

# JUSTICE IN AGING

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FIGHTING SENIOR POVERTY THROUGH LAW

**SINGLE AUDIT FINANCIAL REPORT  
UNDER UNIFORM GUIDANCE**

**JUNE 30, 2021 AND 2020**

JUSTICE IN AGING

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JUNE 30, 2021 AND 2020

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## Independent Auditors' Report

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, 2021, 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, 2021, 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.

***Report on Summarized Comparative Information***

We have previously audited Justice in Aging's June 30, 2020 financial statements, and our report dated November 13, 2020, 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, 2020, 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 January 12, 2022, 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.  
January 12, 2022

Certified Public Accountants

JUSTICE IN AGING

STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2021  
 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,235,979	\$ 2,640,661
Grants and Contributions Receivable, Current	969,465	614,482
Contracts Receivable	110,022	165,627
Attorneys Fees Receivable	-	70,405
Accounts Receivable	3,569	30,294
Prepaid Expenses and Other Current Assets	59,329	82,753
Total Current Assets	4,378,364	3,604,222
<b>Property and Equipment, at Cost</b>	103,611	98,332
Less Accumulated Depreciation	(84,912)	(73,035)
Net Property and Equipment	18,699	25,297
<b>Other Assets</b>		
Grant Receivable - Net of Current Portion	389,487	759,298
Deposits	2,464	15,208
Total Other Assets	391,951	774,506
<b>Total Assets</b>	\$ 4,789,014	\$ 4,404,025
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 60,114	\$ 84,011
Accrued Vacation	236,236	208,296
Deferred Rent and Lease Incentive, Current Portion	17,848	12,741
Refundable Advances	73,681	50,160
Total Current Liabilities	387,879	355,208
<b>Other Liability</b>		
Deferred Rent and Lease Incentive, Net of Current Portion	20,507	40,877
Total Liabilities	408,386	396,085
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	1,893,768	1,026,495
Net Assets With Donor Restrictions	2,486,860	2,981,445
Total Net Assets	4,380,628	4,007,940
<b>Total Liabilities and Net Assets</b>	\$ 4,789,014	\$ 4,404,025

*See accompanying Notes to Financial Statements.*

**JUSTICE IN AGING**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<b>2021 Total</b>	2020 Total
<b>Support and Revenue</b>				
Grants and Contributions	\$ 667,910	\$ 1,612,685	<b>\$ 2,280,595</b>	\$ 3,350,955
Contracts	1,353,025	-	<b>1,353,025</b>	1,721,330
Special Events Revenue	134,487	-	<b>134,487</b>	152,749
Other Income	345,590	-	<b>345,590</b>	169,880
Attorney Fees Recovered	234,544	-	<b>234,544</b>	70,405
Net Assets Released from Restrictions Satisfaction or Program Restrictions	2,107,270	(2,107,270)	-	-
<b>Total Support and Revenue</b>	<b>4,842,826</b>	<b>(494,585)</b>	<b>4,348,241</b>	<b>5,465,319</b>
<b>Expenses</b>				
Program Services				
Health Care Advocacy	2,036,994	-	<b>2,036,994</b>	2,045,997
Economic Security Advocacy	1,168,225	-	<b>1,168,225</b>	858,600
Litigation	318,845	-	<b>318,845</b>	440,045
<b>Total Program Services</b>	<b>3,524,064</b>	<b>-</b>	<b>3,524,064</b>	<b>3,344,642</b>
Supporting Services				
General and Administrative	326,091	-	<b>326,091</b>	417,855
Fundraising	125,398	-	<b>125,398</b>	114,227
<b>Total Supporting Services</b>	<b>451,489</b>	<b>-</b>	<b>451,489</b>	<b>532,082</b>
<b>Total Expenses</b>	<b>3,975,553</b>	<b>-</b>	<b>3,975,553</b>	<b>3,876,724</b>
Change in Net Assets	867,273	(494,585)	<b>372,688</b>	1,588,595
Net Assets, Beginning of Year	1,026,495	2,981,445	<b>4,007,940</b>	2,419,345
<b>Net Assets, End of Year</b>	<b>\$ 1,893,768</b>	<b>\$ 2,486,860</b>	<b>\$ 4,380,628</b>	<b>\$ 4,007,940</b>

*See accompanying Notes to Financial Statements.*

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**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	<b>2021 Total</b>	2020 Total
	Health Care Advocacy	Economic Security Advocacy	Litigation		General and Administrative	Fundraising			
Salaries	\$ 1,254,208	\$ 755,253	\$ 227,902	\$ 2,237,363	\$ 226,801	\$ 71,905	\$ 298,706	\$ <b>2,536,069</b>	\$ 2,334,922
Employee Benefits	314,761	183,370	48,923	547,054	44,292	21,399	65,691	<b>612,745</b>	537,164
Professional Fees	22,154	24,885	1,007	48,046	14,100	2,019	16,119	<b>64,165</b>	99,269
Subcontractor Expenses	216,639	72,213	-	288,852	-	-	-	<b>288,852</b>	350,212
Occupancy and Storage	121,142	72,197	21,343	214,682	20,902	7,194	28,096	<b>242,778</b>	275,318
Travel	6,422	1,796	465	8,683	7,263	7,500	14,763	<b>23,446</b>	92,140
Office Supplies and Equipment	11,848	6,948	2,054	20,850	2,009	1,107	3,116	<b>23,966</b>	21,189
Printing and Postage	2,632	1,448	550	4,630	419	4,596	5,015	<b>9,645</b>	6,506
Telecommunications	10,854	6,271	2,265	19,390	1,519	523	2,042	<b>21,432</b>	20,905
Technology	31,919	16,247	3,761	51,927	3,683	1,268	4,951	<b>56,878</b>	53,910
Library Maintenance	12,194	7,270	4,977	24,441	-	1,589	1,589	<b>26,030</b>	19,325
Insurance	8,319	4,961	1,466	14,746	1,436	494	1,930	<b>16,676</b>	15,952
Dues and Membership	14,936	10,021	2,552	27,509	2,120	730	2,850	<b>30,359</b>	25,202
Depreciation and Amortization	5,926	3,533	1,044	10,503	1,023	352	1,375	<b>11,878</b>	12,451
Services Charges	3,040	1,812	536	5,388	524	4,722	5,246	<b>10,634</b>	12,259
<b>Totals</b>	<b>\$ 2,036,994</b>	<b>\$ 1,168,225</b>	<b>\$ 318,845</b>	<b>\$ 3,524,064</b>	<b>\$ 326,091</b>	<b>\$ 125,398</b>	<b>\$ 451,489</b>	<b>\$ 3,975,553</b>	<b>\$ 3,876,724</b>

*See accompanying Notes to Financial Statements.*

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 372,688	\$ 1,588,595
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	11,877	12,451
Changes in Assets and Liabilities		
Decrease (Increase) in Grants and Contributions Receivabl	14,827	(1,064,278)
Decrease (Increase) in Contracts Receivable	55,605	(64,711)
Decrease (Increase) in Accounts Receivable	26,725	(20,868)
Decrease (Increase) in Attorneys Fees Receivable	70,405	(70,405)
Decrease (Increase) in Prepaid Expenses	23,424	(14,897)
Decrease (Increase) in Deposits	12,745	(1,920)
(Decrease) Increase in Accounts Payable	(23,897)	9,678
Increase in Accrued Vacation	27,940	76,842
(Decrease) in Deferred Rent and Lease Incentive	(15,263)	(12,741)
Increase in Refundable Advances	23,521	8,779
	600,597	446,525
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment - Net Cash Used in Investing Activities	(5,279)	(28,056)
<b>Net Increase in Cash and Cash Equivalents</b>	595,318	418,469
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,640,661	2,222,192
<b>Cash and Cash Equivalents, End of Year</b>	\$ 3,235,979	\$ 2,640,661

*See accompanying Notes to Financial Statements.*

## JUSTICE IN AGING

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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#### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Organization*

Justice in Aging (formerly National Senior Citizens Law Center, the Organization), incorporated in 1977 in the state of California, is a not-for-profit organization dedicated to fight senior poverty through law. Through the Organization's expertise in elder rights and the government programs that deliver health care and economic security to low-income seniors—such as Medicare, Medicaid, and Supplemental Security Income (SSI)—the Organization breaks down barriers low-income seniors face in meeting their basic needs. The Organization's work seeks to address the intersectional inequities faced by older adults of color, older women, LGBTQ older adults, older adults with disabilities, and older adults who are immigrants or have limited English proficiency. The effects of discrimination amplify throughout an individual's life, leading to poor health outcomes and financial precarity in older age. The disproportionate impact of the COVID-19 pandemic on those who have experienced discrimination throughout their lives led to a new strategic direction for the Organization. In 2021, the Organization launched a major initiative to advance equity, which means its advocacy will be aimed at pursuing systemic changes in law and policy that will improve the lives of those who have experienced inequities throughout their lives.

The Organization 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, the Organization provides training and advice on health care and economic security issues to tens of thousands of direct service providers.

##### *Health Care Advocacy*

The Organization ensures that low-income older Americans are able to access high quality, affordable health, and long-term care. Using its expertise in both Medicare and Medicaid, the Organization advocates to ensure that health care services prioritize home and community-based services (HCBS) over institutions, honor choice, and include strong consumer protections. Further, by focusing its work on populations who have been marginalized and excluded from justice, the Organization 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 disadvantages, which all can also be intersectional.

In 2021, the Organization's health care program is particularly focused on: (1) advocating for expanded access to programs that help older adults get the care they need at home instead of moving into a nursing facility; (2) improving access to a full array of health care services through Medicare; and (3) advocating for an equitable health care system in which all older Americans have a right to quality care. This work 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 remedy widespread disparities in our health care systems.

## JUSTICE IN AGING

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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

##### *Economic Security Advocacy*

The Organization preserves, strengthens, expands, and improves the income supports that help low-income older Americans afford food, shelter, and other basic necessities. The Organization 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 disadvantages, which all can also be intersectional. Because of lifelong inequities, older adults of color, LGBTQ older adults, women, immigrants, and others are more likely to have worked low-wage jobs—or have taken time out for family caregiving—that didn't provide opportunities to save. Thus, they may rely on benefits like SSI to survive, which is why the Organization focuses much of its economic security work on this program.

In 2021, the Organization is focused on responding to the continuing impacts of the COVID-19 crisis on the economic security of low-income older adults and reducing barriers to programs that support older adults. Goals include: (1) updating and rebuilding the SSI program so that it meets the needs of low-income older adults today and into the future; (2) identifying and addressing problems of, challenges to, or deficiencies in 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) in housing, advancing policies and programs that maintain or provide shelter and services for low-income older adults experiencing or at-risk of homelessness; and (4) raising awareness about senior poverty through strategic communications and partnerships—the Organization 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, the Organization partners with advocates on the ground who help it monitor and uncover issues that impact low-income older adults. If the Organization cannot remedy systemic problems through advocacy or policy change, it develops litigation that will break down barriers to benefits, litigating precedent-setting cases that benefit hundreds of thousands of seniors. Over the past 49 years, the Organization has returned billions of dollars in benefits to low-income older adults. The Organization has pro bono partnerships with some of the top law firms in the country, enabling the Organization to file and win more cases that bring justice to older adults.

Recently filed litigation includes a class action lawsuit against the Social Security Administration challenging the agency's practice of assessing overpayments and reducing or eliminating benefits while offices are closed for the COVID-19 pandemic and recipients have no meaningful way of interacting with the agency. Another case challenges a Health and Human Services rule change that resulted in Limited English Proficient (LEP) older adults losing access to important health information in their language.

## JUSTICE IN AGING

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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

##### *Litigation (Continued)*

The Organization often works with its pro bono colleagues and other organizations to file amicus curiae briefs, in important cases throughout the country and with the Supreme Court, that have the potential to impact low-income seniors.

##### *Elder Rights Advocacy*

The Organization's Elder Rights advocacy focuses on issues affecting autonomy and access to justice for low-income older adults, particularly older women, people of color, LGBTQ individuals, and people with limited English proficiency. The Organization's advocacy includes the areas of elder justice, guardianship and decision supports, access to justice, and digital equity. The Organization seeks to foster social structures and create policies that enable older adults to remain engaged in their communities and society as a whole—free from the threat of abuse, neglect, and exploitation.

The Organization 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, the Organization provides free legal trainings, written materials, and case consultations. The Organization also advises legal services providers on how to build capacity and improve legal services for older adults in their communities. Since launching NCLER five years ago, the Organization has seen tremendous growth in the project, and now reaches over 50,000 legal services, aging, and disability network members.

##### *Basis of Presentation*

The financial statement presentation follows generally accepted accounting principles in the United States of America (GAAP). The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

##### *Revenue Recognition*

##### *Grants and Contributions*

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.

Conditional grants and contributions are not recorded as revenue until the related conditions have been satisfied. Assets received in a conditional contribution are reported as a refundable advance until the conditions have been substantially met or explicitly waived by the donor. Contributions received with donor-imposed conditions and restrictions that are met in the same

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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

*Revenue Recognition (Continued)*

*Grants and Contributions (Continued)*

reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Special events revenue is comprised of contributions received for the annual spring fundraising event and is recognized when the event occurs.

*Contract and Attorney Fees Recovered*

Contract from the federal government is recognized on a cost reimbursement basis to the extent of allowable costs at a point in time. Attorney fees recovered 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, 2021 and 2020, the Organization's allowance for doubtful accounts was \$-0-. The Organization had no bad debt expense for the years ended June 30, 2021 and 2020.

*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*

Funds received from donors in advance of the condition being met are recorded as refundable advances.

*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.

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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

##### *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.

##### *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, 2021 and 2020, 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 2020 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 Codification Topic 606*

During the year ended June 30, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. The change in accounting principle was adopted using the modified retrospective method as of July 1, 2020. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

##### *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

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

2. **ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)**

*Adoption of Accounting Standards Update 2018-08 (Continued)*

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. This change in accounting principle was adopted on a modified prospective basis in 2020. 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.

3. **GRANTS AND CONTRIBUTIONS RECEIVABLE**

The balance of grants and contributions receivable is as follows as of June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Receivables in Less than One Year	\$ 969,465	\$ 614,482
One to Two Years	<u>389,487</u>	<u>759,298</u>
Total Grants and Contributions Receivable	<u>\$ 1,358,952</u>	<u>\$ 1,373,780</u>

4. **COMMITMENTS AND CONTINGENCIES**

*Operating Lease*

In September 2007, the Organization entered into a sublease agreement for office space in Washington, D.C. The lease commenced in January 2008. The lease had an initial lease term of 10 years from the lease commencement date, with a five-year renewal option. The sublease agreement was renewed and commenced in January 2018. The renewed sublease agreement has a lease term of 5 years from the lease commencement date. Monthly base rent is \$8,116, with a fixed annual escalation of 2%. The Organization is also responsible for the proportionate share of increases in operating charges. The Organization received an abatement of the base rent during the first six months of the lease term.

In September 2014, the Organization entered into a lease agreement for office space in Los Angeles, California, which was renewed in May 2019. The renewed lease agreement has a lease term of 5 years from the lease commencement date. Monthly base rent is \$2,873, with a fixed annual escalation of 3%. The Organization received a total credit against the monthly installment of the base rent for the first, twenty-fifth, and forty-ninth month of the extended lease period. The lease required a security deposit of \$2,464 which is included in deposits in the accompanying statement of financial position.

In November 2005, the Organization entered into a lease agreement for office space in Oakland, California. The lease agreement was amended in October 2008 by First Amendment, in November 2011 by Second Amendment, in July 2014 by Third Amendment, and November 2016 by Fourth Amendment. The Fourth Amendment included changes of conditions due to expansion premises. Monthly base rent was \$6,476, and it escalated to \$10,203 for the expanded premises. The last amendment required a security deposit of \$10,824 at the expansion premises commencement date. The lease agreement was extended for six months and expired in February 2021. The security deposit was returned by the lessor after the expiration.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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4. COMMITMENTS AND CONTINGENCIES (CONTINUED))

*Operating Lease (Continued)*

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as part of deferred rent and lease incentive in the accompanying statement of financial position.

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,

2022	\$ 143,495
2023	144,035
2024	12,933
Total	<u>\$ 300,463</u>

Rent expense was \$242,778 and \$275,318, respectively, for the years ended June 30, 2021 and 2020.

*Credit Risks*

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.

*Concentrations*

As of June 30, 2021, approximately 56% of contributions receivable consisted of amounts due from two donors. As of June 30, 2021 and 2020, all of the contract receivable amounts were owed from the Department of Health and Human Services Office on Aging.

*Contingencies*

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.

5. 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, 2021 and 2020, the Organization contributed 8% of each employee's gross salary. For the years ended June 30, 2021 and 2020, retirement expense was \$199,534 and \$179,753, respectively. These amounts are included in employee benefits in the accompanying statement of functional expenses.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Health Care Advocacy	\$ 1,004,787	\$ 1,399,421
Economic Security Advocacy	1,233,387	1,273,179
Litigation	248,686	308,845
Total	\$ 2,486,860	\$ 2,981,445

For the years ended June 30, 2021 and 2020, net assets released from donor restrictions were as follows:

	2021	2020
Health Care Advocacy	\$ 1,198,499	\$ 585,261
Economic Security Advocacy	848,611	489,077
Litigation	60,160	208,927
Total	\$ 2,107,270	\$ 1,283,265

**7. 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, 2021 and 2020, the following financial assets and liquidity resources were available for general operating expenditures in the years ending June 30, 2022 and 2021.

	2021	2020
<i>Financial Assets</i>		
Cash and Cash Equivalents	\$ 3,235,979	\$ 2,640,661
Grants and Contributions Receivable	1,358,952	1,373,780
Contracts Receivable	110,022	165,627
Attorney Fees Receivable	-	70,405
Accounts Receivable	3,569	30,294
Total Financial Assets and Liquidity Resources Available	4,708,522	4,280,767
Less Amounts Unavailable for General Expenditures within One Year Due to Purpose Restrictions by Donor	(2,486,860)	(2,981,445)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 2,221,662	\$ 1,299,322

**8. CONDITIONAL GRANTS, CONTRIBUTIONS, AND CONTRACTS**

The Organization has received conditional promises to give, which have not been recorded as contribution revenue or assets as the required criteria under GAAP has not been met as of June 30, 2021.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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**8. CONDITIONAL GRANTS, CONTRIBUTIONS, AND CONTRACTS (CONTINUED)**

Conditional promises to give at June 30, 2021, consisted of the following:

<u>Grant or Contract</u>	<u>Conditional Balance</u>	<u>Condition</u>
Administration on Aging	\$ 260,098	Allowable Costs
Legal Aid Society of San Diego	52,722	Allowable Costs
Equal Justice Works	72,767	Allowable Costs
Total	<u>\$ 385,587</u>	

**9. SUBSEQUENT EVENTS**

The Organization has evaluated all subsequent events through January 12, 2022, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

JUSTICE IN AGING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

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<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<i>Direct Awards</i>		
<b>U.S. Department of Health and Human Services</b>		
Administration for Community Living (ACL)		
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	<u>\$ 1,353,025</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 1,353,025</u></u>

JUSTICE IN AGING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal contract activity of the Organization, 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**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**

The Organization 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***

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, 2021, 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 January 12, 2022.

***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*.

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.  
January 12, 2022

Certified Public Accountants

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

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, 2021. 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, 2021.

## 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.  
January 12, 2022

Certified Public Accountants

JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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**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>Assistance Living Number</u>	<u>Federal Grantor/Program Title</u>	
	<b>U.S. Department of Health and Human Services</b> Administration for Community Living (ACL) Special Programs for the Aging, Title IV, and Title II Discretionary Projects	
93.048		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>Assistance Living Number</u>	<u>Federal Grantor/Program Title</u>	
	<b>U.S. Department of Health and Human Services</b> Administration for Community Living (ACL) Special Programs for the Aging, Title IV, and Title II Discretionary Projects	
93.048		

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

JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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**Section II - Financial Statements Audit Findings**

**Significant Deficiencies**

None were reported.

**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.