National Council on Aging, Inc.

Financial Report
June 30, 2024

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, 2024 and 2023, 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, 2024 and 2023, 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
January 24, 2025

National Council on Aging, Inc.

Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	**$ 3,235,723**	$ 1,192,870
Cash restricted for grants and contracts	**44,451**	43,079
Investments	**6,708,903**	10,751,900
Accounts receivable, net of allowance for credit losses of $30,000 for 2024 and allowance for doubtful accounts of $190,000 for 2023	**973,111**	492,147
Grants and contributions receivable, net	**653,575**	345,863
Amounts due from subgrantees and federal agencies	**6,059,297**	5,200,020
Prepaid expenses and other assets	**377,361**	375,828
Operating lease right-of-use assets, net	**4,358,492**	4,921,908
Property and equipment, net	**830,885**	500,169
Total assets	**$ 23,241,798**	$ 23,823,784
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 5,428,591**	$ 4,543,427
Advances to subgrantees	**1,810,765**	1,742,098
Deferred revenue	**446,156**	761,692
Operating lease liabilities, net	**5,247,515**	5,854,861
Accrued pension cost	**369,340**	1,252,081
Total liabilities	**13,302,367**	14,154,159
Commitments and contingencies (Notes 7 and 10)		
Net assets:		
Without donor restrictions	**6,026,596**	7,274,301
With donor restrictions	**3,912,835**	2,395,324
Total net assets	**9,939,431**	9,669,625
Total liabilities and net assets	**$ 23,241,798**	$ 23,823,784

See notes to financial statements.

National Council on Aging, Inc.

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants	$ 88,187,318	$ -	$ 88,187,318
Contributions	748,332	4,177,452	4,925,784
Corporate contracts	3,277,036	-	3,277,036
Investment income, net	633,287	-	633,287
Conferences and other	781,011	-	781,011
Contributed non-financial assets	497,932	-	497,932
Net assets released from restrictions	2,659,941	(2,659,941)	-
Total revenue and support	96,784,857	1,517,511	98,302,368
Expenses:			
Program services:			
Healthy aging programs	36,901,227	-	36,901,227
Workforce development	35,335,837	-	35,335,837
Economic well being	15,585,118	-	15,585,118
Membership services and outreach	2,467,386	-	2,467,386
Public policy and advocacy	1,101,575	-	1,101,575
Economic security issues	295,911	-	295,911
Research	140,557	-	140,557
Aging mastery program	104,130	-	104,130
Total program services	91,931,741	-	91,931,741
Supporting services:			
Management and general	4,930,265	-	4,930,265
Fundraising	1,719,231	-	1,719,231
Total supporting services	6,649,496	-	6,649,496
Total expenses	98,581,237	-	98,581,237
Change in net assets before pension-related changes other than net periodic cost	(1,796,380)	1,517,511	(278,869)
Pension-related changes:			
Other than net periodic cost	548,675	-	548,675
Change in net assets	(1,247,705)	1,517,511	269,806
Net assets:			
Beginning	7,274,301	2,395,324	9,669,625
Ending	$ 6,026,596	$ 3,912,835	$ 9,939,431

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
Economic well being	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 Functional Expenses
Year Ended June 30, 2024

	Healthy Aging Programs	Workforce Development	Economic Well Being	Membership Services and Outreach	Public Policy and Advocacy	Economic Security Initiatives	Research	Aging Mastery Program	Management and General	Fundraising	Total
Subgrants	$ 28,154,963	$ 29,713,770	$ 6,661,434	$ -	$ -	$ 51,000	$ -	$ -	$ -	$ -	$ 64,581,167
Salaries, wages and fringe	3,289,445	4,243,360	3,246,359	987,266	632,412	70,328	40,649	16,848	2,667,686	901,856	16,096,209
Contracted services	4,395,811	633,671	3,725,722	1,112,592	345,502	108,264	93,566	3,491	1,026,150	176,903	11,621,672
Outreach advertising and other costs	98,101	34,036	724,759	545,140	1,656	30,651	328	2,822	26,105	63,240	1,526,838
Equipment/computers	330,055	255,211	465,585	101,276	54,400	23,855	2,628	2,369	126,793	87,884	1,450,056
Lease cost	210,059	110,982	228,967	77,244	62,603	5,552	3,114	464	247,453	58,607	1,005,045
Office operations	54,522	143,829	77,928	31,402	1,215	268	133	74,783	138,476	391,785	914,341
Other contract costs	-	-	-	-	-	-	-	-	476,747	-	476,747
Conferences/meetings	283,907	47,960	343,557	(424,758)	2,665	178	85	240	110,837	22,040	386,711
Travel	83,057	109,940	56,799	37,187	1,106	5,811	52	3,111	68,555	16,916	382,534
Unallowable	755	22,308	52,544	-	-	-	-	-	38,711	-	114,318
Communications	552	20,770	1,464	37	16	4	2	2	2,752	-	25,599
Total expenses	$ 36,901,227	$ 35,335,837	$ 15,585,118	$ 2,467,386	$ 1,101,575	$ 295,911	$ 140,557	$ 104,130	$ 4,930,265	$ 1,719,231	$ 98,581,237

See notes to financial statements.

National Council on Aging, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023

	Workforce Development	Healthy Aging Programs	Economic Well Being	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
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
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	187,205	233,904	237,024	58,349	32,053	28,321	7,126	152	193,586	38,535	1,016,255
Office operations	181,536	182,090	56,181	9,218	23,729	(7,689)	2,029	90,312	96,418	199,928	833,752
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
Travel	90,963	64,622	65,390	2,977	18,144	5,980	71	37	46,525	25,968	320,677
Communications	23,583	8,858	13,494	6,845	1,407	1,319	459	2	2,266	838	59,071
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.

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ 269,806**	$ (2,472,950)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**155,284**	153,752
Realized and unrealized gains on investments	**(330,803)**	(481,610)
Amortization of right-of-use assets	**563,416**	594,088
(Increase) decrease in:		
Accounts receivable	**(480,964)**	140,906
Grants and contributions receivable	**(307,712)**	192,213
Amounts due from subgrantees and federal agencies	**(859,277)**	38,959
Prepaid expenses and other assets	**(1,533)**	2,958
Increase (decrease) in:		
Accounts payable and accrued expenses	**885,164**	(295,221)
Advances to subgrantees	**68,667**	(109,820)
Deferred revenue	**(315,536)**	450,746
Operating lease liabilities	**(607,346)**	(621,738)
Accrued pension cost	**(882,741)**	(903,807)
Net cash used in operating activities	**(1,843,575)**	(3,311,524)
Cash flows from investing activities:		
Purchases of investments	**(8,313,780)**	(369,594)
Sale of investments	**12,687,580**	28,804
Purchases of property and equipment	**(486,000)**	-
Net cash provided by (used in) investing activities	**3,887,800**	(340,790)
Net increase (decrease) in cash, cash equivalents and cash restricted for grants and contracts	**2,044,225**	(3,652,314)
Cash, cash equivalents and cash restricted for grants and contracts:		
Beginning	**1,235,949**	4,888,263
Ending	**$ 3,280,174**	$ 1,235,949
Supplemental disclosures of cash flows information:		
Cash paid for interest	**$ 21,485**	$ -

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, 2024 and 2023, in North Carolina, West Virginia and Tennessee. The Tennessee resource center was closed at the end of 2023. 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, 2024 and 2023, funding from the DOL contracts approximated 37% and 48% of the Organization's unrestricted support and revenue, respectively. The annual contract's funding expires each June 30. The annual SCSEP award (approximately $35.5M and $34.6M for fiscal years 2024 and 2023, 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 and allowance for credit losses: 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 credit losses.

The Organization's receivables consist of accounts and other receivables, arising in the normal course of operations. The Organization adopted ASC 326, Financial Instruments—Credit Losses, (CECL), as of July 1, 2023, with the cumulative-effect transition method with the required prospective approach. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off. Management has recorded an allowance of $30,000 at June 30, 2024.

Prior to the adoption of ASC 326, the collectability of each receivable balance was assessed based on management's knowledge of the customer and the age of the receivable balance. Customer balances deemed to be uncollectable were charged directly to bad debt expense to the extent not covered by the allowance. Management has recorded an allowance of $190,000 at June 30, 2023.

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

Below is a summary of the changes in the Organization's allowance for credit losses for the year ended June 30, 2024.

Beginning balance	$	190,000
Provision for credit losses		30,000
Recoveries		(190,000)
Ending balance	$	30,000

Contract balances: The timing of revenue recognition may not align with the right to invoice the customer. The Organization records an 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, 2022, for accounts receivable is $633,053 and deferred revenue is $310,946.

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, 2024 and 2023, was $13,578 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.

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, 2024 and 2023.

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.

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

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 they 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.

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, 2024 and 2023, the amount of unrecognized conditional federal awards amounted to $18,790,061 and $42,022,512, 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.

Contributed non-financial assets: The Organization recognized contributed non-financial assets within contributed non-financial assets on the statement of activities (see Note 11). Contributed non-financial assets are recorded at their estimated fair value on the date the assets were received (or promised). The contributed non-financial assets did not have donor-imposed restrictions.

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 (the 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 2024 and 2023. 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.

Subsequent events: The Organization has evaluated subsequent events through January 24, 2025, 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, 2024 and 2023:

	2024	2023
Cash and cash equivalents	$ 3,235,723	$ 1,192,870
Cash restricted for grants and contracts	44,451	43,079
Investments	6,708,903	10,751,900
Accounts receivable	973,111	492,147
Grants and contributions receivable	653,575	345,863
Amounts due from subgrantees and federal agencies	6,059,297	5,200,020
	17,675,060	18,025,879
Less amounts not available to be used within one year:		
Net assets with donor restrictions	3,912,835	2,395,324
Deferred compensation investments	22,928	-
Cash restricted for grants and contracts	44,451	43,079
	3,980,214	2,438,403
Financial assets available to meet general expenditures within one year	$ 13,694,846	$ 15,587,476

Note 2. Availability and Liquidity (Continued)

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. The Organization also has a new line of credit for $5,000,000 which is available to meet general expenditures.

Note 3. Investments and Fair Value Measurements

Investments are recorded at fair value. Investments consist of the following at June 30, 2024 and 2023:

	2024	2023
FJC Agency Loan Fund	$ -	$ 2,826,836
Fidelity Investments Money Market Funds	71,762	1,226,325
Mutual Funds	3,124,286	1,981,858
Exchange-Traded Funds	3,052,949	4,230,422
Deferred Compensation Investments	22,928	-
Alternative Investments	436,978	486,459
	$ 6,708,903	$ 10,751,900

Investment income was as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Interest and dividends	$ 377,373	$ 369,367
Realized gains and unrealized gains	330,803	481,610
Less investment management fees	(74,889)	(89,766)
	$ 633,287	$ 761,211

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.

Note 3. Investments and Fair Value Measurements (Continued)

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 chose 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 did not have unfunded commitments related to this investment as of June 30, 2023. In 2024 the Organization closed out their holding in the FJC Agency Loan Fund and received a distribution of $2,904,081.

Investments recorded at net asset value (NAV) consist of an investment in 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.

The investments designated for employee benefits are held to fund obligations related to the deferred compensation plan described in Note 6 and is participant-directed to various mutual fund options. The liability related to the deferred compensation plan has been measured using Level 2 inputs that are directly or indirectly observable in the marketplace.

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, 2024 and 2023:

	2024			
	Total	Level 1	Level 2	Level 3
Exchange-Traded Funds	$ 3,052,949	$ 3,052,949	$ -	$ -
Mutual Funds	3,124,286	3,124,286	-	-
Fidelity Investments Money Market Funds	71,762	71,762	-	-
Deferred Compensation Mutual Fund	22,928	22,928	-	-
	6,271,925	$ 6,271,925	$ -	$ -
Investment held at NAV	436,978			
	$ 6,708,903			
Liabilities:				
Deferred Compensation Liability	$ 22,928	$ -	$ 22,928	$ -

	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			

Note 4. Grants and Contributions Receivable

Grants and contributions receivables were as follows at June 30, 2024 and 2023:

	2024	2023
Receivable in less than one year	$ 572,000	$ 256,668
Receivable in one to five years	100,000	125,000
	672,000	381,668
Less discount to net present value	(4,847)	(5,805)
Less allowance for uncollectible receivables	(13,578)	(30,000)
	$ 653,575	$ 345,863

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30, 2024 and 2023:

	2024	2023
Leasehold improvements	$ 1,272,168	$ 2,204,268
Capitalized software	692,072	748,143
Furniture and fixtures	120,961	303,833
Office computers and equipment	94,257	190,402
	2,179,458	3,446,646
Accumulated depreciation and amortization	(1,348,573)	(2,946,477)
	$ 830,885	$ 500,169

Depreciation and amortization expense for the years ended June 30, 2024 and 2023, was $155,284 and $153,752, 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.

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, 2024 and 2023:

	2024	2023
Accumulated benefit obligation	$ 6,697,367	$ 7,408,737
Projected benefit obligation	$ 6,697,367	$ 7,408,737
Fair value of plan assets	6,328,027	6,156,656
Funded status	(369,340)	(1,252,081)
Accrued pension cost	$ (369,340)	$ (1,252,081)

Note 6. Employee Benefits (Continued)

Assumptions used in the actuarial valuations were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Discount rate	5.22%	4.84%
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 $2,847,352. 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, 2024 and 2023:

	2024	2023
Net periodic pension cost	$ 265,934	$ 104,376
Employer contribution	600,000	600,000
Benefits paid	587,530	621,684

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 the 2025 fiscal year is $715,000.

Expected future plan disbursements for benefit payments are:

Years ending June 30:		
2025	$ 7,214,000	$ 638,356
2026	-	628,628
2027	-	619,724
2028	-	608,520
2029-2033	-	2,853,575
Total	$ 7,214,000	$ 5,348,803

The changes in benefit obligations as of and for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Benefit obligation, beginning	$ 7,408,737	$ 8,016,547
Interest cost	346,971	325,222
Actuarial gain	(108,871)	(311,348)
Benefit payments and settlements	(949,470)	(621,684)
Benefit obligation, ending	$ 6,697,367	$ 7,408,737

Note 6. Employee Benefits (Continued)

The changes in plan assets as of and for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Fair value of assets, beginning	$ 6,156,656	$ 5,860,659
Actual return on assets	520,841	317,681
Actual contributions	600,000	600,000
Benefits paid and settlements	(949,470)	(621,684)
Fair value of assets, ending	$ 6,328,027	$ 6,156,656

The components of net periodic cost for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Interest cost	$ 346,971	$ 325,222
Expected return on plan assets	(402,174)	(412,820)
Amortization of net loss	152,934	191,974
Gain due to settlements	168,203	-
	$ 265,934	$ 104,376

Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Discount rate	5.22%	4.25%
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, 2024 and 2023, are as follows:

	2024	2023
Cash/short-term account	$ 6,328,027	$ 1,218,365
Mutual funds—equities	-	2,886,752
Mutual funds—bonds	-	2,051,539
	$ 6,328,027	$ 6,156,656

Note 6. Employee Benefits (Continued)

Plan assets by fair value levels at June 30, 2024, are as follows:

	Total	Level 1
Cash—reported at cost	$ 6,328,027	$ 6,328,027
	$ 6,328,027	$ 6,328,027

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

The Organization's pension plan assets consist of mutual funds, which are publicly traded and are, therefore, considered Level 1 items. Cash totaling $6,328,027 and $1,218,365 related to pension plan assets at June 30, 2024 and 2023, 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.

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, 2024 and 2023. The associated retirement plan expense for this plan was $655,948 and $574,581 for the years ended June 30, 2024 and 2023, respectively.

Deferred compensation plan: During 2024, the Organization established, under Section 457(b) of the Internal Revenue Code, a deferred compensation plan on behalf of a senior leadership employee (see disclosures in Note 2). The Organization made contributions of $23,000 to the deferred compensation plan for the year ended June 30, 2024.

Note 7. Line of Credit

In July 2023, the Organization entered into a new line of credit with a bank for $5,000,000 secured by the investments of the Organization. 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 finance rate plus 0.95%. The line matures on July 12, 2025.

Note 8. Net Assets With Donor Restrictions

As of June 30, 2024 and 2023, net assets with donor restrictions are available for the following purposes:

	2024	2023
Economic Well Being	$ 2,655,974	$ 1,953,837
Membership Services and Outreach	884,828	-
Policy	295,157	136,357
Center for Healthy Aging	76,876	147,507
Research	-	157,623
	$ 3,912,835	$ 2,395,324

For the years ended June 30, 2024 and 2023, net assets with donor restrictions released by program were as follows:

	2024	2023
Economic Well Being	$ 1,948,794	$ 1,827,973
Membership Services and Outreach	215,172	-
Center for Healthy Aging	201,995	380,160
Research	157,623	222,123
Policy	136,357	54,124
Economic Security/Age Well Planner	-	461,497
	$ 2,659,941	$ 2,945,877

Note 9. Leases

The Organization leases office space for its headquarters in Arlington, Virginia, under a noncancellable 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 Accounting Standards Update 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.

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% for the years 2024 and 2023. The weighted-average remaining lease term is 8.75 years and 9.72 years as of June 30, 2024 and 2023.

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:	
2025	$ 636,026
2026	548,718
2027	554,135
2028	676,445
2029	695,940
Thereafter	2,776,248
	5,887,512
Discount to net present value	(639,997)
	$ 5,247,515

Lease expense for all office leases was $1,004,484 and $934,081 for the years ended June 30, 2024 and 2023, respectively. Cash payments for the years ended June 30, 2024 and 2023, totaled $658,412 and $698,316, respectively.

Note 10. 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 11. Contributed Non-Financial Assets

Contributed non-financial assets are recorded at estimated fair value in the statement of activities. Contributed non-financial assets did not have donor-imposed restrictions. Donated services were used in the program and supporting services listed below. No donated goods were monetized through sales to third parties. A summary of the fair value estimates related to contributed non-financial assets follows:

Services: Donated services primarily consist of online advertising, which are recognized in the statement of activities as contributions and expenses in equal amounts in accordance with U.S. GAAP when the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Note 12. Subsequent Event

The Organization's Board of Trustees voted to terminate the defined benefit retirement plan effective July 31, 2024. In conjunction with the termination of the defined benefit retirement plan, lump sums will be paid out in December 2024, an annuity purchase will take place January 2025, and all benefit obligations will be settled no later than June 2025.