

JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

**SINGLE AUDIT FINANCIAL REPORT
UNDER UNIFORM GUIDANCE**

JUNE 30, 2022 AND 2021

JUSTICE IN AGING

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JUNE 30, 2022 AND 2021

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Independent Auditor's Report

The Board of Directors of
Justice in Aging
Washington, D.C.

Report on the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Justice in Aging as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Justice in Aging and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Justice in Aging's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Justice in Aging's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Justice in Aging's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Justice in Aging's June 30, 2021 financial statements, and our report dated January 12, 2022, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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

Supplementary Information (Continued)

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 schedule of expenditures of federal awards 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 February 28, 2023, 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.

Bethesda, Maryland
February 28, 2023

Certified Public Accountants

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STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

	2022	2021
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 6,944,033	\$ 3,235,979
Grants and Contributions Receivable, Current	1,601,335	969,465
Contracts Receivable	143,695	110,022
Accounts Receivable	20,437	3,569
Prepaid Expenses and Other Current Assets	71,156	59,329
Total Current Assets	8,780,656	4,378,364
Property and Equipment, at Cost	118,555	103,611
Less Accumulated Depreciation	(97,419)	(84,912)
Net Property and Equipment	21,136	18,699
Other Assets		
Grant Receivable - Net of Current Portion	647,348	389,487
Deposits	2,464	2,464
Total Other Assets	649,812	391,951
Total Assets	\$ 9,451,604	\$ 4,789,014
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 104,709	\$ 60,114
Accrued Vacation	238,183	236,236
Deferred Rent and Lease Incentive, Current Portion	23,330	17,848
Refundable Advances	85,170	73,681
Total Current Liabilities	451,392	387,879
Other Liability		
Deferred Rent and Lease Incentive, Net of Current Portion	1,565	20,507
Total Liabilities	452,957	408,386
Net Assets		
Net Assets Without Donor Restrictions	5,204,716	1,893,768
Net Assets With Donor Restrictions	3,793,931	2,486,860
Total Net Assets	8,998,647	4,380,628
Total Liabilities and Net Assets	\$ 9,451,604	\$ 4,789,014

See accompanying Notes to Financial Statements.

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**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022 Total	2021 Total
Support and Revenue				
Grants and Contributions	\$ 3,681,734	\$ 3,621,101	\$ 7,302,835	\$ 2,280,595
Contracts	1,453,160	-	1,453,160	1,353,025
Special Events Revenue	268,572	-	268,572	134,487
Other Income	26,358	-	26,358	345,590
Attorney Fees Recovered	-	-	-	234,544
Net Assets Released from Restrictions Satisfaction or Program Restrictions	2,314,030	(2,314,030)	-	-
Total Support and Revenue	<u>7,743,854</u>	<u>1,307,071</u>	<u>9,050,925</u>	<u>4,348,241</u>
Expenses				
Program Services				
Health Care Advocacy	2,287,953	-	2,287,953	2,036,994
Economic Security Advocacy	1,154,460	-	1,154,460	1,168,225
Litigation	352,077	-	352,077	318,845
Total Program Services	<u>3,794,490</u>	<u>-</u>	<u>3,794,490</u>	<u>3,524,064</u>
Supporting Services				
General and Administrative	462,240	-	462,240	326,091
Fundraising	176,176	-	176,176	125,398
Total Supporting Services	<u>638,416</u>	<u>-</u>	<u>638,416</u>	<u>451,489</u>
Total Expenses	<u>4,432,906</u>	<u>-</u>	<u>4,432,906</u>	<u>3,975,553</u>
Change in Net Assets	3,310,948	1,307,071	4,618,019	372,688
Net Assets, Beginning of Year	<u>1,893,768</u>	<u>2,486,860</u>	<u>4,380,628</u>	<u>4,007,940</u>
Net Assets, End of Year	<u><u>\$ 5,204,716</u></u>	<u><u>\$ 3,793,931</u></u>	<u><u>\$ 8,998,647</u></u>	<u><u>\$ 4,380,628</u></u>

See accompanying Notes to Financial Statements.

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**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Program Services			Total Program Services	Supporting Services			2022 Total	2021 Total
	Health Care Advocacy	Economic Security Advocacy	Litigation		General and Administrative	Fundraising	Total Supporting Services		
Salaries	\$ 1,482,752	\$ 763,243	\$ 263,331	\$ 2,509,326	\$ 321,261	\$ 79,505	\$ 400,766	\$ 2,910,092	\$ 2,536,069
Employee Benefits	378,581	189,071	55,912	623,564	59,339	23,273	82,612	706,176	612,745
Professional Fees	61,655	20,317	-	81,972	15,040	4,750	19,790	101,762	64,165
Subcontractor Expenses	175,292	88,431	-	263,723	-	-	-	263,723	288,852
Occupancy and Storage	72,178	36,929	12,380	121,487	14,758	3,986	18,744	140,231	242,778
Travel	12,061	3,256	300	15,617	35,400	10,620	46,020	61,637	23,446
Direct Benefits to Donors	-	-	-	-	-	24,609	24,609	24,609	-
Office Supplies and Equipment	12,016	6,148	2,061	20,225	2,457	4,495	6,952	27,177	23,966
Printing and Postage	2,393	1,224	410	4,027	489	3,883	4,372	8,399	9,645
Telecommunications	8,908	4,505	2,052	15,465	1,743	471	2,214	17,679	21,432
Technology	38,520	17,672	4,648	60,840	5,542	12,579	18,121	78,961	56,878
Library Maintenance	11,578	5,924	4,992	22,494	-	1,499	1,499	23,993	26,030
Insurance	8,385	4,290	1,438	14,113	1,715	463	2,178	16,291	16,676
Dues and Membership	13,634	8,332	2,838	24,804	2,451	662	3,113	27,917	30,359
Depreciation and Amortization	6,437	3,294	1,104	10,835	1,316	356	1,672	12,507	11,878
Services Charges	3,563	1,824	611	5,998	729	5,025	5,754	11,752	10,634
Totals	\$ 2,287,953	\$ 1,154,460	\$ 352,077	\$ 3,794,490	\$ 462,240	\$ 176,176	\$ 638,416	\$ 4,432,906	\$ 3,975,553

See accompanying Notes to Financial Statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ 4,618,019	\$ 372,688
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	12,507	11,877
Changes in Assets and Liabilities		
(Increase) Decrease in Grants and Contributions Receivable	(889,731)	14,827
(Increase) Decrease in Contracts Receivable	(33,673)	55,605
(Increase) Decrease in Accounts Receivable	(16,868)	26,725
Decrease in Attorneys Fees Receivable	-	70,405
(Increase) Decrease in Prepaid Expenses	(11,827)	23,424
Decrease in Deposits	-	12,745
Increase (Decrease) in Accounts Payable and Accrued Expenses	44,595	(23,897)
Increase in Accrued Vacation	1,947	27,940
Decrease in Deferred Rent and Lease Incentive	(13,460)	(15,263)
Increase in Refundable Advances	11,489	23,521
	3,722,998	600,597
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Purchases of Property and Equipment - Net Cash Used in Investing Activities	(14,944)	(5,279)
Net Increase in Cash and Cash Equivalents	3,708,054	595,318
Cash and Cash Equivalents, Beginning of Year	3,235,979	2,640,661
Cash and Cash Equivalents, End of Year	\$ 6,944,033	\$ 3,235,979

See accompanying Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Justice in Aging (the Organization), incorporated in 1977 in the state of California, is a not-for-profit organization that fights 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. The Organization has developed and is implementing tools and strategies to ensure that the systemic changes in law and policy it pursues through advocacy 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

Justice in Aging 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 2022, 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, protecting rights of nursing facility residents, and advocating for policy changes that would remedy widespread disparities in our health care systems.

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. The Organization

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

Economic Security Advocacy (Continued)

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 did not 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 2022, the Organization is focused on increasing the economic security of low-income older adults, reducing barriers to programs that support older adults, and advocating for more investment in affordable, accessible housing for older adults at risk of homelessness. 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 the Organization 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 50 years, Justice in Aging 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 it to file and win more cases that bring justice to older adults.

Recently filed litigation includes a lawsuit against the United States Department of Health and Human Services challenging a rule that requires states to trim their Medicaid rolls as a condition of receiving enhanced federal funding, causing people to lose critical Medicaid services during the ongoing public health emergency. Another recent lawsuit filed in Massachusetts asserts that the Commonwealth is violating the Americans with Disabilities Act (ADA) for its failure to provide in-home supports that allow older adults and individuals with disabilities to live in the community, instead of being forced into institutions.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

Justice in Aging'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 whole—free from the threat of abuse, neglect, and exploitation.

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, the Organization provides free legal training, 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 reach over 54,000 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Revenue Recognition (Continued)

Grants and Contributions (Continued)

Contributions received with donor-imposed conditions and restrictions that are met in the same 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.

Contracts and Attorney Fees Recovered

Contracts from the federal government are 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, Contracts, and Accounts Receivable

Grants and contributions, contracts, 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, 2022 and 2021, the Organization's allowance for doubtful accounts was \$-0-. The Organization had no bad debt expense for the years ended June 30, 2022 and 2021.

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, 2022 AND 2021

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, 2022 and 2021, 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 2021 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

The balance of grants and contributions receivable is as follows as of June 30, 2022 and 2021.

	2022	2021
Receivables in Less than One Year	\$ 1,601,335	\$ 969,465
One to Two Years	647,348	389,487
Total Grants and Contributions Receivable	<u>\$ 2,248,683</u>	<u>\$ 1,358,952</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. The 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 of premises. The 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.

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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Lease

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,

2023	\$ 144,035
2024	12,933
Total	<u>\$ 156,968</u>

Rent expense was \$140,231 and \$242,778, respectively, for the years ended June 30, 2022 and 2021.

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, 2022 and 2021, approximately 68% and 56%, respectively, of contributions receivable consisted of amounts due from two donors. As of June 30, 2022 and 2021, all of the contracts 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, 2022 and 2021, the Organization contributed 8% of each employee's gross salary. For the years ended June 30, 2022 and 2021, retirement expense was \$230,652 and \$199,534, respectively. These amounts are included in employee benefits in the accompanying statement of functional expenses.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30, 2022 and 2021:

	2022	2021
Health Care Advocacy	\$ 2,148,822	\$ 1,004,787
Economic Security Advocacy	1,442,887	1,233,387
Litigation	202,222	248,686
Total	\$ 3,793,931	\$ 2,486,860

For the years ended June 30, 2022 and 2021, net assets released from donor restrictions were as follows:

	2022	2021
Health Care Advocacy	\$ 1,220,103	\$ 1,198,499
Economic Security Advocacy	1,047,463	848,611
Litigation	46,464	60,160
Total	\$ 2,314,030	\$ 2,107,270

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, 2022 and 2021, the following financial assets and liquidity resources were available for general operating expenditures in the years ending June 30, 2023 and 2022.

	2022	2021
<i>Financial Assets</i>		
Cash and Cash Equivalents	\$ 6,944,033	\$ 3,235,979
Grants and Contributions Receivable	1,601,335	969,465
Contracts Receivable	143,695	110,022
Accounts Receivable	20,437	3,569
Total Financial Assets and Liquidity Resources Available	8,709,500	4,319,035
Less Amounts Unavailable for General Expenditures within One Year Due to Purpose Restrictions by Donor	(3,793,931)	(2,486,860)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 4,915,569	\$ 1,832,175

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022.

Conditional promises to give at June 30, 2022 and 2021, consisted of the following:

Grant or Contract	Conditional Balance		Condition
	2022	2021	
Administration on Aging	\$ 204,545	\$ 260,098	Allowable Costs
Legal Aid Society of San Diego	22,259	52,722	Allowable Costs
Equal Justice Works	38,152	72,767	Allowable Costs
Total	<u>\$ 264,956</u>	<u>\$ 385,587</u>	

9. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through February 28, 2023, 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, 2022**

<u>Federal Grantor/Program Title/Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Grant/Contract ID No.</u>	<u>Federal Expenditures</u>
<i>Direct Awards</i>			
U.S. Department of Health and Human Services			
Administration for Community Living (ACL)			
Special Programs for the Aging, Title IV, and Title II			
Discretionary Projects	93.048	HHSP233201650076A	\$ 343,811
Special Programs for the Aging, Title IV, and Title II Discretionary Projects	93.048	75P00121C00033	<u>1,109,349</u>
Total Special Programs for the Aging, Title IV, and Title II Discretionary Projects			1,453,160
<i>Indirect Awards</i>			
U.S. Department of the Treasury			
Pass-Through from: State Bar of California			
Coronavirus State and Local Fiscal Recovery Funds	21.027	#76	60,461
Coronavirus State and Local Fiscal Recovery Funds	21.027	#5	<u>113,156</u>
Total Coronavirus State and Local Fiscal Recovery Funds			<u>173,617</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,626,777</u></u>

JUSTICE IN AGING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022. 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 Auditor’s 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, 2022, 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 February 28, 2023.

Report on 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 Justice in Aging’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 or significant deficiencies may exist that were not identified.

Report on 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 Justice in Aging's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
February 28, 2023

Certified Public Accountants

Independent Auditor’s 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

Opinion on Each Major Federal Program

We have audited Justice in Aging’s compliance with the types of compliance requirements identified as subject to audit 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, 2022. Justice in Aging’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Justice in Aging and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Justice in Aging’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Justice in Aging’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an

Auditor's Responsibilities for the Audit of Compliance (Continued)

opinion on Justice in Aging's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Justice in Aging's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Justice in Aging's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Justice in Aging's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Justice in Aging's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

Report on Internal Control over Compliance (Continued)

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Bethesda, Maryland
February 28, 2023

Certified Public Accountants

JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's 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 auditor's report issued on compliance
for major programs:

<u>Assistance Listing Number</u>	<u>Federal Grantor/Program Title</u>	
	U.S. Department of Health and Human Services 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 Listing Number</u>	<u>Federal Grantor/Program Title</u>	
	U.S. Department of Health and Human Services 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
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Auditee qualified as low-risk auditee?	Yes
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JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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.