National Council on Aging, Inc.

Financial Report
June 30, 2023

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, 2023 and 2022, 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, 2023 and 2022, 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.

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 19, 2023

National Council on Aging, Inc.

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 1,192,870	$ 4,833,949
Cash restricted for grants and contracts	43,079	54,314
Investments	10,751,900	9,928,444
Account receivable, net	492,147	633,053
Grants and contributions receivable, net	345,863	538,076
Amounts due from subgrantees and federal agencies	5,200,020	5,238,979
Prepaid expenses and other assets	375,828	378,786
Operating lease right of use assets, net	4,921,908	5,515,996
Property and equipment, net	500,169	654,977
Total assets	$ 23,823,784	$ 27,776,574
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 4,543,427	$ 4,838,648
Advances to subgrantees	1,742,098	1,851,918
Deferred revenue	761,692	310,946
Operating lease liabilities, net	5,854,861	6,476,599
Accrued pension cost	1,252,081	2,155,888
Total liabilities	14,154,159	15,633,999
Contingencies (Note 9)		
Net assets:		
Without donor restrictions	7,274,301	7,423,747
With donor restrictions	2,395,324	4,718,828
Total net assets	9,669,625	12,142,575
Total liabilities and net assets	$ 23,823,784	$ 27,776,574

See notes to financial statements.

National Council on Aging, Inc.

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants	$ 64,744,112	$ -	$ 64,744,112
Contributions	872,514	622,373	1,494,887
Corporate contracts	2,163,926	-	2,163,926
Investment income, net	761,211	-	761,211
Conferences and other	616,624	-	616,624
Net assets released from restrictions	2,945,877	(2,945,877)	-
Total revenue and support	72,104,264	(2,323,504)	69,780,760
Expenses:			
Program services:			
Workforce development	34,482,259	-	34,482,259
Healthy aging programs	17,675,543	-	17,675,543
Access to benefits	12,482,629	-	12,482,629
Economic security issues	1,080,080	-	1,080,080
Membership services and outreach	1,057,893	-	1,057,893
Public policy and advocacy	696,416	-	696,416
Research	205,966	-	205,966
Aging mastery program	106,767	-	106,767
Total program services	67,787,553	-	67,787,553
Supporting services:			
Management and general	3,663,371	-	3,663,371
Fundraising	1,210,969	-	1,210,969
Total supporting services	4,874,340	-	4,874,340
Total expenses	72,661,893	-	72,661,893
Change in net assets before pension-related changes other than net periodic cost	(557,629)	(2,323,504)	(2,881,133)
Pension-related changes:			
Other than net periodic cost	408,183	-	408,183
Change in net assets	(149,446)	(2,323,504)	(2,472,950)
Net assets:			
Beginning	7,423,747	4,718,828	12,142,575
Ending	$ 7,274,301	$ 2,395,324	$ 9,669,625

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 contracts	1,656,707	-	1,656,707
Investment income, net	11,437	-	11,437
Conferences and other	337,877	-	337,877
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
Healthy aging programs	4,854,712	-	4,854,712
Access to benefits	16,243,422	-	16,243,422
Economic security issues	876,892	-	876,892
Membership services and outreach	505,526	-	505,526
Public policy and advocacy	483,944	-	483,944
Research	106,591	-	106,591
Aging mastery program	385,920	-	385,920
Retirement education programs	642,278	-	642,278
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 Functional Expenses
Year Ended June 30, 2023

	Workforce Development	Healthy Aging Programs	Access to Benefits	Economic Security Initiatives	Membership Services and Outreach	Public Policy and Advocacy	Research	Aging Mastery Program	Management and General	Fundraising	Total
Subgrants	$ 28,435,377	$ 11,922,581	$ 4,330,613	$ 30,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,718,571
Salaries, wages and fringe	4,994,677	2,924,872	3,349,221	455,712	451,957	555,721	143,568	1,917	2,433,950	649,233	15,960,828
Contracted services	197,026	1,897,482	3,462,300	352,141	615,391	72,191	40,782	10,184	515,133	187,719	7,350,349
Equipment/computers	185,264	270,490	468,904	53,413	39,596	34,373	11,411	52	66,485	53,943	1,183,931
Lease cost	173,271	226,762	231,980	57,913	31,626	28,040	7,043	109	138,802	38,535	934,081
Outreach advertising and other costs	94,157	51,311	399,121	110,711	60,386	1,001	414	3,487	24,578	51,218	796,384
Office operations	167,281	177,156	51,290	8,725	16,532	(8,117)	1,852	90,305	87,279	34,478	626,781
Travel	90,963	64,622	65,390	2,977	18,144	5,980	71	37	46,525	25,968	320,677
Unallowable	1,009	713	1,533	157	69	311	-	61	214,469	362	218,684
Conferences/meetings	91,462	118,620	98,848	557	(184,839)	4,888	106	563	69,961	3,225	203,391
Printing	8,552	4,399	4,698	489	7,161	425	176	7	8,586	123,316	157,809
Insurance	13,934	7,142	5,044	436	427	281	83	43	54,784	-	82,174
Communications	23,583	8,858	13,494	6,845	1,407	1,319	459	2	2,266	838	59,071
Postage/courier	5,703	535	193	4	36	3	1	-	553	42,134	49,162
Total expenses	$ 34,482,259	$ 17,675,543	$ 12,482,629	$ 1,080,080	$ 1,057,893	$ 696,416	$ 205,966	$ 106,767	$ 3,663,371	$ 1,210,969	$ 72,661,893

See notes to financial statements.

National Council on Aging, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022

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

See notes to financial statements.

National Council on Aging, Inc.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ (2,472,950)**	$ 9,509,248
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**153,752**	132,309
Realized and unrealized gains on investments	**(481,610)**	(3,994)
Amortization of right of use assets	**594,088**	614,688
(Increase) decrease in:		
Accounts receivable	**140,906**	(69,440)
Grants and contributions receivable	**192,213**	(159,130)
Amounts due from subgrantees and federal agencies	**38,959**	(1,949,259)
Prepaid expenses and other assets	**2,958**	(170,925)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(295,221)**	2,279,890
Advances to subgrantees	**(109,820)**	197,605
Deferred revenue	**450,746**	310,946
Operating lease liabilities	**(621,738)**	(682,948)
Accrued pension cost	**(903,807)**	(1,000,856)
Net cash (used in) provided by operating activities	**(3,311,524)**	9,008,134
Cash flows from investing activities:		
Purchases of investments	**(369,594)**	(8,069,881)
Sale of investments	**28,804**	1,027,341
Purchases of property and equipment	**-**	(59,742)
Net cash used in investing activities	**(340,790)**	(7,102,282)
Net (decrease) increase in cash, cash equivalents and cash restricted for grants and contracts	**(3,652,314)**	1,905,852
Cash, cash equivalents and cash restricted for grants and contracts:		
Beginning	**4,888,263**	2,982,411
Ending	**$ 1,235,949**	$ 4,888,263
Supplemental disclosures of cash flows information:		
Addition to right of use assets for operating leases as of July 1, 2021	**$ -**	$ 2,712,769
Addition to 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 schedule 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, 2023 and 2022, in 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, 2023 and 2022, funding from the DOL contracts approximated 48% and 49% of the Organization's unrestricted support and revenue, respectively. The annual contract's funding expires each June 30. The annual SCSEP award (approximately $34.6M and $34.5 million for fiscal years 2023 and 2022, 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.

Accounts receivable: Accounts receivable consist primarily of projects arising in the normal course of the Organization's operations. Accounts receivables are presented at the gross amount due, less an allowance for doubtful accounts. The Organization periodically reviews the status of all receivable balances for collectability based on the history with the customer and age of the receivable. At June 30. 2023 and 2022, management estimated an allowance for doubtful accounts of $190,000 and $0, respectively.

Contract balances: The timing of revenue recognition may not align with the right to invoice the customer. The Organization records account receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, deferred revenue also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset is recorded. Opening balances as of July 1, 2021, for accounts receivable is $563,613 and deferred revenue is $0.

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. 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, 2023 and 2022, was $30,000 and $30,000, respectively. 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.

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

Amounts due from subgrantees and federal agencies: These receivables consist of billed and unbilled receivables. Certain subgrantees receive cash advances on their contracted services. Under conditional agreements, 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, 2023 and 2022.

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.

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.

Advances to subgrantees: Cash advances provided to subgrantees above the amount of expenses incurred for federal grants.

Deferred revenue: The Organization records deferred revenue in situations when amounts are paid in advance of the Organization satisfying applicable revenue recognition criteria. Such revenue is recognized when all criteria are subsequently satisfied.

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 based on any remaining restrictions. Conditional contributions received in advance of satisfying conditions are recorded as deferred revenue.

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

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, 2023 and 2022, the amount of unrecognized conditional federal awards amounted to $42,022,512 and $3,555,780, respectively.

The Organization's revenue streams from contracts with customers are comprised primarily from conferences and corporate contracts. 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.

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 2023 and 2022. 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.

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 level of efforts. Communications, insurance, printing, postage and courier expenses are allocated based on salaries and wages expenses.

Adopted accounting pronouncement: In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans.* This standard was adopted by the Organization on July 1, 2022 with various disclosure requirements removed.

Upcoming accounting pronouncement: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including loans and trade receivables) to be presented at the net amount expected to be collected through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses.

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

The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. In July 2019, FASB extended the effective date for ASU 2016-13 beginning with the Organization's fiscal year ending June 30, 2024, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Reclassifications: Certain 2022 amounts have been reclassified to conform to the 2023 presentation with no effect on the previously reported total change in net assets.

Subsequent events: The Organization has evaluated subsequent events through December 19, 2023, 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, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 1,192,870	$ 4,833,949
Cash restricted for grants and contracts	43,079	54,314
Investments	10,751,900	9,928,444
Accounts receivable	492,147	633,053
Grants and contributions receivable	345,863	538,076
Amounts due from subgrantees and federal agencies	5,200,020	5,238,979
	18,025,879	21,226,815
Less amounts not available to be used within one year:		
Net assets with donor restrictions	2,395,324	4,718,828
Cash restricted for grants and contracts	43,079	54,314
	2,438,403	4,773,142
Financial assets available to meet general expenditures within one year	$ 15,587,476	$ 16,453,673

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, 2023 and 2022:

	2023	2022
FJC Agency Loan Fund	$ 2,826,836	$ 2,718,498
Fidelity Investments Money Market Funds	1,226,325	4,691,694
Mutual Funds	1,981,858	-
Exchange Traded Funds	4,230,422	-
United States Treasury Bills	-	1,991,800
Alternative Investments	486,459	526,452
	$ 10,751,900	$ 9,928,444

Investment income was as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	$ 369,367	$ 66,722
Realized gains and unrealized gains	481,610	3,994
Less investment management fees	(89,766)	(59,279)
	$ 761,211	$ 11,437

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.

Note 3. Investments and Fair Value Measurements (Continued)

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.

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 lockups nor any unfunded commitments.

Note 3. Investments and Fair Value Measurements (Continued)

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2023 and 2022:

	2023			
	Total	Level 1	Level 2	Level 3
Exchange Traded Funds	$ 4,230,422	$ 4,230,422	$ -	$ -
FJC Agency Loan Fund	2,826,836	-	-	2,826,836
Mutual Funds	1,981,858	1,981,858	-	-
Fidelity Investments Money Market Funds	1,226,325	1,226,325	-	-
	10,265,441	$ 7,438,605	$ -	$ 2,826,836
Investment held at NAV	486,459			
	$ 10,751,900			

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

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, 2023 and 2022:

	2023	2022
Receivable in less than one year	$ 256,668	$ 454,582
Receivable in one to five years	125,000	116,672
	381,668	571,254
Less discount to net present value	(5,805)	(3,178)
Less allowance for uncollectible receivables	(30,000)	(30,000)
	$ 345,863	$ 538,076

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 2,204,268	$ 2,205,325
Capitalized software	748,143	748,143
Furniture and fixtures	303,833	303,833
Office computers and equipment	190,402	190,402
	3,446,646	3,447,703
Accumulated depreciation and amortization	(2,946,477)	(2,792,726)
	$ 500,169	$ 654,977

Depreciation and amortization expense for the years ended June 30, 2023 and 2022, was $153,752 and $132,309, 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, 2023 and 2022:

	2023	2022
Accumulated benefit obligation	$ 7,408,737	$ 8,016,547
Projected benefit obligation	$ 7,408,737	$ 8,016,547
Fair value of plan assets	6,156,656	5,860,659
Funded status	(1,252,081)	(2,155,888)
Accrued pension cost	$ (1,252,081)	$ (2,155,888)

Note 6. Employee Benefits (Continued)

Assumptions used in the actuarial valuations were as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Discount rate	4.84%	4.25%
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 $3,396,027. The unrecognized net loss will be amortized into net periodic pension cost in future years.

The following table details the net periodic pension cost (benefit), employer contributions and benefits paid for the years ended June 30, 2023 and 2022:

	2023	2022
Net periodic pension cost (benefit)	$ 104,376	$ (37,527)
Employer contribution	600,000	600,000
Benefits paid	621,684	639,236

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 2024 fiscal year is $600,000.

Expected future plan disbursements for benefit payments are:

Years ending June 30:	
2024	$ 647,193
2025	638,356
2026	628,628
2027	619,724
2028	608,520
2029-2032	2,853,575
Total	$ 5,995,996

The changes in benefit obligations as of and for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Benefit obligation, beginning of year	$ 8,016,547	$ 9,815,991
Interest cost	325,222	234,853
Actuarial gain	(311,348)	(1,395,061)
Benefit payments and settlements	(621,684)	(639,236)
Benefit obligation, end of year	$ 7,408,737	$ 8,016,547

Note 6. Employee Benefits (Continued)

The changes in plan assets as of and for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Fair value of assets, beginning of year	$ 5,860,659	$ 6,659,247
Actual return (loss) on assets	317,681	(759,352)
Actual contributions	600,000	600,000
Benefits paid	(621,684)	(639,236)
Fair value of assets, end of year	$ 6,156,656	$ 5,860,659

The components of net periodic (benefit) cost (charged to expense) for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Interest cost	$ 325,222	$ 234,853
Expected return on plan assets	(412,820)	(467,702)
Amortization of net loss	191,974	195,322
	$ 104,376	$ (37,527)

Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Discount rate	4.25%	2.50%
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, 2023 and 2022:

	2023	2022
Cash/short term account	$ 1,218,365	$ 412,858
Mutual funds—equities	2,886,752	4,187,891
Mutual funds—bonds	2,051,539	1,259,910
	$ 6,156,656	$ 5,860,659

Note 6. Employee Benefits (Continued)

Plan assets by fair value levels at June 30, 2023, are as follows:

	Total	Level 1
Mutual funds—equities:		
Diversified emerging markets	$ 380,322	$ 380,322
Financial	211,368	211,368
Foreign large value	672,993	672,993
Global real estate	749,795	749,795
Large blend	540,085	540,085
World bond	332,189	332,189
Mutual funds—bonds:		
Europe stock	279,209	279,209
Inflation-protected bond	1,192,205	1,192,205
Intermediate-term bond	580,125	580,125
	4,938,291	4,938,291
Cash—reported at cost	1,218,365	1,218,365
	$ 6,156,656	$ 6,156,656

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

The Organization’s pension plan assets consist of mutual funds, which are publicly traded and are therefore considered Level 1 items. Cash totaling $1,218,365 and $412,858 related to pension plan assets at June 30, 2023 and 2022, respectively, is not included in the above tables, because it is recorded at cost.

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.

Note 6. Employee Benefits (Continued)

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, 2023 and 2022. The associated retirement plan expense for this plan was $574,581 and $404,904 for the years ended June 30, 2023 and 2022, respectively.

Note 7. Net Assets With Donor Restrictions

As of June 30, 2023 and 2022, net assets with donor restrictions are available for the following purposes:

	2023	2022
Center for Benefits Access	$ 1,953,837	$ 3,312,614
Research	157,623	378,952
Center for Healthy Aging	147,507	377,667
Policy	136,357	188,098
Economic Security/Age Well Planner	-	461,497
	$ 2,395,324	$ 4,718,828

For the years ended June 30, 2023 and 2022, net assets with donor restrictions released by program were as follows:

	2023	2022
Center for Benefits Access	$ 1,827,973	$ 2,547,790
Economic Security/Age Well Planner	461,497	988,395
Center for Healthy Aging	380,160	301,234
Research	222,123	112,319
Policy	54,124	159,519
Aging Mastery Program	-	434,868
	$ 2,945,877	$ 4,544,125

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 four months of rental abatement and an improvement allowance of up to $175,000.

Note 8. Leases (Continued)

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 1.51%. The weighted average remaining lease term is 9.72 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:	
2024	$ 634,243
2025	636,026
2026	548,718
2027	554,135
2028	676,445
Thereafter	3,472,188
	6,521,755
Discount to net present value	(666,894)
	$ 5,854,861

Lease expense for all office leases was $934,081 and $918,986 for the years ended June 30, 2023 and 2022, respectively. Cash payments for the years ended June 30, 2023 and 2022, totaled $698,316 and $747,512, 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.

Note 10. Subsequent Event

In July 2023, the Organization entered into a secured new line of credit with Truist Bank for $5,000,000. Interest on drawdowns is calculated in accordance with the line of credit agreement. Interest on the line of credit is calculated using a variable secured overnight financing rate plus 0.95%.