

JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2025 AND 2024

JUSTICE IN AGING

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JUNE 30, 2025 AND 2024

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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, 2025, 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 referred to above present fairly, in all material respects, the financial position of Justice in Aging as of June 30, 2025, 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, 2024 financial statements, and our report dated March 4, 2025, 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, 2024, 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.

Supplementary Information (Continued)

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 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 March 30, 2026, 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
March 30, 2026

Certified Public Accountants

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STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,813,857	\$ 1,582,382
Investments	5,455,200	5,527,814
Grants, Contributions, and Contracts Receivable, Current	1,708,899	2,298,900
Accounts Receivable	26,728	4,000
Prepaid Expenses and Other Current Assets	80,646	109,494
Total Current Assets	9,085,330	9,522,590
Property and Equipment, at Cost	81,564	85,873
Less Accumulated Depreciation	(49,491)	(50,365)
Property and Equipment, Net	32,073	35,508
Other Assets		
Grants, Contributions, and Contracts Receivable, Net of Current Portion	725,000	906,400
Operating Right-of-Use Asset	128,400	168,115
Deposits	-	2,464
Total Other Assets	853,400	1,076,979
Total Assets	\$ 9,970,803	\$ 10,635,077
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 66,803	\$ 144,383
Accrued Vacation	411,874	403,750
Operating Lease Liability, Current Portion	24,100	26,222
Refundable Advances	6,929	64,437
Total Current Liabilities	509,706	638,792
Other Liability		
Operating Lease Liability, Net of Current Portion	120,235	144,335
Total Liabilities	629,941	783,127
Net Assets		
Net Assets Without Donor Restrictions	6,688,138	6,886,474
Net Assets With Donor Restrictions	2,652,724	2,965,476
Total Net Assets	9,340,862	9,851,950
Total Liabilities and Net Assets	\$ 9,970,803	\$ 10,635,077

See accompanying Notes to Financial Statements.

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**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2025 Total	2024 Total
Support and Revenue				
Grants and Contributions	\$ 1,703,152	\$ 2,482,970	\$ 4,186,122	\$ 5,518,794
Contracts	2,079,351	-	2,079,351	2,286,298
Annual Fundraising Campaign	216,944	-	216,944	234,297
Donated Facilities	5,400	-	5,400	-
Investment Income	527,763	-	527,763	539,037
Other Income	12,432	-	12,432	8,501
Attorney Fees Recovered	178,377	-	178,377	133,969
Net Assets Released from Restrictions Satisfaction or Program Restrictions	2,795,722	(2,795,722)	-	-
Total Support and Revenue	7,519,141	(312,752)	7,206,389	8,720,896
Expenses				
Program Services				
Health Care Advocacy	4,901,804	-	4,901,804	3,902,168
Economic Security Advocacy	1,177,132	-	1,177,132	1,609,103
Litigation	661,649	-	661,649	649,702
Total Program Services	6,740,585	-	6,740,585	6,160,973
Supporting Services				
General and Administrative	783,414	-	783,414	629,082
Fundraising	193,478	-	193,478	200,193
Total Supporting Services	976,892	-	976,892	829,275
Total Expenses	7,717,477	-	7,717,477	6,990,248
Change in Net Assets	(198,336)	(312,752)	(511,088)	1,730,648
Net Assets, Beginning of Year	6,886,474	2,965,476	9,851,950	8,121,302
Net Assets, End of Year	\$ 6,688,138	\$ 2,652,724	\$ 9,340,862	\$ 9,851,950

See accompanying Notes to Financial Statements.

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**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	2025 Total	2024 Total
	Health Care Advocacy	Economic Security Advocacy	Litigation		General and Administrative	Fundraising			
Salaries	\$ 3,337,307	\$ 745,343	\$ 489,906	\$ 4,572,556	\$ 451,229	\$ 86,475	\$ 537,704	\$ 5,110,260	\$ 4,710,089
Employee Benefits	864,274	190,597	122,229	1,177,100	92,496	24,702	117,198	1,294,298	1,122,923
Travel	162,114	53,727	46	215,887	79,319	56,041	135,360	351,247	287,160
Professional Fees	72,325	51,833	6,531	130,689	116,831	1,186	118,017	248,706	214,539
Subcontractor Expenses	160,063	66,366	-	226,429	-	-	-	226,429	260,300
Dues and Membership	92,487	20,602	13,475	126,564	11,969	2,447	14,416	140,980	41,577
Occupancy and Storage	50,900	11,338	7,415	69,653	6,587	1,347	7,934	77,587	104,732
Office Supplies and Equipment	44,486	9,864	6,451	60,801	5,730	4,064	9,794	70,595	44,044
Telecommunications	34,048	7,584	4,960	46,592	4,406	901	5,307	51,899	16,906
Technology	26,169	7,018	2,246	35,433	1,995	408	2,403	37,836	60,134
Library Maintenance	21,529	4,796	3,137	29,462	2,786	570	3,356	32,818	36,881
Insurance	13,845	3,084	2,017	18,946	1,792	366	2,158	21,104	19,816
Depreciation and Amortization	13,598	3,029	1,981	18,608	1,760	360	2,120	20,728	10,906
Services Charges	6,926	1,543	1,009	9,478	895	4,773	5,668	15,146	13,430
Printing and Postage	1,733	408	246	2,387	219	9,666	9,885	12,272	12,667
Donated Facilities	-	-	-	-	5,400	-	5,400	5,400	-
Direct Benefits to Donors	-	-	-	-	-	172	172	172	34,144
Totals	\$ 4,901,804	\$ 1,177,132	\$ 661,649	\$ 6,740,585	\$ 783,414	\$ 193,478	\$ 976,892	\$ 7,717,477	\$ 6,990,248

See accompanying Notes to Financial Statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
Cash Flows from Operating Activities		
Change in Net Assets	\$ (511,088)	\$ 1,730,648
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	20,727	10,906
Operating Lease Expense	46,354	38,505
Changes in Assets and Liabilities		
Decrease (Increase) in Grants, Contributions, and Contracts Receivable	771,401	(1,777,704)
Increase in Accounts Receivable	(22,728)	(1,348)
Decrease (Increase) in Prepaid Expenses	28,848	(26,581)
Decrease in Deposits	2,464	-
(Decrease) in Accounts Payable and Accrued Expenses	(77,580)	(33,938)
Increase in Accrued Vacation	8,124	85,012
Operating Lease Liability	(32,861)	(35,096)
Decrease in Refundable Advances	(57,508)	(143,114)
Net Cash Provided by (Used in) Operating Activities	176,153	(152,710)
Cash Flows from Investing Activities		
Purchase and Sale of Investments, Net	72,614	(4,924,913)
Purchases of Property and Equipment	(17,292)	(25,953)
Net Cash Provided by (Used in) Investing Activities	55,322	(4,950,866)
Net Increase (Decrease) in Cash and Cash Equivalents	231,475	(5,103,576)
Cash and Cash Equivalents, Beginning of Year	1,582,382	6,685,958
Cash and Cash Equivalents, End of Year	\$ 1,813,857	\$ 1,582,382
Noncash Transactions from Investing and Financing Activities		
Establishment of Operating Right-of-Use Asset	\$ -	\$ 155,287
Establishment of Operating Lease Liability	-	155,287

See accompanying Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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 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.

Justice in Aging's model of change relies on a unique combination of training, policy innovation, and impact litigation. Each year the Organization's attorneys provide trainings to more than 50,000 aging and disability attorneys, advocates, and service providers. Justice in Aging attorneys use information received from this network to identify problems in current systems and to develop and push for the adoption of policies to address these problems. If the Organization is not successful in persuading government agencies to adopt these policy proposals, the litigation team will develop litigation that will break down barriers to benefits. Throughout Justice in Aging's 53 year history, the Organization has litigated numerous precedent-setting cases, secured policy improvements at the federal and state levels that impact millions, secured billions of dollars in benefits for low-income older adults, and trained hundreds of thousands of legal advocates.

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 2025, the Organization's health care program is particularly focused on: (1) protecting the Medicaid program from cuts and eligibility changes and advocating for expanded access to programs that help older adults get the care they need at home instead of having to move 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. We seek improved systems that address health disparities and inequities among older adults, ensure that every older adult has access to comprehensive home-based care, dental, vision, and hearing; protect rights of nursing facility residents, and protect and expand Medicaid and other programs to ensure older adults can afford to access care.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

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 uses its legal expertise to protect and improve programs such as Social Security and Supplemental Security Income (SSI) so the programs can 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. As a result, many rely on benefits like SSI to survive, which is why the Organization focuses much of its economic security work on this program.

In 2025, 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, protecting and expanding programs that 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.

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. Over the past 52 years, Justice in Aging has returned billions of dollars in benefits to hundreds of thousands of 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.

Our biggest litigation success in fiscal year 2025 was settling a case against the Commonwealth of Massachusetts, which asserted that the Commonwealth was 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. As a result of our settlement agreement, the Commonwealth will transition a minimum of 2,400 class members from nursing facilities to the community over the 8-year term of the agreement.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

Litigation (Continued)

Further, the Commonwealth will develop additional group living beds for residents with serious mental illness, new HCBS waivers slots and rental subsidy slots in the mental health system, new subsidized housing opportunities targeted to elder and disabled MassHealth members transitioning from nursing facilities, expand eligibility for the PACE program, and provide major home modifications to facilitate transitions.

Other current litigation includes a lawsuit against the Social Security Administration to ensure meaningful access to Social Security programs for older adults and people with disabilities, as well as a lawsuit against the Maryland Department of Health that is designed to ensure that residents' rights in nursing facilities are being protected.

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. Amicus Curiae Briefs have been more central to our work than in prior years. Through Amicus Curiae Briefing, we provide courts with critical information that reflects the importance of federal programs that provide for older adults' basic needs.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

Cash and cash equivalents include amounts invested in short-term, highly liquid investments with original maturities of three months or less.

Investments

Investments are stated at fair value based on quoted market prices on national exchanges.

Grants, Contributions, and Contracts Receivable

Grants and contributions receivable are recorded at the amount the Organization expects to collect on outstanding balances at the end of the fiscal year. Receivables due over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Management closely monitors these receivables and charges off any balances that are determined to be uncollectible. As of June 30, 2025 and 2024, there was no allowance for doubtful accounts. The Organization had no bad debt expense for the years ended June 30, 2025 and 2024.

Contract receivables consist of amounts due to the Organization for which payment has not been received at year end. At June 30, 2025 and 2024, the Organization had \$409,067 and \$676,859, respectively, of receivables related to contract revenue.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

Grants, Contributions, and Contracts Receivable (Continued)

Contract receivables are presented in the statement of financial position at the net amount expected to be collected. The Organization uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for estimation of expected credit losses and adjustment and are made for differences in current and forecasted risk characteristics and economic conditions. As of June 30, 2025, all contract receivables are due within one year and are expected to be collected. In addition, the Organization has historically had insignificant write-offs of bad debt. Therefore, management has determined that no allowance for credit losses is necessary as of June 30, 2025 and 2024.

Property and Equipment

Property 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 individual purchases of furniture, equipment, or library materials of \$1,000 or more. As of June 30, 2025 and 2024, the Organization's property and equipment balance consisted entirely of furniture and equipment.

Operating Right-of-Use Asset and Lease Liabilities

Lease liabilities are initially measured at the present value of minimum lease payments using a risk free rate that approximates the remaining term of the lease. The right-of-use assets are the lease liabilities adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Organization does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

Refundable Advances

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

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.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

Revenue Recognition - Grants and Contributions (Continued)

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

Contributions received for the annual spring fundraising event are recognized when pledged or received from donors.

Contracts and Attorney Fees Recovered

Contracts from the federal government, which are considered exchange revenues, are recognized on a cost reimbursement basis to the extent of allowable costs at a point in time for services performed. Attorney fees recovered are recognized when services are provided.

Net Assets

Resources for various purposes are classified for accounting and reporting purposes into net asset groups established according to their nature and purpose and based upon the existence or absence of donor-imposed restrictions.

- *Net Assets Without Donor Restrictions* - resources that are available for general operations and resources designated by the Organization's board for approved expenditures.
- *Net Assets With Donor Restrictions* - resources that are subject to donor-imposed restrictions. Such restrictions may be temporary in nature which expire either by passage of time or fulfillment of purpose by actions of the Organization. Other restrictions require the contribution to be held in perpetuity.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, rent and storage, depreciation/amortization, and other operating costs that support various programs and functions. The basis of the allocations is direct salary costs which have been allocated to program and supporting functions based on documentation of employee time and effort.

Use of Estimates

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Income Taxes

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax was required for the years ended June 30, 2025 and 2024, 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 2024 balances have been reclassified for comparative purposes.

2. 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.

As of June 30, 2025 and 2024, the following financial assets and liquidity resources were available for general operating expenditures in the years ending June 30, 2026 and 2025.

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 1,813,857	\$ 1,582,382
Investments	5,455,200	5,527,814
Grants, Contributions, and Contracts Receivable, Current	1,708,899	2,298,900
Accounts Receivable	<u>26,728</u>	<u>4,000</u>
Total Financial Assets and Liquidity Resources Available	9,004,684	9,413,096
Less Amounts Unavailable for General Expenditures within One Year Due to Purpose Restrictions by Donor	<u>(1,532,622)</u>	<u>(1,852,087)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 7,472,062</u>	<u>\$ 7,561,009</u>

3. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and split-interest agreements).

The following presents the Organization's assets and liabilities measured at fair value as of June 30, 2025 and 2024:

Description	Level 1	Level 2	Level 3	2025 Total	2024 Total
Equity Securities and Funds					
U.S. Large-Mid Cap	\$ 1,855,635	\$ -	\$ -	\$ 1,855,635	\$ 1,519,608
U.S. Small Cap	107,788	-	-	107,788	189,406
Global and International	314,720	-	-	314,720	253,005
Emerging Markets	158,719	-	-	158,719	131,416
Fixed Income Securities and Funds					
U.S. Fixed Income Fund	1,026,621	-	-	1,026,621	1,005,257
High Yield	142,275	-	-	142,275	128,032
U.S. Treasury Securities	1,849,442	-	-	1,849,442	2,301,090
Total	<u>\$ 5,455,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,455,200</u>	<u>\$ 5,527,814</u>

4. GRANTS, CONTRIBUTIONS, AND CONTRACTS RECEIVABLE

The balance of grants, contributions, and contracts receivable is as follows as of June 30, 2025 and 2024:

	2025	2024
Grants and Contributions due in Less than One Year	\$ 1,355,750	\$ 1,711,501
Grants and Contributions due in One to Three Years	<u>725,000</u>	<u>906,400</u>
Total Undiscounted Grants and Contributions Receivable	2,080,750	2,617,901
Less Discount for Present Value on Grants and Contributions Receivable	<u>(55,918)</u>	<u>(89,460)</u>
Total Grants and Contributions Receivable	2,024,832	2,528,441
Cost Reimbursement Contracts Receivable	<u>409,067</u>	<u>676,859</u>
Total Grants, Contributions, and Contracts Receivable, Net	<u>\$ 2,433,899</u>	<u>\$ 3,205,300</u>

The calculated discount rate for long-term grants and contributions receivable is the two-year and three-year Treasury rates, 3.72% and 3.68%, respectively, as of June 30, 2025.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

5. LEASES

On June 1, 2024, the Organization renewed a sublease agreement for office space located in Washington, D.C., with a lease term of 5.5 years from the lease commencement date. The monthly base rent is \$10,329, with a fixed annual escalation of 2%. The Organization was also responsible for the proportionate share of increases in operating charges. The Organization received an abatement of the base rent during the first sixteen months of the lease term.

In May 2019, the Organization entered into a renewed lease agreement for office space in Los Angeles, California, with a lease term of five years, terminating on November 20, 2024. 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 as of June 30, 2024. As of November 2024, the lease term expired and the security deposit was returned to the Organization.

Under U.S. GAAP, operating lease expense related to the lease agreements are recognized on a straight-line basis over the remaining lease term. In addition, the Organization had no variable or short-term lease expense during the year ended June 30, 2025.

Maturity of the operating lease liability as of June 30, 2025, is as follows:

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 29,958
2027	35,084
2028	35,960
2029	36,862
2030	<u>21,994</u>
Total Undiscounted Cash Flows	159,858
Less Discount to Present Value	<u>(15,523)</u>
Total Operating Lease Liability	<u><u>\$ 144,335</u></u>

As of June 30, 2025, the Organization's right-of-use asset consisted of the following:

Operating Right-of-Use Asset	\$ 155,287
Less Accumulated Amortization	<u>(26,887)</u>
Operating Right-of-Use Asset, Net	<u><u>\$ 128,400</u></u>

The supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	
Weighted-Average Remaining Lease Term (Years)	4.58
Weighted-Average Discount Rate	4.42%

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

6. DONATED RENT

In December 2024, the Organization entered into an agreement with a California-based non-profit organization to receive donated rent for a term of 12 months. The agreement automatically renews for consecutive one-year periods unless terminated by either party. Total donated rent received, which was valued at \$5,400 based on current market rates, has been included in revenue and expense for the year ended June 30, 2025.

The Organization's policy related to donated services is to utilize the services given to carry out the mission of the Organization. All donated facilities received by the Organization for the year ended June 30, 2025, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Health Care Advocacy	\$ 902,808	\$ 1,034,095
Economic Security Advocacy	629,814	817,992
Timing Restricted	1,025,000	1,018,287
Restricted in Perpetuity	95,102	95,102
Total	<u>\$ 2,652,724</u>	<u>\$ 2,965,476</u>

For the years ended June 30, 2025 and 2024, net assets releases from donor restrictions were as follows:

	<u>2025</u>	<u>2024</u>
Health Care Advocacy	\$ 1,659,257	\$ 2,452,968
Economic Security Advocacy	318,178	1,175,855
Timing Restricted	818,287	-
Total	<u>\$ 2,795,722</u>	<u>\$ 3,628,823</u>

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 U.S. GAAP has not been met as of June 30, 2025.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Conditional promises to give at June 30, 2025 and 2024, consisted of the following:

	Conditional Balance	
	2025	2024
Administration on Aging	\$ 304,163	\$ 284,027
State Bar of California	851,104	172,641
Foundations and Corporations	42,811	19,916
Stages Pathway Subaward	55,725	-
Total	<u>\$ 1,253,803</u>	<u>\$ 476,584</u>

9. RELATED PARTY TRANSACTIONS

For the years ended June 30, 2025 and 2024, the Organization was awarded grants of \$75,000 and \$25,000, respectively, from the Albert and Elaine Borchard Foundation. A member of the Organization's board also serves on the board of the Borchard Foundation.

10. FINANCIAL RISKS AND CONCENTRATIONS

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

As of June 30, 2025, approximately 69% of grants and contributions receivable consisted of amounts due from three donors. Approximately 85% of contracts receivable consisted of amounts due from three contracts as of June 30, 2025. For the year ended June 30, 2025, approximately 53% of grants and contributions revenue was attributable to three donors and approximately 85% of contracts revenue was attributable to two contracts.

As of June 30, 2024, approximately 58% of grants and contributions receivable consisted of amounts due from four donors. Approximately 90% of contracts receivable consisted of amounts due from three contracts as of June 30, 2024. For the year ended June 30, 2024, approximately 41% of grants and contributions revenue was attributable to three donors and approximately 89% of contracts revenue was attributable to two contracts.

11. COMMITMENTS AND CONTINGENCIES

The Organization is committed under various contracts for services and accommodations for future events to be held through 2026. These contracts include penalty clauses, which would require the Organization to pay certain amounts if events were cancelled or room reservations did not meet stated room block guarantees. Management does not believe any cancellations under these contracts will occur.

Revenue derived from contracts with the federal government is subject to audit by the government. A contingent liability exists to refund any amounts received in excess of allowable costs incurred and revenue recognized. Management believes that the adjustments, if any, resulting from government audit will not be material to the financial statements.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

12. 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, 2025 and 2024, the Organization contributed 8% of each employee's gross salary. For the years ended June 30, 2025 and 2024, retirement expense was \$408,236 and \$368,002, respectively. These amounts are included in employee benefits in the accompanying statement of functional expenses.

13. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through March 30, 2026, 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, 2025**

<u>Federal Grantor/Program Title/Pass-through Grantor</u>	<u>Assistance Listing Number</u>	<u>Grant/Contract ID No.</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
<i>Direct Awards</i>				
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	75P00121C00033/P0002	\$ 66,801	\$ 284,028
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	75P00121C00033/P0003	<u>115,649</u>	<u>1,191,692</u>
Total Special Programs for the Aging, Title IV, and Title II, Discretionary Projects			182,450	1,475,720
<i>Indirect Awards</i>				
Department of the Treasury				
Pass-through form: State Bar of California				
Coronavirus State and Local Fiscal Recovery Funds	21.027	#76	-	85,757
Coronavirus State and Local Fiscal Recovery Funds	21.027	#5	<u>34,348</u>	<u>86,473</u>
Total Coronavirus State and Local Fiscal Recovery Funds			34,348	172,230
Research and Development Cluster				
Department of Health and Human Services				
Pass-through form: Brandeis University				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	GR404847_JIA	<u>-</u>	<u>25,747</u>
Total Research and Development Cluster			-	25,747
United States Department of Justice				
Pass-through form: Futures Without Violence				
OVW Technical Assistance Initiative	16.526	4635	<u>-</u>	<u>3,449</u>
Total Research and Development Cluster			<u>-</u>	<u>3,449</u>
Total Expenditures of Federal Awards			<u>\$ 216,798</u>	<u>\$ 1,677,146</u>

JUSTICE IN AGING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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, 2025. 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.

**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, 2025, 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 March 30, 2026.

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 entity’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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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
March 30, 2026

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, 2025. 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, 2025.

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 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.

Report on Internal Control over Compliance (Continued)

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 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
March 30, 2026

Certified Public Accountants

JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

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)?	Yes
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>	
93.048	Department of Health and Human Services Special Programs for the Aging, Title IV, and Title II Discretionary Projects	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>	
93.048	Department of Health and Human Services Special Programs for the Aging, Title IV, and Title II Discretionary Projects	
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, 2025

Section II - Financial Statements Audit Findings

Finding 2025-001: Significant Deficiency - Recognition of Revenues

Condition and Context: During the audit, it was noted that the Organization incorrectly recognized grant and contract revenue, including approximately \$260,000 that was incorrectly recognized for the year ended June 30, 2024. Additionally, in the course of preparing for the audit, management recorded net adjustments decreasing revenue by approximately \$3,400,000. We also noted that management did not accurately track conditional promises to give and restrictions on revenue during the year. In preparation for the audit, management prepared an accurate schedule of conditional promises to give and schedule of temporarily restricted net assets as of June 30, 2025.

Criteria: Grant revenues should be recognized when the required donor/time restrictions or barriers have been met. Contract revenues should be recognized in the period the services are performed and the revenue is earned.

Cause: In some cases, the Organization incorrectly recognized conditional grant revenues as unconditional contributions with donor restrictions. Additionally, the Organization incorrectly recognized certain contract revenues before services were performed and revenue was earned.

Effect: The net assets opening balance for the year ended June 30, 2025, were overstated by approximately \$260,000. Additionally, adjustments were required to properly state grant and contract revenues for the year ended June 30, 2025. Management adjustments resulted in a net decrease to revenue by approximately \$3,400,000, many of which were timing differences associated with when conditional grants should be recognized as revenue. Because interim financial statements provided to the board of directors and management are prepared on a cash basis, rather than on a U.S. GAAP basis, the revenue recognition issues described above did not materially impact internal financial reporting throughout the year.

Questioned Costs: None noted.

Recommendation: We recommend the Organization carefully review all grant and contract documentation to determine if there are any conditions and/or restrictions to ensure accurate tracking and reporting of current year revenues, conditional promises to give, and temporarily restricted net assets.

Management Response: Management concurs with the finding. In preparation for the FY25 audit, management engaged external advisors to support audit readiness activities, including assistance with grant and contract accounting. Through this work, management and its advisors identified the revenue recognition issues described in this finding, including the inappropriate recognition of certain conditional grant revenues as unconditional contributions. Management recorded the necessary adjustments and evaluated the impact on prior-year revenues and net asset presentation to properly state grant and contract revenues and related net asset balances as of June 30, 2025.

As part of audit preparation, management prepared accurate schedules of conditional promises to give and temporarily restricted net assets as of June 30, 2025. Management acknowledges that conditions and restrictions associated with grants and contracts were not consistently tracked during the year or in prior years.

JUSTICE IN AGING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section II - Financial Statements Audit Findings (Continued)

Finding 2025-001: Significant Deficiency - Recognition of Revenues (Continued)

Management Response (Continued):

To address the recommendation and reduce the risk of recurrence, management is working with its advisors to strengthen revenue recognition processes going forward. This includes developing practical tools and checklists to support consistent review of grant and contract documentation and accurate identification and tracking of conditions, restrictions, and revenue recognition timing in accordance with U.S. GAAP. Management intends to incorporate these tools into its ongoing accounting and financial reporting processes.

Section III - Federal Award Findings and Questioned Costs

Federal Award Findings

None were reported.

Questioned Costs

None were reported.