 balances have been reclassified to conform to the current year presentation. Such reclassifications had no effect on the financial position or change in assets as previously reported.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU made improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit's liquidity, financial performance, and cash flows. The ASU became effective for fiscal years beginning after December 15, 2017. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. However, a not-for-profit has the option to omit the analysis of expenses by both "functions" and "natural" classification as well as certain disclosures about liquidity and availability of resources, for any comparative periods originally presented before the period of adoption. These financial statements do not include the disclosure about Justice in Aging's liquidity for the year ended June 30, 2018. See Note 9 for the disclosure about Justice in Aging's liquidity at June 30, 2019.

3. TAX STATUS

The Organization has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are due in one year or less. The balance of grants and contributions receivable is as follows at June 30, 2019 and 2018.

	2019	2018
Receivables in Less than One Year	<u>\$ 410,418</u>	<u>\$ 1,135,388</u>

5. PROPERTY AND EQUIPMENT

At June 30, 2019 and 2018, furniture and equipment consisted of the following:

	2019	2018
Furniture and Equipment	\$ 84,844	\$ 86,184
Less Accumulated Depreciation	<u>(75,151)</u>	<u>(65,251)</u>
Property and Equipment, Net	<u>\$ 9,693</u>	<u>\$ 20,933</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

6. OPERATING LEASE COMMITMENT

On January 1, 2018, the Organization signed a sublease agreement for its headquarters in Washington, D.C., that terminates on June 30, 2023. The sublease is subject to an annual escalation of 2.5% and the terms require the Organization to pay increases in building operating expenses and real estate taxes. Under accounting principles generally accepted in the United States of America (GAAP) rent increases are recognized on a straight-line basis over the life of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent and lease incentive in the accompanying statement of financial position.

The Organization also leases two office spaces in the state of California under non-cancellable operating leases with expiration dates through October 2020.

Future minimum lease payments not including annual assessments for increases in operating expense and taxes under the operating leases are as follows:

For the Years Ending June 30,

2020	\$ 110,928
2021	125,248
2022	231,686
2023	283,103
Total	<u>\$ 750,965</u>

Rent expense was \$248,189 and \$319,933, respectively, for the years ended June 30, 2019 and 2018.

7. RETIREMENT PLAN

The Organization sponsors a 403(b) tax-deferred annuity retirement plan for all full-time employees. Employees are immediately vested in employer contributions, which are at the discretion of the Organization's management and the Board of Directors. During the years ended June 30, 2019 and 2018, the Organization contributed 8% of each employee's gross salary. For the years ended June 30, 2019 and 2018, retirement expense was \$163,796 and \$156,681, respectively. These amounts are included in employee benefits in the accompanying statement of functional expenses.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Health Care Advocacy	\$ 694,843	\$ 652,581
Economic Security Advocacy	489,077	790,004
Litigation	208,927	234,848
Total	<u>\$ 1,392,847</u>	<u>\$ 1,677,433</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's cash flows have seasonable variations due to the timing of grants and contributions. The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

Quantitative Analysis

As of June 30, 2019, the following financial assets and liquidity resources were available for general operating expenditures in the year ending June 30, 2020.

Financial Assets

Cash and Cash Equivalents	\$ 2,222,192
Accounts Receivable	9,426
Grants and Contributions Receivable	<u>410,418</u>
Total Financial Assets and Liquidity Resources Available within One Year	<u><u>\$ 2,642,036</u></u>

10. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 1, 2019, which was the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

SUPPLEMENTARY INFORMATION

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

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Direct Awards		
Health and Human Services, Administration on Aging National Center on Law and Elder Rights	93.048	<u>\$ 1,138,909</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,138,909</u></u>

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Justice in Aging and is presented on the accrual basis of accounting. 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*.

2. PERSONNEL AND FRINGE BENEFITS

The expenditures of federal awards include personnel costs of \$582,374 and related fringe benefits costs of \$138,233.

Justice in Aging elected not to use the 10% de minimis indirect cost rate.

**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***

To the Board of Directors of
Justice in Aging
Washington, D.C.

We have audited, in accordance with the 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 Justice in Aging's (a nonprofit organization), 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, and have issued our report thereon dated November 1, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of financial statements, we considered Justice in Aging'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Justice in Aging's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Justice in Aging'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*.

To the Board of Directors of
Justice in Aging

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
November 1, 2019

Certified Public Accountants



7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

1150 18TH STREET, NW
SUITE 550
WASHINGTON, DC 20036
(T) 202.822.0717

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
Justice in Aging
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited Justice in Aging'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 Justice in Aging's major federal programs for the year ended June 30, 2019. Justice in Aging's major federal programs are identified in the summary of auditors' 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 with each of Justice in Aging'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 Title 2, U.S. *Code of Federal Regulations* 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 Justice in Aging'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 Justice in Aging's compliance.

Opinion on Each Major Federal Program

In our opinion, Justice in Aging 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.

To the Board of Directors of
Justice in Aging

Report on Internal Control over Compliance

Management of Justice in Aging 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 Justice in Aging'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 Justice in Aging'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.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
November 1, 2019

Certified Public Accountants

JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Justice in Aging.
2. No significant deficiencies were disclosed during the audit of the financial statements in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Justice in Aging, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs were disclosed in the Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Justice in Aging expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for Justice in Aging are required to be reported in this schedule.
7. The programs tested as a major program in 2019:
 - Health and Human Services, Administration on Aging
 - National Center on Law and Elder Rights
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Justice in Aging was determined to be a low-risk auditee.