National Council on Aging, Inc.

Financial Report
June 30, 2022

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
National Council on Aging, Inc.

Opinion

We have audited the financial statements of National Council on Aging, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years 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 the Organization as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted in the current year Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* and all subsequent ASUs that modified ASC 842. The Organization has applied the modified retrospective method to adopt the new standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities 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 GAAS will always detect a material misstatement when it exists. 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization'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.

RSM US LLP

McLean, Virginia
December 16, 2022

National Council on Aging, Inc.

Statements of Financial Position
June 30, 2022 and 2021

		2022		2021
Assets				
Cash and cash equivalents	$	4,833,949	$	2,938,813
Cash restricted for grants and contracts		54,314		43,598
Investments		9,928,444		2,881,910
Grants and contributions receivable, net		860,183		942,559
Amounts due from subgrantees and federal agencies		5,238,979		3,289,720
Prepaid expenses and other assets		378,786		207,861
Operating lease right of use assets, net		5,515,996		-
Property and equipment, net		654,977		552,544
Total assets	$	27,465,628	$	10,857,005
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$	6,690,566	$	4,213,071
Operating lease liabilities, net		6,476,599		-
Deferred rent		-		853,863
Accrued pension cost		2,155,888		3,156,744
Total liabilities		15,323,053		8,223,678
Contingencies (Note 9)				
Net assets (deficit):				
Without donor restrictions		7,423,747		(1,040,087)
With donor restrictions		4,718,828		3,673,414
Total net assets		12,142,575		2,633,327
Total liabilities and net assets	$	27,465,628	$	10,857,005

See notes to financial statements.

National Council on Aging, Inc.

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants	$ 54,443,375	$ -	$ 54,443,375
Contributions	8,682,118	5,589,539	14,271,657
Corporate grants	1,656,707	-	1,656,707
Conferences and other	337,877	-	337,877
Investment income, net	11,437	-	11,437
Net assets released from restrictions	4,544,125	(4,544,125)	-
Total revenue and support	69,675,639	1,045,414	70,721,053
Expenses:			
Program services:			
Workforce development	34,244,067	-	34,244,067
Access to benefits	16,243,422	-	16,243,422
Healthy aging programs	4,854,712	-	4,854,712
Economic security issues	876,892	-	876,892
Retirement education programs	642,278	-	642,278
Membership services and outreach	505,526	-	505,526
Public policy and advocacy	483,944	-	483,944
Aging mastery program	385,920	-	385,920
Research	106,591	-	106,591
Total program services	58,343,352	-	58,343,352
Supporting services:			
Management and general	2,814,128	-	2,814,128
Fundraising	417,654	-	417,654
Total supporting services	3,231,782	-	3,231,782
Total expenses	61,575,134	-	61,575,134
Change in net assets before pension-related changes other than net periodic cost	8,100,505	1,045,414	9,145,919
Pension-related changes:			
Other than net periodic cost	363,329	-	363,329
Change in net assets	8,463,834	1,045,414	9,509,248
Net assets (deficit):			
Beginning	(1,040,087)	3,673,414	2,633,327
Ending	$ 7,423,747	$ 4,718,828	$ 12,142,575

See notes to financial statements.

National Council on Aging, Inc.

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants	$ 49,337,708	$ -	$ 49,337,708
Contributions	1,557,815	1,505,849	3,063,664
Corporate grants	1,090,895	-	1,090,895
Conferences and other	736,230	-	736,230
Investment income, net	24,506	-	24,506
Net assets released from restrictions	5,055,055	(5,055,055)	-
Total revenue and support	57,802,209	(3,549,206)	54,253,003
Expenses:			
Program services:			
Workforce development	33,799,694	-	33,799,694
Access to benefits	13,459,206	-	13,459,206
Healthy aging programs	2,133,567	-	2,133,567
Retirement education programs	1,439,947	-	1,439,947
Economic security issues	1,199,039	-	1,199,039
Aging mastery program	1,167,287	-	1,167,287
Membership services and outreach	1,095,214	-	1,095,214
Public policy and advocacy	457,440	-	457,440
COVID programs	109,916	-	109,916
Total program services	54,861,310	-	54,861,310
Supporting services:			
Management and general	3,532,933	-	3,532,933
Fundraising	718,167	-	718,167
Total supporting services	4,251,100	-	4,251,100
Total expenses	59,112,410	-	59,112,410
Change in net assets before pension-related changes other than net periodic cost	(1,310,201)	(3,549,206)	(4,859,407)
Pension-related changes:			
Other than net periodic cost	687,759	-	687,759
Change in net assets	(622,442)	(3,549,206)	(4,171,648)
Net assets (deficit):			
Beginning	(417,645)	7,222,620	6,804,975
Ending	$ (1,040,087)	$ 3,673,414	$ 2,633,327

See notes to financial statements.

National Council on Aging, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022

	Workforce Development	Access to Benefits	Healthy Aging Programs	Economic Security Initiatives	Retirement Education Programs	Membership Services and Outreach	Public Policy and Advocacy	Aging Mastery Program	Research	Management and General	Fundraising	Total
Subgrants	$ 28,181,240	$ 9,410,114	$ 1,547,282	$ -	$ -	$ 51,943	$ -	$ 37,360	$ -	$ -	$ -	$ 39,227,939
Salaries, wages and fringe	5,100,696	2,859,093	1,972,480	443,698	60,260	258,244	317,757	262,865	37,923	2,065,343	165,697	13,544,056
Contracted services	173,097	2,643,381	786,783	196,242	212,426	143,726	115,939	26,839	62,229	381,757	151,160	4,893,579
Outreach advertising and other costs	31,863	504,693	40,858	82,647	324,662	7,185	1,030	3,290	26	28,088	35,196	1,059,538
Lease cost	227,556	263,431	168,274	33,806	4,710	21,056	18,206	22,043	3,055	145,750	11,099	918,986
Equipment/computers	196,327	368,667	200,374	52,831	17,707	23,159	18,030	22,397	2,970	48,332	15,473	966,267
Travel	49,067	25,585	17,497	3,943	1,057	322	4,979	33	9	9,989	7,177	119,658
Conferences/meetings	46,719	38,007	67,607	94	204	(14,782)	1,580	(580)	11	12,510	1,445	152,815
Office operations	168,002	98,599	36,459	32,494	7,445	5,680	3,652	8,474	122	60,274	21,675	442,876
Communications	28,541	18,879	8,502	29,974	13,395	965	1,419	1,215	141	10,798	499	114,328
Insurance	14,981	7,106	2,124	384	281	221	212	169	47	51,048	-	76,573
Printing	6,431	4,802	6,190	645	77	7,194	1,127	425	58	43	219	27,211
Postage/courier	9,346	751	126	93	54	507	13	1,390	-	196	7,897	20,373
Unallowable	10,201	314	156	41	-	106	-	-	-	-	117	10,935
Total expenses	$ 34,244,067	$ 16,243,422	$ 4,854,712	$ 876,892	$ 642,278	$ 505,526	$ 483,944	$ 385,920	$ 106,591	$ 2,814,128	$ 417,654	$ 61,575,134

See notes to financial statements.

National Council on Aging, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Workforce Development	Access to Benefits	Healthy Aging Programs	Retirement Education Programs	Economic Security Initiatives	Aging Mastery Program	Membership Services and Outreach	Public Policy and Advocacy	COVID Programs	Management and General	Fundraising	Total
Subgrants	$ 26,751,225	$ 6,723,147	$ 5,000	$ -	$ 20,000	$ 235,795	$ -	$ -	$ 35,000	$ -	$ -	$ 33,770,167
Salaries, wages and fringe	5,909,439	3,021,667	1,384,042	311,343	576,946	502,227	544,821	398,394	12,035	2,092,292	376,646	15,129,852
Contracted services	432,376	2,327,134	372,334	708,540	451,119	184,187	240,654	4,594	59,866	1,101,979	233,179	6,115,962
Outreach advertising and other costs	50,714	538,261	24,069	355,137	4,621	3,072	129,715	31	345	7,401	6,709	1,120,075
Lease cost	216,145	208,881	96,454	17,196	37,500	35,002	45,998	25,384	1,209	182,582	42,229	908,580
Equipment/computers	250,148	434,056	160,859	43,164	61,147	51,570	58,543	25,729	1,299	59,066	28,468	1,174,049
Travel	14,198	552	(1,253)	14	12	66	500	4	1	1,065	-	15,159
Conferences/meetings	35,592	115,694	67,674	81	566	3,550	56,771	26	6	6,200	195	286,355
Office operations	84,411	47,668	15,455	1,554	8,163	148,101	12,788	1,474	55	35,188	27,250	382,107
Communications	29,426	30,833	4,342	1,806	36,011	1,786	1,360	1,187	34	2,324	1,006	110,115
Insurance	12,563	5,003	793	535	446	434	407	170	41	40,784	-	61,176
Printing	4,460	5,963	3,464	520	2,466	618	2,750	434	24	3,414	455	24,568
Postage/courier	8,990	345	334	18	42	879	608	13	1	638	1,483	13,351
Unallowable	7	2	-	39	-	-	299	-	-	-	547	894
Total expenses	$ 33,799,694	$ 13,459,206	$ 2,133,567	$ 1,439,947	$ 1,199,039	$ 1,167,287	$ 1,095,214	$ 457,440	$ 109,916	$ 3,532,933	$ 718,167	$ 59,112,410

See notes to financial statements.

National Council on Aging, Inc.

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 9,509,248	$ (4,171,648)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	132,309	121,647
Realized and unrealized gains on investments	(3,994)	-
Deferred rent	-	(115,256)
Amortization of right of use assets	614,688	-
(Increase) decrease in:		
Grants and contributions receivable	82,376	2,510,551
Amounts due from subgrantees and federal agencies	(1,949,259)	671,329
Prepaid expenses and other assets	(170,925)	149,603
Increase (decrease) in:		
Accounts payable and accrued expenses	2,477,495	(360,391)
Operating lease liabilities	(682,948)	-
Accrued pension cost	(1,000,856)	(1,150,623)
Net cash provided by (used in) operating activities	9,008,134	(2,344,788)
Cash flows from investing activities:		
Purchases of investments	(8,069,881)	(138,190)
Sale of investments	1,027,341	25,387
Purchases of property and equipment	(59,742)	(21,766)
Net cash used in investing activities	(7,102,282)	(134,569)
Net increase (decrease) in cash, cash equivalents and cash restricted for grants and contracts	1,905,852	(2,479,357)
Cash, cash equivalents and cash restricted for grants and contracts:		
Beginning	2,982,411	5,461,768
Ending	$ 4,888,263	$ 2,982,411
Supplemental disclosure of cash flows information:		
Addition to right of use assets for operating leases as of July 1, 2021	$ 2,712,769	$ -
Addition to operating lease liabilities for operating leases as of July 1, 2021	$ 3,566,632	$ -
Addition to right of use assets obtained from operating leases	$ 3,417,915	$ -
Addition to operating lease liabilities obtained from operating leases	$ 3,592,915	$ -
Supplemental schedules of noncash investing and financing activities		
Leasehold improvement allowance paid by lessor	$ 175,000	$ -

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: National Council on Aging, Inc. (the Organization) was established in 1950 as a service and advocacy organization. The Organization is a national voice for older adults, especially those who are vulnerable and disadvantaged, and the community organizations that serve them. The Organization brings together nonprofit organizations, businesses and government to develop creative solutions that improve the lives of all older adults. The Organization works with thousands of organizations across the country to help seniors live independently, find jobs and benefits, improve their health and remain active in their communities.

The Organization serves as a national contractor to assist lower-income, older persons secure employment through the Senior Community Service Employment Program (SCSEP) authorized under Title V of the Older Americans Act. Under the SCSEP, the Organization and its subcontractors match eligible older adults with host community service agencies, effectively subsidizing their part-time jobs at these sites. Participants build skills and self-confidence while earning a modest income. For most, their SCSEP experience leads to opportunities for full-time employment as they exit the program. The Organization operates the SCSEP through agencies in approximately 35 communities, with the Organization self-run operations for the years ended June 30, 2022 and 2021, in New Jersey, North Carolina, West Virginia and Tennessee. The other communities are handled through subcontractor organizations, still under the guidance and oversight of the Organization. For the U.S. Administration on Community Living (under the Department of Health and Human Services), the Organization also serves as both the National Resource Center on Chronic Disease Self-Management Education programs as well as the National Resource Center for Benefits Outreach and Enrollment.

The Organization's largest source of funding is provided through various contracts with the Department of Labor (DOL) under Title V of the Older Americans Act. For the years ended June 30, 2022 and 2021, funding from the DOL contracts approximated 49% and 59% of the Organization's unrestricted support and revenue, respectively. The annual contract's funding normally expires each June 30 but is often extended a few months into the next fiscal year. The annual SCSEP award (approximately $34.5 million and $34.1 million for fiscal years 2022 and 2021, respectively) is renewable and expected to continue.

The Organization also receives revenue from other government agencies including, but not limited to, the Department of Health and Human Services. Funding from this government agency supports other aging-related programs and initiatives. Other sources of revenue include private and corporate grants, contracts and contributions, nonfederal government grants and contracts, publication sales and earnings on investments.

A summary of the Organization's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the recommendations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this ASC topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

The net assets, revenues, expenses, gains and losses of the Organization are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions: Net assets are not subject to any donor-imposed stipulations or other legal limitations and are therefore available for use in the Organization's general operations.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

With donor restrictions: Net assets are subject to donor-imposed stipulations on the use of the assets that may be met either by actions of the Organization or by the passage of time.

Cash and cash equivalents: For financial statement purposes, the Organization considers all highly liquid, temporary investments purchased with an original maturity of three months or less to be cash and cash equivalents. However, amounts held in the investment portfolio, regardless of maturity, are reported with investments.

Cash restricted for grants and contracts: Cash and cash equivalents required to be held in a separate account are included in cash restricted for grants and contracts on the statements of financial position and presented with total cash on statements of cash flows.

Financial risk: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant financial risk on cash.

Investments: Investments with readily determinable fair values are reported at fair value with gains and losses included in the statements of activities. Other investments in trusts (alternative investments) are reported at fair value based on a practical expedient, the net asset value per share or equivalent, determined by the fund or the investment manager at the measurement date. The estimated values, provided by the fund or the investment manager, are subject to an annual independent audit, and are reviewed by management for reasonableness. The Organization believes the carrying amount of these financial instruments is a reasonable estimate of fair value. The FJC Agency Loan Fund is a diversified portfolio of direct loans made to nonprofit organizations and investments and is stated at fair value. Fair value is discussed in Note 3.

Grants and contributions receivable: Grants and contributions receivable include unconditional promises to give that are recorded in the financial statements at the time the promises are made and exchange transaction grants that are recorded when earned. Grants and contributions receivable are recorded net of an appropriate allowance. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience. The provision for an allowance for doubtful accounts as of June 30, 2022 and 2021, was $30,000. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at rates applicable to the years in which the promises were received. Amortization of the discount is included in contributions revenue.

Amounts due from subgrantees and federal agencies: These receivables consist of billed and unbilled receivables. Certain subgrantees receive cash advances on their contracted services. A receivable is recorded if the total amount of expenses incurred to date is less than the amount paid to the subgrantee. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience. All receivables are deemed by management to be fully collectible as of June 30, 2022 and 2021.

Right of use assets: Right of use assets consist of the initial lease liability, any payments made to the lessor at or before the commencement date minus any incentives received, and initial direct costs. Operating right of use assets are amortized on a straight-line basis over the remaining lease term as a least cost.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Property and equipment: The Organization capitalizes all acquisitions of property and equipment greater than $5,000. Property and equipment is carried at cost. Depreciation and amortization are computed using the straight-line method over estimated service lives of three to 10 years for office furniture, computers, equipment and software. Amortization of leasehold improvements is computed over the shorter of the life of the lease or the useful life of the asset.

Valuation of long-lived assets: The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Lease Liabilities: Long-term leases are recognized at the present value of all lease payments using a risk free rate comparable with that of the individual lease terms.

Revenue and support recognition: The Organization receives grants and enters into agreements with the U.S. government, state and local governments, and corporations that primarily provide for cost reimbursement to the Organization.

Unconditional contributions received by the Organization, which include unconditional promises to give, are recognized as support in the period received at their estimated fair value. Contributions are considered to be without donor restrictions unless specifically restricted by the donor or are due in future periods. Net assets with donor restrictions are reclassified to net assets without donor restrictions when a time restriction ends, or a purpose restriction is accomplished and reported in the statements of activities as net assets released from restrictions. Conditional contributions are those contributions that contain donor imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recognized into revenue when conditions are satisfied and then follow the above policies for unconditional contributions. Conditional contributions received in advance of satisfying conditions are recorded as deferred revenue.

Contributions receivable are reported net of any estimated uncollectible amounts. Contributions expected to be collected beyond one year are discounted to present value. Conditional contributions include a right of refund or release and a barrier and are not recorded until material conditions have been met.

The Organization received conditional federal awards that have not been recognized as revenue at the respective statement of financial position date, as remaining related expenditures have not yet occurred. As of June 30, 2022 and 2021, the amount of unrecognized conditional federal awards amounted to $3,555,780 and $3,558,611, respectively.

The Organization's revenue streams from contracts with customers are comprised primarily from conferences. Revenue is recognized as performance obligations are satisfied when the conference occurs.

The Organization's revenue from contracts with customers do not include significant financing components and do not have variable considerations. The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are limited factors affecting future revenue and cash inflows from conferences.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: The Organization is exempt from federal income tax under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3) of the Code. As such, the Organization is taxed only on its unrelated business income. No provision for income taxes was required for fiscal years 2022 and 2021. The Organization is classified as other than a private foundation by the Internal Revenue Service.

Management evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements. Generally, the Organization is no longer subject to U.S. federal income tax positions by tax authorities for years before 2019.

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses: The costs of providing the various services and other activities have been summarized on a program basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, wages and fringe expenses are allocated based on level of efforts. Rent expense is allocated based on square footage of each program it occupies. Communications, insurance, printing, postage and courier expenses are allocated based on salaries and wages expenses.

Adopted accounting pronouncement: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. A lessee is required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Organization recorded operating lease right of use assets and operating lease liabilities as described in Note 8.

Upcoming accounting pronouncement: In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. Various disclosure requirements will be removed and other new disclosure requirements will be added. This standard is effective for the Organization on July 1, 2022. Early adoption is permitted. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

Subsequent events: The Organization has evaluated subsequent events through December 16, 2022, the date on which the financial statements were available to be issued.

Note 2. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 4,833,949	$ 2,938,813
Cash restricted for grants and contracts	54,314	43,598
Investments	9,928,444	2,881,910
Grants and contributions receivable, net	860,183	942,559
Amounts due from subgrantees and federal agencies	5,238,979	3,289,720
	20,915,869	10,096,600
Less amounts not available to be used within one year:		
Net assets with donor restrictions	4,718,828	3,673,414
Cash restricted for grants and contracts	54,314	43,598
	4,773,142	3,717,012
Financial assets available to meet general expenditures within one year	$ 16,142,727	$ 6,379,588

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, unrestricted contributions, and investments that can be redeemed with a 30-day notice.

Note 3. Investments and Fair Value Measurements

Investments are recorded at fair value. Investments consist of the following at June 30, 2022 and 2021:

	2022	2021
FJC Agency Loan Fund	$ 2,718,498	$ 2,685,182
Fidelity Investments Money Market Funds	4,691,694	196,728
United States Treasury Bills	1,991,800	-
Alternative Investments	526,452	-
	$ 9,928,444	$ 2,881,910

Investment income was as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	$ 66,722	$ 79,506
Realized gains and unrealized gains	3,994	-
Less investment management fees	(59,279)	(55,000)
	$ 11,437	$ 24,506

Note 3. Investments and Fair Value Measurements (Continued)

The Fair Value Measurement Topic of the FASB ASC establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Investments using Level 1 inputs consist of investments in mutual funds listed on a national market or exchange which are valued at the last sales price or, if there is no sale and the market is still considered active, at the last transaction price before year-end.

Investments using Level 2 inputs consist of United States treasury bills and are valued using market observable data, such as reported sales of similar instruments, broker quotes, yields, bids, offers and reference data.

The FJC Agency Loan Fund is an investment fund operated by FJC, which is a foundation managing donor advised funds as well as offering programs for philanthropic giving and assistance to nonprofit organizations. The Organization has chosen to maintain some of their investment funds with FJC to achieve investment returns and support the nonprofit community. The FJC Agency Loan Fund provides secured loans to credit qualified charitable organizations and also holds its own portfolio of investments.

Amounts invested in the FJC Agency Loan Fund are valued based upon the internally calculated net present values of allocated underlying assets (which consist of secured loan balances) proportionately assigned to the Organization by the manager of the fund with such valuations received by the Organization management and is therefore classified as Level 3. As a result, the estimated fair value reported on the accompanying financial statements might differ from the values that would have been used had a ready market existed and there is at least a reasonable possibility that estimates may change by material amounts in the near term. The Organization does not have unfunded commitments related to this investment and has the ability to redeem the investment with a 30-day notice. There were no transfers in or out of the FJC Agency Loan Fund.

Investments recorded at net asset value (NAV) consist of an investment in a common trust funds, which is considered an alternative investment. This alternative investment is not publicly traded. The Organization values these investments at the NAV as reported by the fund manager, multiplied by the number of units held. The NAV of these funds is based on the fair value of the underlying securities held by the fund. Because of the inherent uncertainty in the valuations of the investment, the estimated values may differ significantly from the value that would have been used had a ready market for the investments existed, and the difference could be material. As permitted by U.S. GAAP, The Organization uses the NAV as a practical expedient to determine the fair value of the alternative investment. In accordance with the Fair Value Measurement topic, such investments are not classified within the fair value hierarchy.

Note 3. Investments and Fair Value Measurements (Continued)

The investment held at NAV includes an investment in a real estate investment trust (REIT) that invests primarily in stabilized, income-oriented commercial real estate and debt secured by commercial real estate. The real estate portfolio may include multifamily, industrial, office, hotel and retail assets, as well as other property types, including, without limitation, medical office, student housing, single-family rental, senior living, data centers, manufactured housing and storage properties. The REIT's portfolio is principally comprised of properties located in the United States. Shares can be redeemed without penalty with 10 business days prior written notice. There are no lock-ups nor any unfunded commitments.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2022 and 2021:

	2022			
	Total	Level 1	Level 2	Level 3
Fidelity Investments Money Market Funds	$ 4,691,694	$ 4,691,694	$ -	$ -
United States Treasury Bills	1,991,800	-	1,991,800	-
FJC Agency Loan Fund	2,718,498	-	-	2,718,498
	9,401,992	$ 4,691,694	$ 1,991,800	$ 2,718,498
Investment held at NAV	526,452			
	$ 9,928,444			

	2021			
	Total	Level 1	Level 2	Level 3
Fidelity Investments Money Market Funds	$ 196,728	$ 196,728	$ -	$ -
FJC Agency Loan Fund	2,685,182	-	-	2,685,182
	$ 2,881,910	$ 196,728	$ -	$ 2,685,182

Note 4. Grants and Contributions Receivable

Grants and contributions receivable, including both unconditional promises to give and exchange transaction grants, were as follows at June 30, 2022 and 2021:

	2022	2021
Receivable in less than one year	$ 776,689	$ 972,559
Receivable in one to five years	116,672	-
	893,361	972,559
Less discount to net present value	(3,178)	-
Less allowance for uncollectible receivables	(30,000)	(30,000)
	$ 860,183	$ 942,559

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Leasehold improvements	$ 2,205,325	$ 2,076,411
Capitalized software	748,143	703,211
Furniture and fixtures	303,833	303,833
Office computers and equipment	190,402	159,665
	3,447,703	3,243,120
Accumulated depreciation and amortization	(2,792,726)	(2,690,576)
	$ 654,977	$ 552,544

Depreciation and amortization expense for the years ended June 30, 2022 and 2021, was $132,309 and $121,647, respectively.

Note 6. Employee Benefits

Pension plan: The Organization maintains a noncontributory, defined benefit retirement plan covering full-time salaried employees of the Organization hired before June 30, 2006, who were at least 21 years of age, had completed at least one year of employment and met certain minimum hour requirements. Benefits are based on years of service and final average earnings (highest average earnings during any 36 consecutive months out of the last 120 months of employment with the Organization). Plan participants fully vest at age 55 or after five years of service, whichever occurs first. Effective June 30, 2006, the Organization froze the accrual of additional benefits and no new participants were allowed to enter the plan. A measurement date of June 30 has been used.

Authorized investments under the plan's investment policy consist of mutual funds with registered investment companies; pooled guaranteed investment contracts managed by outside fund managers, commodity linked investments, hedge funds and commingled funds. The plan's target asset allocation is 45% in equities (plus or minus 20%), 35% in fixed income investments (plus or minus 20%), 20% in alternative assets (plus or minus 20%) and 0% (but the maximum is up to 10%) in cash equivalent or money market investments. The plan's asset mix is reviewed quarterly and rebalanced as necessary.

The following table sets forth the plan's funded status, the amounts recognized in the statements of financial position and the components of net periodic pension cost at June 30, 2022 and 2021:

	2022	2021
Accumulated benefit obligation	$ 8,016,547	$ 9,815,991
Projected benefit obligation	$ 8,016,547	$ 9,815,991
Fair value of plan assets	5,860,659	6,659,247
Funded status	(2,155,888)	(3,156,744)
Accrued pension cost	$ (2,155,888)	$ (3,156,744)

Note 6. Employee Benefits (Continued)

Assumptions used in the actuarial valuations were as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Discount rate	4.25%	2.50%
Rate of increase in compensation	N/A	N/A
Long-term rate of return on plan assets	7.00%	7.00%

The unrecognized net actuarial loss subsequent to transition included in net assets is $3,804,210. The unrecognized net loss will be amortized into net periodic pension cost in future years. The amount expected to be recognized into net periodic cost in the coming year is $198,000.

The following table details the net periodic (benefit) pension cost, employer contributions and benefits paid for the years ended June 30, 2022 and 2021:

	2022	2021
Net periodic pension (benefit) cost	$ (37,527)	$ 152,760
Employer contribution	600,000	615,624
Benefits paid	639,236	655,159

The Organization's funding policy is to contribute annually based upon the actuarial cost method. Under the aggregate actuarial cost method, the scheduled contribution consists of the normal cost plus any additional amounts necessary to meet minimum funding requirements. The estimated contribution for 2023 fiscal year is $600,000.

Expected future plan disbursements for benefit payments are:

Years ending June 30:	
2023	$ 686,100
2024	695,672
2025	683,946
2026	667,495
2027	648,113
2028-2032	2,901,691
Total	$ 6,283,017

The changes in benefit obligations as of and for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Benefit obligation, beginning of year	$ 9,815,991	$ 9,715,212
Interest cost	234,853	284,838
Actuarial (gain) loss	(1,395,061)	471,100
Benefit payments and settlements	(639,236)	(655,159)
Benefit obligation, end of year	$ 8,016,547	$ 9,815,991

Note 6. Employee Benefits (Continued)

The changes in plan assets as of and for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Fair value of assets, beginning of year	$ 6,659,247	$ 5,407,845
Actual (loss) return on assets	(759,352)	1,290,937
Actual contributions	600,000	615,624
Benefits paid	(639,236)	(655,159)
Fair value of assets, end of year	$ 5,860,659	$ 6,659,247

The components of net periodic (benefit) cost (charged to expense) for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Interest cost	$ 234,853	$ 284,838
Expected return on plan assets	(467,702)	(380,210)
Amortization of net loss	195,322	248,132
	$ (37,527)	$ 152,760

Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Discount rate	2.50%	3.00%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

Plan assets by category as of June 30, 2022 and 2021:

	2022	2021
Cash/short term account	$ 412,858	$ 414,735
Mutual funds—equities	4,187,891	4,815,089
Mutual funds—bonds	1,259,910	1,429,423
	$ 5,860,659	$ 6,659,247

Note 6. Employee Benefits (Continued)

Plan assets by fair value levels at June 30, 2022, are as follows:

	Total	Level 1
Mutual funds—equities:		
Diversified emerging markets	$ 363,319	$ 363,319
Financial	1,295,837	1,295,837
Foreign large value	582,050	582,050
Global real estate	334,563	334,563
Large blend	1,279,421	1,279,421
World bond	332,701	332,701
Mutual funds—bonds:		
Europe stock	276,000	276,000
Inflation-protected bond	402,539	402,539
Intermediate-term bond	581,371	581,371
	5,447,801	5,447,801
Cash—reported at cost	412,858	412,858
	$ 5,860,659	$ 5,860,659

Plan assets by fair value levels at June 30, 2021, are as follows:

	Total	Level 1
Mutual funds—equities:		
Diversified emerging markets	$ 456,197	$ 456,197
Financial	1,474,224	1,474,224
Foreign large value	695,715	695,715
Global real estate	384,021	384,021
Large blend	1,439,306	1,439,306
World bond	365,626	365,626
Mutual funds—bonds:		
Europe stock	367,000	367,000
Inflation-protected bond	424,890	424,890
Intermediate-term bond	637,533	637,533
	6,244,512	6,244,512
Cash—reported at cost	414,735	414,735
	$ 6,659,247	$ 6,659,247

The Organization's pension plan assets consist of mutual funds, which are publicly traded and are therefore considered Level 1 items. Cash totaling $412,858 and $414,735 related to pension plan assets at June 30, 2022 and 2021, respectively, is not included in the above tables, because it is recorded at cost.

Note 6. Employee Benefits (Continued)

403(b) retirement savings plan: The Organization maintains a 403(b) retirement savings plan (the Plan) covering all employees. Assets of the Plan are held in trust by a third-party retirement account custodian. Under the Plan, employees may make elective salary deferral contributions on a pretax basis. Additionally, the Organization makes discretionary employer contributions to eligible employees' 403(b) accounts. Employer contributions have a required vesting period of two years from date of hire.

The Organization made a discretionary employer contribution of 6% of salary to all eligible participants' 403(b) accounts for the fiscal years ended June 30, 2022 and 2021. The associated retirement plan expense for this plan was $404,904 and $508,342 for the years ended June 30, 2022 and 2021, respectively.

Note 7. Net Assets With Donor Restrictions

As of June 30, 2022 and 2021, net assets with donor restrictions are available for the following purposes:

	2022	2021
Center for Benefits Access	$ 3,312,614	$ 2,634,753
Aging Mastery Program	-	434,868
Economic Security/Age Well Planner	461,497	274,892
Center for Healthy Aging	377,667	328,901
Policy	188,098	-
Research	378,952	-
	$ 4,718,828	$ 3,673,414

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

	2022	2021
Center for Benefits Access	$ 2,547,790	$ 2,045,003
Aging Mastery Program	434,868	1,399,198
Center for Healthy Aging	301,234	173,884
Economic Security/Age Well Planner	988,395	1,081,945
Membership Services and Outreach	-	355,025
Policy	159,519	-
Research	112,319	-
	$ 4,544,125	$ 5,055,055

Note 8. Leases

The Organization leases office space for its headquarters in Arlington, Virginia under a non-cancellable operating lease that was to expire in April 2026. The Organization received rent abatements under the agreement as well as a tenant improvement allowance. A deferred rent amount was recognized to allocate the benefit of this free rent and tenant improvement allowance along with escalating rent payments throughout the term of the lease through June 30, 2021 prior to adoption of ASU 2016-02 *Leases*. In conjunction with this office lease, the Organization has an irrevocable letter of credit, totaling $95,727, with a financial institution which automatically renews annually every January 1. The letter of credit was accepted as a security deposit by the landlord.

In December 2021, the Organization executed an amendment to the current office lease in Arlington, Virginia. The amendment reduced the space by 2,916 square feet to 11,443 square feet and extends the term to April 30, 2033. The amendment also provides for 4 months of rental abatement and an improvement allowance of up to $175,000.

In addition to the above lease, the Organization maintains office locations in various states. These offices support the Organization's SCSEP contract under the DOL grant. The Organization's lease payments under these leases are fully reimbursed by the DOL. The Organization's leases for these offices are generally cancellable in the event that the SCSEP contract is not renewed.

The Organization elected to utilize the risk-free rate commensurate with the individual lease terms. The weighted average discount rate of all the operating leases is 1.50%. The weighted average remaining lease term is 10.66 years.

The Organization also rents equipment under noncancelable operating leases expiring at different times.

Future minimum rental payments under the operating leases are as follows:

Years ending June 30:	
2023	$ 639,537
2024	634,243
2025	636,026
2026	548,718
2027	554,135
Thereafter	4,148,632
	7,161,291
Discount to net present value	(684,692)
	$ 6,476,599

Lease expense for all office leases was $918,986 and $908,580 for the years ended June 30, 2022 and 2021, respectively.

Note 9. Contingencies

The Organization participates in a number of federally-assisted grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. Management does not anticipate any significant adverse adjustments as a result of such audits.