

JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

**SINGLE AUDIT FINANCIAL REPORT
UNDER UNIFORM GUIDANCE**

JUNE 30, 2020 AND 2019

JUSTICE IN AGING

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JUNE 30, 2020 AND 2019

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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, 2020, 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, 2020, 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, 2019 financial statements, and our report dated November 1, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 13, 2020, 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 the effectiveness of Justice in Aging's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Justice in Aging's internal control over financial reporting and compliance.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
November 13, 2020

Certified Public Accountants

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STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2020
 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,640,661	\$ 2,222,192
Grants and Contributions Receivable, Current	614,482	309,502
Contracts Receivable	165,627	100,916
Attorneys Fees Receivable	70,405	-
Accounts Receivable	30,294	9,426
Prepaid Expenses and Other Current Assets	82,753	67,856
Total Current Assets	3,604,222	2,709,892
Property and Equipment, at Cost	98,332	84,844
Less Accumulated Depreciation	(73,035)	(75,151)
Net Property and Equipment	25,297	9,693
Other Assets		
Grant Receivable - Net of Current Portion	759,298	-
Deposits	15,208	13,287
Total Other Assets	774,506	13,287
Total Assets	\$ 4,404,025	\$ 2,732,872
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 84,011	\$ 74,333
Accrued Vacation	208,296	131,454
Deferred Rent and Lease Incentive, Current Portion	12,741	12,741
Refundable Advances	50,160	41,381
Total Current Liabilities	355,208	259,909
Other Liability		
Deferred Rent and Lease Incentive, Net of Current Portion	40,877	53,618
Total Liabilities	396,085	313,527
Net Assets		
Net Assets Without Donor Restrictions	1,026,495	1,026,498
Net Assets With Donor Restrictions	2,981,445	1,392,847
Total Net Assets	4,007,940	2,419,345
Total Liabilities and Net Assets	\$ 4,404,025	\$ 2,732,872

See accompanying Notes to Financial Statements.

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**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total	2019 Total
Support and Revenue				
Grants and Contributions	\$ 479,092	\$ 2,871,863	\$ 3,350,955	\$ 1,911,750
Contracts	1,721,330	-	1,721,330	1,138,909
Special Events Revenue	152,749	-	152,749	155,023
Other Income	169,880	-	169,880	54,631
Attorney Fees Recovered	70,405	-	70,405	-
Net Assets Released from Restrictions Satisfaction or Program Restrictions	1,283,265	(1,283,265)	-	-
Total Support and Revenue	3,876,721	1,588,598	5,465,319	3,260,313
Expenses				
Program Services				
Health Care Advocacy	2,045,997	-	2,045,997	1,788,394
Economic Security Advocacy	858,600	-	858,600	755,756
Litigation	440,045	-	440,045	432,817
Total Program Services	3,344,642	-	3,344,642	2,976,967
Supporting Services				
General and Administrative	417,855	-	417,855	418,641
Fundraising	114,227	-	114,227	164,585
Total Supporting Services	532,082	-	532,082	583,226
Total Expenses	3,876,724	-	3,876,724	3,560,193
Change in Net Assets	(3)	1,588,598	1,588,595	(299,880)
Net Assets, Beginning of Year	1,026,498	1,392,847	2,419,345	2,719,225
Net Assets, End of Year	\$ 1,026,495	\$ 2,981,445	\$ 4,007,940	\$ 2,419,345

See accompanying Notes to Financial Statements.

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**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	Program Services			Total Program Services	Supporting Services			2020 Total	2019 Total
	Health Care Advocacy	Economic Security Advocacy	Litigation		General and Administrative	Fundraising	Total Supporting Services		
Salaries	\$ 1,185,749	\$ 507,418	\$ 290,250	\$ 1,983,417	\$ 288,249	\$ 63,256	\$ 351,505	\$ 2,334,922	\$ 2,080,045
Employee Benefits	291,017	127,121	62,471	480,609	38,842	17,713	56,555	537,164	498,885
Professional Fees	42,148	23,149	18,081	83,378	15,665	226	15,891	99,269	70,538
Subcontractor Expenses	262,659	87,553	-	350,212	-	-	-	350,212	319,217
Occupancy and Storage	141,561	60,828	33,812	236,201	31,355	7,762	39,117	275,318	248,189
Travel	30,270	12,253	11,259	53,782	28,514	9,844	38,358	92,140	125,490
Direct Benefits to Donors	-	-	-	-	-	-	-	-	17,307
Office Supplies and Equipment	10,712	4,602	2,652	17,966	2,372	851	3,223	21,189	21,840
Printing and Postage	1,314	521	612	2,447	269	3,790	4,059	6,506	15,354
Telecommunications	9,802	6,097	2,984	18,883	1,650	372	2,022	20,905	18,307
Technology	30,977	12,417	4,876	48,270	4,521	1,119	5,640	53,910	64,774
Library Maintenance	9,165	3,939	4,722	17,826	-	1,499	1,499	19,325	18,967
Insurance	8,202	3,524	1,959	13,685	1,817	450	2,267	15,952	15,520
Dues and Membership	12,908	5,088	4,095	22,091	2,494	617	3,111	25,202	22,170
Depreciation and Amortization	6,400	2,753	1,529	10,682	1,418	351	1,769	12,451	11,240
Services Charges	3,113	1,337	743	5,193	689	6,377	7,066	12,259	12,350
Totals	\$ 2,045,997	\$ 858,600	\$ 440,045	\$ 3,344,642	\$ 417,855	\$ 114,227	\$ 532,082	\$ 3,876,724	\$ 3,560,193

See accompanying Notes to Financial Statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,588,595	\$ (299,880)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	12,451	11,240
Changes in Assets and Liabilities		
(Increase) Decrease in Grants and Contributions Receivable	(1,064,278)	750,116
(Increase) in Contracts Receivable	(64,711)	(25,146)
(Increase) in Accounts Receivable	(20,868)	(9,426)
(Increase) in Attorneys Fees Receivable	(70,405)	-
(Increase) in Prepaid Expenses	(14,897)	(15,194)
(Increase) in Deposits	(1,920)	-
Increase in Accounts Payable	9,678	25,673
Increase in Accrued Vacation	76,842	12,170
(Decrease) Increase in Deferred Rent and Lease Incentive	(12,741)	22,190
Increase (Decrease) in Refundable Advances	8,779	(892)
Net Cash Provided by Operating Activities	446,525	470,851
Cash Flows from Investing Activities		
Purchases of Property and Equipment -		
Net Cash Used in Investing Activities	(28,056)	-
Net Increase in Cash and Cash Equivalents	418,469	470,851
Cash and Cash Equivalents, Beginning of Year	2,222,192	1,751,341
Cash and Cash Equivalents, End of Year	\$ 2,640,661	\$ 2,222,192

See accompanying Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 Justice in Aging's expertise in law, elder rights, and the government programs that deliver health care to low-income older adults, Justice in Aging breaks down barriers low-income older adults 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 our 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. The disproportionate impact of the COVID-19 pandemic on those who experience lifelong discrimination has highlighted the importance of our work to ensure that all low-income older adults have access to the health care resources they need to thrive.

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 tens of thousands of service providers and advocates.

In 2020, Justice in Aging's health care program is particularly focused on responding to the COVID crisis and its impact on the health and long-term care of older adults. Goals include: (1) Defending and improving the system of health care and long-term services and supports that older Americans are relying on during the pandemic. This includes advocating for reforms to the long-term care system that help people remain at home and in the community as they age, as well as 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,

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

Health Care Advocacy (Continued)

and meet the growing medical needs of current residents. (2) Ensuring that low-income older adults can access the care and services they need from Medicaid and Medicare to remain healthy, and that these programs are adequately funded and improved to meet new needs created by the COVID crisis. (3) Advocating for an equitable health care system in which all older Americans have a right to quality care. This includes ensuring that older adults can receive health care without discrimination and in a language they can understand, fighting proposed rules and policies that disadvantage certain populations, and advocating for policy changes that would address widespread disparities in our health care systems, such as adding an oral health benefit to Medicare.

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 older Americans 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. The COVID-19 pandemic and its disproportionate impact on older adults of color has underscored the importance of our work to ensure that all low-income older adults, especially those impacted by lifelong discrimination, have the economic resources they need to thrive.

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 tens of thousands of direct service providers.

In 2020, Justice in Aging is focused on responding to the impact of the COVID-19 crisis on the economic security of low-income older adults, including the following areas: (1) SSI Program: Updating and restoring the SSI program so that it meets the needs of poor seniors today. (2) SSA advocacy during COVID-19: Identifying and addressing problems, challenges, or deficiencies to the services provided by the Social Security Administration to ensure that low-income older adults can access and maintain the Social Security and SSI benefits they depend on to meet their economic needs. (3) Housing: Advancing policies and programs that maintain or provide shelter and services for low-income older adults experiencing or at-risk of homelessness. (4) 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.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

Litigation

As the only national organization focused solely on protecting the rights of low-income seniors, we partner with advocates on the ground who help us monitor and uncover issues that impact low-income older adults. If we cannot remedy systemic problems through advocacy or policy change, we develop litigation that will break down barriers to benefits, litigating precedent-setting cases that benefit hundreds of thousands of seniors. Over the past 48 years, Justice in Aging has returned billions of dollars in benefits to low-income older adults. We have pro bono partnerships with some of the top law firms in the country, enabling us to file and win more cases that bring justice to older adults.

As a result of recent litigation, Justice in Aging has secured access to Social Security disability benefits for thousands of older adults and people with disabilities, preserved important Medicare appeal rights that could prevent thousands of dollars in uncovered costs, and ensured that spouses of people receiving care at home and in the community have the same financial protection as spouses of those receiving care in nursing homes.

We often work with our pro bono colleagues and other organizations to file amicus curie briefs, in important cases throughout the country and with the Supreme Court, that have the potential to impact low-income seniors.

National Center on Law & Elder Rights

Justice in Aging runs the National Center on Law & Elder Rights (NCLER) under a federal contract with the Administration for Community Living (ACL). NCLER is a national legal resource center for the legal services and aging and disability networks, focused on the legal rights of older adults. Through NCLER, we provide free legal trainings, written materials, and case consultations. We also advise legal services providers on how to build capacity and improve legal services for older adults in their communities. Since launching NCLER four years ago, we have seen tremendous growth in the project, and now reach over 40,000 legal services, aging, and disability network members. The NCLER federal contract activity is included as part of the Health Care Advocacy and Economic Security Advocacy programs.

Method of Accounting

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

Contributions

Justice in Aging (the Organization) reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Special event revenue is comprised of contributions received for the annual spring fundraising event.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Contract, Attorney Fees, and Special Events Revenue

Contract, attorney fees, and special events revenue are recognized when services are provided.

Cash Equivalents

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

Grants and Contributions, Contract, Attorney Fees, and Accounts Receivable

Grants and contributions, contract, attorney fees, 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, 2020 and 2019, the Organization's allowance for doubtful accounts was \$-0-. The Organization had no bad debt expense for the years ended June 30, 2020 and 2019.

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.

Refundable Advances

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

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 salaries, benefits, rent and storage, depreciation/amortization, and other 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Income Taxes

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax was required for the years ended June 30, 2020 and 2019, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.

Reclassifications

Certain 2019 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

Adoption of Accounting Standards Update 2016-14

During the year ended June 30, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. The changes required by the update have been applied retrospectively to all periods presented. A key change under ASU 2016-14 is the terminology of net asset classes used in these financial statements. Amounts previously reported as temporarily restricted and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Additionally, ASU 2016-14 requires a presentation of expenses on a functional basis.

Adoption of Accounting Standards Update 2018-08

During the year ended June 30, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of July 1, 2019. The impact of adoption was not material to the financial statements.

For the year ended June 30, 2020, the Organization had no conditional grants.

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

The balance of grants and contributions receivable is as follows at June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Receivables in Less than One Year	\$ 614,482	\$ 309,502
One to Two Years	<u>759,298</u>	<u>-</u>
Total Grants and Contributions Receivable	<u>\$ 1,373,780</u>	<u>\$ 309,502</u>

4. CONTINGENCIES

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.

As of June 30, 2020, approximately 80% of contributions receivable consisted of amounts due from three donors. As of June 30, 2020 and 2019, all of the contract receivable amounts were owed from the Department of Health and Human Services Office on Aging.

5. OPERATING LEASE COMMITMENT

The Organization has 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 2023.

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,

2021	\$ 125,248
2022	231,686
2023	<u>283,103</u>
Total	<u>\$ 640,037</u>

Rent expense was \$275,318 and \$248,189, respectively, for the years ended June 30, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. 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, 2020 and 2019, the Organization contributed 8% of each employee's gross salary. For the years ended June 30, 2020 and 2019, retirement expense was \$179,753 and \$163,796, respectively. These amounts are included in employee benefits in the accompanying statement of functional expenses.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Health Care Advocacy	\$ 1,399,421	\$ 694,843
Economic Security Advocacy	1,273,179	489,077
Litigation	308,845	208,927
Total	<u>\$ 2,981,445</u>	<u>\$ 1,392,847</u>

For the years ended June 30, 2020 and 2019, net assets released from donor restrictions were as follows:

	<u>2020</u>	<u>2019</u>
Health Care Advocacy	\$ 585,261	\$ 640,827
Economic Security Advocacy	489,077	790,004
Litigation	208,927	234,848
Total	<u>\$ 1,283,265</u>	<u>\$ 1,665,679</u>

8. 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Quantitative Analysis

As of June 30, 2020 and 2019, the following financial assets and liquidity resources were available for general operating expenditures in the years ending June 30, 2021 and 2020.

	2020	2019
<i>Financial Assets</i>		
Cash and Cash Equivalents	\$ 2,640,661	\$ 2,222,192
Grants and Contributions Receivable	1,373,780	309,502
Contracts Receivable	165,627	100,916
Attorney Fees Receivable	70,405	-
Accounts Receivable	30,294	9,426
Total Financial Assets and Liquidity Resources Available	4,280,767	2,642,036
Less Amounts Unavailable for General Expenditures within One Year Due to Purpose Restrictions by Donor	(2,981,445)	(1,392,847)
Total Financial Assets and Liquidity Resources Available within One Year	\$ 1,299,322	\$ 1,249,189

9. SUBSEQUENT EVENTS

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, the Organization continues to assess how best to adapt to changed circumstances.

The Organization has evaluated all subsequent events through November 13, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Direct Awards		
U.S. Department of Health and Human Services		
Administration on Aging		
National Center on Law and Elder Rights	93.048	<u>\$ 1,721,330</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,721,330</u></u>

JUSTICE IN AGING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Justice in Aging, under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Justice in Aging, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Justice in Aging.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

3. INDIRECT COST RATE

Justice in Aging elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. SUBRECIPIENTS

There were no awards passed through to subrecipients.

**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, 2020, 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 13, 2020.

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) as a basis for designing 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 financial statements. 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 13, 2020

Certified Public Accountants

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, 2020. 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, 2020.

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 13, 2020

Certified Public Accountants

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency reported not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency reported not considered to be material weakness(es)?	None reported

Type of auditors' report issued on compliance
for major programs:

<u>Federal CFDA Number</u>	<u>Federal Grantor/Program Title</u>	
	U.S. Department of Health and Elder Services	
	Administration on Aging	
93.048	National Center on Law and Human Rights	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance?	No
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Identification of Major Programs

<u>Federal CFDA Number</u>	<u>Federal Grantor/Program Title</u>
	U.S. Department of Health and Elder Services
	Administration on Aging
93.048	National Center on Law and Human Rights

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statements Audit Findings

Significant Deficiencies

None were reported.

JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section III - Federal Award Findings and Questioned Costs

Federal Award Findings

None were reported.

Questioned Costs

None were reported.

Financial Statement Audit Findings

None.

Federal Award Findings

None.