

JUSTICE IN AGING
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2016 AND 2015

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Chaconas & Wilson, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Justice in Aging
Washington, DC

We have audited the accompanying financial statements of Justice in Aging, which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Justice in Aging as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Justice in Aging's June 30, 2015 financial statements, and our report dated September 22, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chaconas & Wilson, P.C.

Washington, DC
September 26, 2016

JUSTICE IN AGING
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 1,569,573	\$ 909,402
Accounts receivable (Note 2)	7,912	7,241
Grants and contributions receivable - current (Notes 2 and 4)	816,919	674,384
Prepaid expenses	47,939	52,483
Total Current Assets	\$ 2,442,343	\$ 1,643,510
 PROPERTY AND EQUIPMENT, at cost: (Notes 2 and 5)	 \$ 357,014	 \$ 353,020
Less, Accumulated depreciation	(297,125)	(255,875)
Net Property and Equipment	\$ 59,889	\$ 97,145
 OTHER ASSETS:		
Grants receivable - net of current portion (Notes 2 and 4)	\$ 500,000	\$ -
Deposits	25,262	25,262
Total Other Assets	\$ 525,262	\$ 25,262
 TOTAL ASSETS	 \$ 3,027,494	 \$ 1,765,917
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 31,542	\$ 51,199
Accrued vacation	75,387	70,333
Deferred rent and lease incentive, current portion (Note 6)	27,705	27,705
Refundable advances (Note 2)	8,328	11,667
Total Current Liabilities	\$ 142,962	\$ 160,904
 OTHER LIABILITY:		
Deferred rent and lease incentive, net of current portion (Note 6)	50,274	94,382
TOTAL LIABILITIES	\$ 193,236	\$ 255,286
 NET ASSETS: (Notes 2 and 8)		
Unrestricted	\$ 515,203	\$ 536,369
Temporarily restricted	2,319,055	974,262
Total Net Assets	\$ 2,834,258	\$ 1,510,631
 TOTAL LIABILITIES AND NET ASSETS	 \$ 3,027,494	 \$ 1,765,917

The accompanying notes are an integral part of these statements.

JUSTICE IN AGING

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
SUPPORT AND REVENUE:				
Grants and contracts	\$ 374,057	\$ 2,785,325	\$ 3,159,382	\$ 1,172,812
Contributions (Note 2)	141,554	-	141,554	180,473
Special Events Revenue	209,420	-	209,420	134,804
Rent and other income (Note 6)	248,186	-	248,186	196,557
Attorney fees recovered	-	-	-	17,890
Net assets released from restriction: satisfaction of program restrictions	1,440,532	(1,440,532)	-	-
Total Support and Revenue	\$ 2,413,749	\$ 1,344,793	\$ 3,758,542	\$ 1,702,536
EXPENSES:				
Program services:				
Health care advocacy	\$ 1,312,163	\$ -	\$ 1,312,163	\$ 1,391,209
Economic security advocacy	426,659	-	426,659	456,598
Litigation	219,053	-	219,053	233,738
Total Program Services	\$ 1,957,875	\$ -	\$ 1,957,875	\$ 2,081,545
Supporting Services:				
General and administrative	\$ 248,817	\$ -	\$ 248,817	\$ 241,824
Fundraising	228,223	-	228,223	252,723
Total Supporting Services	\$ 477,040	\$ -	\$ 477,040	\$ 494,547
Total Expenses	\$ 2,434,915	\$ -	\$ 2,434,915	\$ 2,576,092
CHANGE IN NET ASSETS	\$ (21,166)	\$ 1,344,793	\$ 1,323,627	\$ (873,556)
NET ASSETS, BEGINNING OF YEAR	536,369	974,262	1,510,631	2,384,187
NET ASSETS, END OF YEAR	\$ 515,203	\$ 2,319,055	\$ 2,834,258	\$ 1,510,631

The accompanying notes are an integral part of this statement.

JUSTICE IN AGING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

Description	Program Services				Supporting Services			2015 Total
	Health Care Advocacy	Economic Security Advocacy	Litigation	Total Program Services	General and Administrative	Fundraising	Supporting Services	
Salaries	\$ 771,734	\$ 229,270	\$ 136,125	\$ 1,137,129	\$ 136,931	\$ 91,072	\$ 228,003	\$ 1,365,132
Employee benefits	185,392	53,595	27,963	266,950	27,894	24,136	52,030	318,980
Professional fees	60,676	33,257	1,116	95,049	11,049	30,436	41,485	136,534
Occupancy and storage	177,355	71,704	32,958	282,017	33,106	23,140	56,246	338,263
Travel and meetings	37,857	6,047	4,120	48,024	28,309	9,358	37,667	85,691
Special Events	-	-	-	-	-	26,052	26,052	26,052
Office supplies & Equipment	8,384	3,303	1,532	13,219	1,539	3,173	4,712	17,931
Printing & Postage	6,163	3,777	1,078	11,018	866	9,287	10,153	21,171
Telecommunications	8,911	3,770	1,663	14,344	1,011	750	1,761	16,105
Technology	9,102	3,585	1,675	14,362	1,683	1,176	2,859	17,221
Library maintenance	7,828	3,083	3,871	14,782	40	1,448	1,488	16,270
Insurance	6,942	2,734	1,280	10,956	1,286	899	2,185	13,141
Dues and membership	7,748	3,052	1,232	12,032	644	450	1,094	13,126
Depreciation & amortization	21,789	8,583	4,019	34,391	4,036	2,823	6,859	41,250
Miscellaneous	2,282	899	421	3,602	423	4,023	4,446	8,048
	<u>\$ 1,312,163</u>	<u>\$ 426,659</u>	<u>\$ 219,053</u>	<u>\$ 1,957,875</u>	<u>\$ 248,817</u>	<u>\$ 228,223</u>	<u>\$ 477,040</u>	<u>\$ 2,434,915</u>
								<u>\$ 2,576,092</u>

The accompanying notes are an integral part of this statement.

JUSTICE IN AGING

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,323,627	\$ (873,556)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	41,250	38,942
Changes in assets and liabilities:		
(Increase) decrease in grants and contributions receivable	(642,535)	722,454
Increase in accounts receivable	(671)	679
Increase (decrease) in prepaid expenses	4,544	(12,859)
Increase in deposits	-	(4,169)
Decrease in accounts payable	(19,657)	(11,635)
Increase in accrued vacation	5,054	683
Decrease in deferred rent and lease incentive	(44,109)	(37,562)
Increase (decrease) in refundable advances	(3,338)	2,016
Net Cash Provided by (Used in) Operating Activities	\$ 664,165	\$ (175,007)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,994)	(26,256)
NET INCREASE (DECREASE) IN CASH	\$ 660,171	\$ (201,263)
CASH, BEGINNING OF YEAR	909,402	1,110,665
CASH, END OF YEAR	\$ 1,569,573	\$ 909,402

The accompanying notes are an integral part of these statements.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 1. **Organization:**

Justice in Aging is a non-profit legal advocacy organization that fights senior poverty through law. Formerly the National Senior Citizens Law Center, since 1972 we've worked for access to affordable health care and economic security for older adults with limited resources, focusing especially on populations that have traditionally lacked legal protection such as women, people of color, LGBT individuals, and people with limited English proficiency. Through targeted advocacy, litigation, and the trainings and resources we provide to advocates around the country, we ensure access to the safety net programs on which low-income seniors rely. In 2014 more than 26,000 people attended Justice in Aging-produced webinars on a variety of topics related to health care and income security; Justice in Aging attorneys assisted more than 400 attorneys and advocates individually; and Justice in Aging alerts and newsletters reached more than 10,000 people. Justice in Aging receives support from private foundations, government agencies, individual contributions, and attorney fees.

Justice in Aging's program areas include:

Health Care Advocacy

Through Justice in Aging's expertise in law, elder rights, and the policies that govern and control access to the government programs delivering health care to low-income seniors, Justice in Aging ensures that older Americans with limited resources are able to access the health care they need and to which they are entitled by law. Justice in Aging breaks down barriers to critical health care, medicine, long-term services and supports, and home and community based services by helping poor seniors qualify for programs and preserving a system that honors choice, includes consumer protections, and keeps seniors at home and in their communities. Further, Justice in Aging works to address disparities in access to health care caused by discrimination based on race, ethnicity, English language proficiency, disability, gender identity, sexual orientation, or other potential disadvantage.

In 2016 Justice in Aging is focusing efforts in the following areas: (1) Assisted Living: Justice in Aging is currently focused on ensuring that assisted living facilities meet the needs of residents with higher medical needs than the current system was designed for. (2) Dual Eligibles: As states roll out plans to integrate medical care for duals through private providers under the Affordable Care Act, Justice in Aging works to ensure that this high need, low-income population doesn't experience life-threatening gaps in health care or receive bills from providers for covered services. (3) Long-Term Services and Supports: Justice in Aging works to ensure that long-term services and supports are person centered and provided to seniors at home and in their communities whenever possible, even as states increasingly shift the responsibility for providing these services to Managed Care Organizations (MCOs) (4) Affordable Care Act (ACA) Transitions: Justice in Aging works to ensure that individuals covered under the ACA do not experience life-threatening gaps in coverage when they turn 65 and become eligible for Medicare. Justice in Aging achieves the goal of ensuring every senior, regardless of financial circumstance, is able to access the health care she needs through a blend of administrative advocacy, providing training and resources to other advocates, and when necessary, filing high-impact strategic class-action lawsuits.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 1. **Organization:** (Concluded)

Economic Security

Justice in Aging works to preserve, strengthen, expand, and improve access to the income and economic supports that ensure low-income older Americans can afford food, shelter, and other basic necessities. Justice in Aging uses its legal expertise to protect and improve programs such as Social Security and Supplemental Security Income (SSI) so they provide adequate funds to keep seniors out of poverty; are accessible to all seniors who qualify without arbitrary disruptions, denials, or delays; and are delivered without discrimination based on race, ethnicity, language ability, disability, gender identity, sexual orientation, or other potential disadvantage.

In 2016 Justice in Aging is focused in the following areas: (1) SSI Program: Updating and restoring the SSI program so that it meets the needs of poor seniors today. (2) Non-Disability Appeals: When benefits are denied or disrupted, Justice in Aging works with local advocates and the Social Security Administration to identify and solve issues in the appeals process. When these administrative and advocacy efforts fail, Justice in Aging brings about change through strategic class action lawsuits. (3) Raising awareness about senior poverty: Through strategic communications and partnerships, Justice in Aging works to raise 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, we partner with advocates on the ground who help us monitor issues that impact poor seniors. When a group needs a champion in the courts we're there, on our own or in partnership with other organizations, to litigate precedent-setting cases that benefit hundreds of thousands of seniors. Current cases include: (1) Hart v. Colvin: The Social Security Administration (SSA) has relied on medical determinations of a disqualified physician to deny disability benefits for many individuals in Northern California. This lawsuit seeks to require the SSA to reopen all prior determinations of termination or denial that relied on the reports of this particular doctor. (2) Held v. Colvin: After the Supreme Court struck down the Defense of Marriage Act (DOMA), the Social Security Administration (SSA) continued to issue benefits to legally married same sex couples as if they were single, and then sought to collect the resulting overpayments of sometimes thousands of dollars that the extremely low-income Plaintiffs could ill afford. This suit seeks to stop the SSA from collecting overpayments from people who were legally married to a person of the same sex as of June 2013. (3) Clark v. Astrue: This case stopped the Social Security Administration from relying exclusively on outstanding probation or parole warrants as a basis for denying benefits to elderly and disabled people. (4) Barrows v. Burwell: This case challenged the common practice of hospitals classifying Medicare patients as under observation status instead of admitting them, leading to thousands of dollars in fees that would have been covered by Medicare. (5) Price v. McCarthy: This case challenged Ohio's refusal to provide retroactive Medicaid coverage to eligible individuals residing in assisted living facilities who should have been covered under the state's Medicaid waiver program.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 2. **Summary of Significant Accounting Policies:**

Method of Accounting

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

Contributions

The Organization recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Cash Equivalents

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

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

Accounts Receivable

Contributions and accounts receivable are recorded at the amount the Organization expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors these receivables and charges off any balances that are determined to be uncollectible. As of June 30 2016 and 2015, the Organization's allowance for doubtful accounts was \$0. The Organization had no bad debt expense from contributions for the years ended in 2016 and 2015.

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 and property under capital lease are amortized over the terms of the leases. The Organization capitalizes purchases of \$1,000 or more.

Refundable Advances

Fees from contracts in exchange for services received in advance are recorded as refundable advances upon receipt and recognized when the related work is performed.

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 2. **Summary of Significant Accounting Policies:** (Continued)

Classes of Net Assets

The Organization is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of June 30, 2016 or 2015.

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

Use of Estimates

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

Accounting for Uncertainty in Income Taxes

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

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 2. Summary of Significant Accounting Policies: (Concluded)

Accounting for Uncertainty in Income Taxes (Concluded)

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended 2013, 2014 and 2015 are subject to examination by the IRS generally for three years after they were filed.

Reclassifications:

Certain 2015 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.

Note 3. Tax Status:

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

Note 4. Grants and Contributions Receivable:

Grants and contribution receivable at June 30, 2016 and 2015 are as follows:

	2016	2015
Receivables in less than one year	\$ 816,919	\$ 674,384
Receivables in one to two years	500,000	---
	\$ 1,316,919	\$ 674,384

Note 5. Property and Equipment:

Property and equipment consisted of the following for the years ended June 30:

	2016	2015
Leasehold Improvements	\$ 277,050	\$ 277,050
Furniture and Equipment	79,964	75,970
Total Property and Equipment	\$ 357,014	\$ 353,020
Less: Accumulated Depreciation	(297,125)	(255,875)
Property and Equipment, Net	\$ 59,889	\$ 97,145

JUSTICE IN AGING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

Note 6. Operating Lease Commitment:

In September 2007, the Organization entered into a lease agreement for its headquarters in Washington, DC for a period of 10 years. The lease terminates in December 2017. The lease provided for a build out of the space totaling \$255,480. Under accounting principles generally accepted in the United States of America (GAAP) all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the rent expense and the required lease payments is reflected as deferred rent in the accompanying statements of financial position. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent and lease incentive in the accompanying statements of financial position.

The Organization also leases two office spaces in the state of California under non-cancellable operating leases with expiration dates through October 2019.

Future minimum rentals under the lease are as follows for the years ending June 30:

	<u>Rental Payments</u>	<u>Rental Income</u>	<u>Net</u>
2017	\$ 352,814	\$ (212,827)	\$ 139,987
2018	176,349	(106,161)	70,188
2019	29,275	---	29,275
2020	9,854	---	9,854
Total	<u>\$ 568,292</u>	<u>(318,988)</u>	<u>\$ 249,304</u>

Total rent expense for the years ended June 30, 2016 and 2015 was \$335,385 and \$319,431, respectively.

Note 7. Retirement Plan:

The Organization sponsors a 403(b) tax deferred annuity retirement plan for all full-time employees. Employees are immediately vested in employer contributions, which are at the discretion of the Organization's management and the Board of Directors. During the years ended June 30, 2016 and 2015, the Organization contributed 8% of each employee's gross salary. For the years ended June 30, 2016 and 2015, retirement expense was \$107,136 and \$115,162 respectively. These amounts are included in employee benefits in the accompanying statement of functional expenses.

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NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

JUNE 30, 2016 AND 2015

Note 8. **Temporarily Restricted Net Assets:**

Temporarily restricted net assets as of June 30, 2016 and 2015 were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Health Care Advocacy	\$ 1,411,820	\$ 679,291
Economic Security Advocacy	750,366	162,409
Litigation	156,869	132,562
	<u>\$ 2,319,055</u>	<u>\$ 974,262</u>

Note 9. **Subsequent Events:**

The Organization has evaluated all subsequent events through September 26, 2016, which is the date the financial statements were available to be issued. No subsequent events requiring disclosure or reporting were identified.