

Medicare Rights Center Inc.

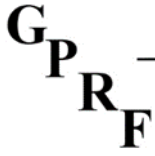
Financial Statements

June 30, 2024 and 2023

Medicare Rights Center Inc.

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Independent Auditor's Report

To the Board of Directors of
Medicare Rights Center Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medicare Rights Center Inc. ("Medicare Rights"), a not-for-profit organization, which comprise the statements of financial position as of June 30, 2024 and 2023, and 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 accompanying financial statements present fairly, in all material respects, the financial position of Medicare Rights Center Inc. 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 those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Medicare Rights Center Inc. 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 Medicare Rights Center Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 Medicare Rights Center Inc.'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 Medicare Rights Center Inc.'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.

Gruber Palumberi Raffaele Fried PC

New York, NY
March 18, 2025

Medicare Rights Center Inc.

Statements of Financial Position

June 30, 2024 And 2023

	<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current assets:			
Cash and cash equivalents		\$ 2,853,321	\$ 2,843,112
Investments		1,049,776	911,746
Contracts receivable		918,550	852,075
Grants and contributions receivable		443,883	216,250
Prepaid expenses and other assets		<u>19,125</u>	<u>69,953</u>
Total current assets		5,284,655	4,893,136
Operating lease right-of-use assets		1,049,146	1,337,084
Property and equipment - net		<u>2,099</u>	<u>4,313</u>
Total assets		<u>\$ 6,335,900</u>	<u>\$ 6,234,533</u>
	<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:			
Accounts payable and accrued expenses		\$ 103,364	\$ 114,532
Deferred revenue		<u>294,937</u>	<u>216,148</u>
Total current liabilities		398,301	330,680
Operating lease liabilities		<u>1,048,054</u>	<u>1,330,019</u>
Total liabilities		<u>1,446,355</u>	<u>1,660,699</u>
Net assets:			
Without donor restrictions			
Board designated quasi endowment		1,047,074	909,851
Undesignated		<u>3,560,299</u>	<u>3,501,066</u>
Total unrestricted assets		4,607,373	4,410,917
With donor restrictions			
Purpose restrictions		163,199	37,917
Time restrictions		<u>118,973</u>	<u>125,000</u>
Total restricted assets		<u>282,172</u>	<u>162,917</u>
Total net assets		<u>4,889,545</u>	<u>4,573,834</u>
Total liabilities and net assets		<u>\$ 6,335,900</u>	<u>\$ 6,234,533</u>

The accompanying notes are an integral part of these financial statements.

Medicare Rights Center Inc.

Statements of Activities

For The Years Ended June 30, 2024 And 2023

	2024				2023			
	Without Donor Restrictions		With Donor	Total	Without Donor Restrictions		With Donor	Total
	Undesignated	Endowment	Restrictions		Undesignated	Endowment	Restrictions	
Revenues and support:								
Contract services	\$ 2,843,427	\$ -	\$ -	\$ 2,843,427	\$ 2,562,414	\$ -	\$ -	\$ 2,562,414
Grants and contributions	245,950	-	941,634	1,187,584	236,138	-	748,194	984,332
Gifts in-kind	15,000	-	-	15,000	101,104	-	-	101,104
Other revenue	455,612	-	-	455,612	374,912	-	-	374,912
Special event	346,933	-	-	346,933	372,799	-	-	372,799
Investment income	139,037	13,154	-	152,191	79,637	19,454	-	99,091
Unrealized gains on investments	(505)	124,069	-	123,564	(513)	83,072	-	82,559
Total revenues and support:	4,045,454	137,223	941,634	5,124,311	3,726,491	102,526	748,194	4,577,211
Net assets released from restrictions:	822,379	-	(822,379)	-	916,110	-	(916,110)	-
Total revenues and support	4,867,833	137,223	119,255	5,124,311	4,642,601	102,526	(167,916)	4,577,211
Operating expenses:								
Program services	3,792,206	-	-	3,792,206	3,514,193	-	-	3,514,193
Supporting services:								
Management and general	676,528	-	-	676,528	307,004	-	-	307,004
Fundraising- general	199,671	-	-	199,671	374,619	-	-	374,619
Fundraising- special event	140,195	-	-	140,195	105,161	-	-	105,161
Total operating expenses	4,808,600	-	-	4,808,600	4,300,977	-	-	4,300,977
Change in net assets	59,233	137,223	119,255	315,711	341,624	102,526	(167,916)	276,234
Net assets, beginning of year	3,501,066	909,851	162,917	4,573,833	3,159,442	807,325	330,833	4,297,600
Net assets, end of year	\$ 3,560,299	\$ 1,047,074	\$ 282,172	\$ 4,889,545	\$ 3,501,066	\$ 909,851	\$ 162,917	\$ 4,573,834

The accompanying notes are an integral part of these financial statement.

Medicare Rights Center Inc.

Statement of Functional Expenses

For The Year Ended June 30, 2024

	2024								
	Program Services					Supporting Services			
	Helpline	Educational Outreach	Enrollment Services	Policy	Total	Management and General	Fundraising General	Fundraising Special Event	Total Expenses
Salaries	\$ 1,097,539	\$ 587,743	\$ 193,946	\$ 403,300	\$ 2,282,528	\$ 391,167	\$ 24,157	\$ 12,580	\$ 2,710,432
Payroll taxes/ fringe benefits	367,434	201,626	58,091	132,620	759,771	158,770	7,879	4,033	930,453
Total salaries and related expenses	<u>1,464,973</u>	<u>789,369</u>	<u>252,037</u>	<u>535,920</u>	<u>3,042,299</u>	<u>549,937</u>	<u>32,036</u>	<u>16,613</u>	<u>3,640,885</u>
Other expenses:									
Occupancy	138,255	76,774	52,172	44,423	311,624	13,235	24,520	-	349,379
Consultants and professional fees	35,016	26,262	13,131	25,441	99,850	38,684	96,380	23,800	258,714
Catering costs - special event	-	-	-	-	-	-	-	90,258	90,258
Telephone and internet	23,782	13,208	8,975	7,642	53,607	2,275	4,218	-	60,100
Subscriptions	3,240	78,486	53,334	45,416	180,476	13,531	25,068	-	219,075
Meeting and conferences	8,539	8,539	8,539	8,539	34,156	22,775	-	-	56,931
Equipment and office maintenance	9,690	5,381	3,657	3,114	21,842	928	1,719	-	24,489
Insurance	8,867	4,924	3,346	2,849	19,986	849	1,572	-	22,407
Printing and duplicating	925	1,162	1,162	-	3,249	245	-	7,544	11,038
Promotion and advertising	1,577	-	-	-	1,577	1,577	12,813	-	15,967
Equipment	2,309	1,282	871	742	5,204	221	410	-	5,835
Travel	2,124	1,593	797	797	5,311	99	-	-	5,410
Bank charges and processing fees	-	-	-	-	-	14,356	-	1,548	15,904
Postage and delivery	1,200	900	450	450	3,000	566	-	-	3,566
Supplies	1,800	1,000	680	578	4,058	172	935	-	5,165
Depreciation	876	487	330	282	1,975	239	-	-	2,214
Miscellaneous	1,665	1,004	655	668	3,992	1,839	-	432	6,263
Total other expenses	<u>239,865</u>	<u>221,002</u>	<u>148,099</u>	<u>140,941</u>	<u>749,907</u>	<u>111,591</u>	<u>167,635</u>	<u>123,582</u>	<u>1,152,715</u>
In-kind expenses:									
Donated legal services	-	-	-	-	-	15,000	-	-	15,000
Total expenses	<u>\$ 1,704,838</u>	<u>\$ 1,010,371</u>	<u>\$ 400,136</u>	<u>\$ 676,861</u>	<u>\$ 3,792,206</u>	<u>\$ 676,528</u>	<u>\$ 199,671</u>	<u>\$ 140,195</u>	<u>\$ 4,808,600</u>

The accompanying notes are an integral part of these financial statements.

Medicare Rights Center Inc.

Statement of Functional Expenses

For The Year Ended June 30, 2023

	2023								
	Program Services					Supporting Services			
	Helpline	Educational Outreach	Enrollment Services	Policy	Total	Management and General	Fundraising General	Fundraising Special Event	Total Expenses
Salaries	\$ 980,538	\$ 544,496	\$ 370,021	\$ 315,061	\$ 2,210,116	\$ 93,884	\$ 173,898	\$ -	\$ 2,477,898
Payroll taxes/ fringe benefits	319,921	177,653	120,727	102,795	721,096	30,632	56,738	-	808,466
Total salaries and related expenses	<u>1,300,459</u>	<u>722,149</u>	<u>490,748</u>	<u>417,856</u>	<u>2,931,212</u>	<u>124,516</u>	<u>230,636</u>	<u>-</u>	<u>3,286,364</u>
Other expenses:									
Occupancy	98,506	54,701	37,172	31,651	222,030	9,430	17,470	-	248,930
Consultants and professional fees	34,987	26,240	13,120	25,420	99,767	36,440	96,300	11,100	243,607
Catering costs - special event	-	-	-	-	-	-	-	81,224	81,224
Telephone and internet	30,696	17,048	11,584	9,863	69,191	2,937	5,444	-	77,572
Subscriptions	30,272	16,810	11,423	9,727	68,232	2,898	5,369	-	76,499
Meeting and conferences	7,680	7,680	7,680	7,680	30,720	20,483	-	-	51,203
Equipment and office maintenance	8,952	4,971	3,378	2,877	20,178	857	1,588	-	22,623
Insurance	8,509	4,725	3,211	2,734	19,179	815	1,509	-	21,503
Printing and duplicating	5,314	3,985	1,993	1,993	13,285	-	-	5,649	18,934
Promotion and advertising	1,816	-	-	-	1,816	1,816	14,751	-	18,383
Equipment	6,164	3,423	2,326	1,981	13,894	590	1,093	-	15,577
Travel	5,829	4,372	2,186	2,186	14,573	-	-	272	14,845
Bank charges and processing fees	-	-	-	-	-	5,974	-	5,622	11,596
Postage and delivery	1,711	1,283	642	642	4,278	-	-	808	5,086
Supplies	1,420	789	536	456	3,201	136	252	486	4,075
Depreciation	1,170	650	441	376	2,637	112	207	-	2,956
Total other expenses	<u>243,026</u>	<u>146,677</u>	<u>95,692</u>	<u>97,586</u>	<u>582,981</u>	<u>82,488</u>	<u>143,983</u>	<u>105,161</u>	<u>914,613</u>
In-kind expenses:									
Donated legal services	-	-	-	-	-	100,000	-	-	100,000
Total expenses	<u>\$ 1,543,485</u>	<u>\$ 868,826</u>	<u>\$ 586,440</u>	<u>\$ 515,442</u>	<u>\$ 3,514,193</u>	<u>\$ 307,004</u>	<u>\$ 374,619</u>	<u>\$ 105,161</u>	<u>\$ 4,300,977</u>

The accompanying notes are an integral part of these financial statements.

Medicare Rights Center Inc.
Statements of Cash Flows
For The Years Ended June 30, 2024 And 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Changes in net assets	\$ 315,711	\$ 276,234
Adjustments to reconcile changes in net assets to cash (used in) provided by operating activities:		
Depreciation expense	2,214	2,956
Unrealized (gains) losses, net	(123,564)	(82,559)
Donated securities	-	1,104
Change in operating assets and liabilities:		
(Increase) in contracts receivable	(66,475)	(412,764)
(Increase) decrease in grants and contributions receivable	(227,633)	46,250
Decrease (increase) in prepaid expenses	50,828	(64)
Decrease (increase) in operating lease assets and liabilities	5,973	(7,065)
(Decrease) increase in accounts payable and accrued expenses	(11,169)	7,665
Increase in deferred revenue	78,789	18,069
(Decrease) in deferred rent and lease incentive liabilities	-	(73,324)
Net cash provided by (used in) operating activities	<u>24,674</u>	<u>(223,498)</u>
Cash flows from investing activities:		
(Increase) in investments	<u>(14,466)</u>	<u>(21,662)</u>
Net cash (used in) investing activities	<u>(14,466)</u>	<u>(21,662)</u>
Net increase (decrease) in cash and cash equivalents	10,208	(245,160)
Cash and cash equivalents, beginning of year	<u>2,843,112</u>	<u>3,088,272</u>
Cash and cash equivalents, end of year	<u>\$ 2,853,321</u>	<u>\$ 2,843,112</u>

The accompanying notes are an integral part of this financial statement.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

1. ORGANIZATION

Medicare Rights Center Inc. (“Medicare Rights”) is a not-for-profit organization founded in 1989 to help older adults and people with disabilities get affordable health care through direct service, education, and policy work. Medicare Rights implements its goals by counseling annually thousands of Medicare consumers, caregivers, and professionals about Medicare rights and benefits through its media and education programs, hotlines, publications, professional conferences and its interactive web sites.

For Federal income tax purposes, Medicare Rights is classified as a 501(c)(3) organization and is exempt under section 501(a) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Medicare Rights have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (“GAAP”). The significant accounting policies are described below.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving grants and contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions. The net assets without donor restrictions also include those funds that are designated for specific purposes by the Board of Directors.

The Board-designated quasi-endowment net assets include resources that have been designated by the Board of Directors to function as endowments and consist of amounts held in reserve for operating contingencies. Any portion of the quasi-endowment may be expended upon approval of the Board of Directors. The balance in Board designated net assets as of June 30, 2024 and 2023 was \$1,047,074 and \$909,851, respectively.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. At June 30, 2024 and 2023, the Medicare Rights had no net assets with restrictions which are perpetual in nature.

Cash and Cash Equivalents

Medicare Rights considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Cash equivalents are short-term highly liquid investments that are (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value because of changes in interest rates.

Investments

Medicare Rights records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value of Measurements

GAAP defines fair value and establishes a framework for measuring fair value and expand disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

These rules also establish a fair value hierarchy which requires an entity to maximize the use of observable and inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Pricing inputs are unobservable for the assets or liability and includes situations where there is little (if any) market activity for the assets or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

As of June 30, 2024 and 2023 none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash and cash equivalents, grants receivable, receivable, other, accounts payable and accrued expenses and loan payable, approximate their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the years ended June 30, 2024 and 2023.

Grants and Contributions

Medicare Rights records contributions and grants, both cash and in-kind, when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either net assets without donor restriction, or net assets with donor restriction, depending on whether the donor has imposed a restriction on the use of such assets.

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate determined in the year in which the contribution originates. Amortization of the discount is included in contribution revenue.

Medicare Rights evaluates its contributions and grants receivable to determine if any has become uncollectible. As of June 30, 2024 and 2023, Medicare Rights had no allowance for bad debt.

Medicare Rights does not recognize conditional promises to give as a receivable. Medicare Rights recognizes a receivable only to the extent the condition has been satisfied. As of June 30, 2024 and 2023, conditional promises to give amounted to \$0 and \$343,800, respectively, and are not recorded in the financial statements.

Contract Revenue

Revenue from government and other contracts are recognized to the extent that expenses have been incurred for the purposes specified by the contracts. Contract payments in excess of qualified expenses are accounted for as contract advances.

Government grants are generally considered as contributions with donor restrictions based upon specific requirements contained in the grant contract. Government grant revenues received and expended in the same fiscal year are reflected as revenues without donor restrictions.

On a periodic basis, Medicare Rights evaluates receivable balances and establishes an allowance for doubtful accounts, based on the history of past write-offs, age of the receivables, collections and current economic considerations. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. During the years ended June 30, 2024 and 2023, Medicare Rights did not write off any grant's receivable. As of June 30, 2024 and 2023, Medicare Rights believes all grants receivable are collectible and did not provide an allowance for doubtful accounts.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Property and Equipment

Donated assets are valued at fair market value as of the date of donation. All other furniture, equipment and leasehold improvements are valued at cost. Depreciation of property and equipment is provided on the straight-line method over the expected useful lives of the assets as follows:

Furniture and equipment	5 years
Computers and software	5 years
Leasehold improvements	10 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Functional Expense Allocations

The costs of providing the various programs and other activities of Medicare Rights have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited. The expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

Management and general expense include those expenses that are not directly identifiable with any specific function but provide for the overall and direction of the organization.

Income Taxes

Accounting Standards Codification (“ASC”) 740 “Income Taxes.” ASC 740 requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. Management believes that there are no uncertain tax positions within its financial statements.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Medicare Rights has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it was nexus; and to review other matters that may be considered tax positions.

Medicare Rights' Form 990, *Return of Organization Exempt from Income Taxes*, for the years ending June 30, 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they were filed.

Concentrations of Credit Risk

Financial instruments that potentially subject Medicare Rights to concentrations of credit risk consist primarily of cash and cash equivalents. Medicare Rights maintains cash and cash equivalent balances in various bank accounts that, at times, may exceed federally insured limits. Medicare Rights' cash accounts were placed with high credit quality financial institutions. Medicare Rights has not experienced, nor does it anticipate, any losses in such accounts.

At June 30, 2024 and 2023, Medicare Rights maintained cash balances in excess of the Federal Deposit Insurance Corporation limit by \$354,080 and \$358,237, respectively.

Vanguard Life Strategy Growth Fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. and international stocks, and U.S. and international bonds. The Vanguard Life Strategy Growth Fund allocates approximately 80% of its assets to common stocks and 20% to bonds. Medicare Rights maintained Vanguard Funds in the amount of \$1,047,074 and \$909,851 at June 30, 2024, and 2023, respectively, and are not insured by FDIC nor protected by SIPC.

Treasury money market fund invests in high-quality, short term money market securities whose interest and principal payments are backed by the full faith and credit of the U.S. Government. The fund seeks to provide current income while maintaining liquidity and a stable share price of \$1. The money market fund in the amount of \$2,236,199 and \$2,234,336 at June 30, 2024 and 2023, respectively, held in the brokerage account is not insured by FDIC nor protected by SIPC.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

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

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Revenue Recognition – Contributions, Grants, Support and Special Events

Medicare Rights recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Governmental grant revenue is recognized as a contribution in the period the Medicare Rights meets the conditions for revenue recognition, namely when it incurs reimbursable program expenditures. Amounts received prior to incurring qualified reimbursable program expenditures are reported as deferred revenue in the statements of financial position. A portion of Medicare Rights' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Medicare Rights has incurred expenditures in compliance with specific contract or grant provisions.

Conditional grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Medicare Rights will record such disallowance at the time the final assessment is made.

Revenue from special fundraising events is recognized when the event occurs and all significant event-related obligations have been fulfilled. Amounts received in advance of events are reported as deferred revenue or refundable advances in the statements of financial position.

ASC 842 Accounting Guidance Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases.

Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Medicare Rights adopted the standard effective July 1, 2022 and recognized and measured leases existing at (the beginning of earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available.

Based on an evaluation of the impact of the adoption of ASC 842, Medicare Rights determined that it will apply the modified retrospective approach, in which Medicare Rights will not adjust comparative periods. There was no cumulative-effect adjustment to the opening balance of net assets.

Medicare Rights also elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

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3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2024 and 2023 consisted of current and multiyear promises to give which are collectible as follows:

	2024	2023
One year or less	\$ 443,883	\$ 216,250
One to two years	-	-
	<u>\$ 443,883</u>	<u>\$ 216,250</u>

4. INVESTMENTS

Investments at fair value held by Medicare Rights at June 30, 2024 and 2023 consisted of the following:

	2024		2023	
	Cost	Market	Cost	Market
Managed mutual funds	\$ 732,448	1,047,074	\$ 702,482	\$ 909,851
Equities	3,292	2,702	3,292	1,895
Total investments	<u>\$ 735,740</u>	<u>\$ 1,049,776</u>	<u>\$ 705,774</u>	<u>\$ 911,746</u>

The following table summarizes investments by fair value hierarchy levels as of June 30, 2024:

	2024			Total
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Other Inputs Level 3	
Managed mutual funds	\$ 1,047,074	\$ -	\$ -	\$ 1,047,074
Equities	2,702	-	-	2,702
	<u>\$ 1,049,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,049,776</u>

MEDICARE RIGHTS CENTER INC.
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4. INVESTMENTS – continued

The following table summarizes investments by fair value hierarchy levels as of June 30, 2023:

	2023			Total
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Other Inputs Level 3	
	Managed mutual funds	\$ 909,851	\$ -	
Equities	1,895	-	-	1,895
	<u>\$ 911,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 911,746</u>

Investment income for the years ended June 30, 2024 and 2023 consists of:

	2024	2023
Dividends	\$ 151,889	\$ 98,110
Short-term capital gains	-	-
Long-term capital gains	302	967
Unrealized gains (losses), Net	123,564	82,559
Total	<u>\$ 275,755</u>	<u>\$ 181,636</u>

Investment income is reported in the statement of activities and did not incur investment related expenses.

For the years end June 30, 2024 and 2023, Medicare Rights received contributions of marketable securities valued at \$- and \$1,104, respectively.

MEDICARE RIGHTS CENTER INC.
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5. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment at June 30, 2024 and 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Furniture and fixtures	\$ 577,621	\$ 577,621
Equipment and computers	383,318	383,318
Leasehold improvements	59,938	59,938
Software	<u>68,746</u>	<u>68,746</u>
	1,089,623	1,089,623
Less: accumulated depreciation	<u>(1,087,524)</u>	<u>(1,085,310)</u>
Total	<u>\$ 2,099</u>	<u>\$ 4,313</u>

Depreciation and amortization for the years ended June 30, 2024 and 2023 amounted to \$2,214 and \$2,956, respectively.

6. LINE OF CREDIT

Medicare Rights currently has a line of credit up to \$500,000 with a financial services institution. The line of credit is secured by Medicare Rights organization's assets. Interest on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days at the "Adjusted SOFR Rate" (the "Note Rate") and at the rate of 3.00% Per Annum above the Note Rate. The line of credit renews every two years. The agreement subsequently renewed on August 26, 2023 with a maturity date of August 26, 2024.

As of June 30, 2024 and 2023, there were no borrowings under the line of credit and no interest expense incurred.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
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7. RETIREMENT PLAN

Medicare Rights entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code effective August 17, 1995. The plan was established providing for only salary deferrals by Medicare Rights employees, as of their date of hire, in one or more funding vehicles available to participants. Effective January 1, 2000, a discretionary employer matching contribution was added to the plan. Employees become eligible for employer matching contributions once they have completed one year of service. Employer contributions made by Medicare Rights totaled \$95,876 and \$80,523 for the years ended June 30, 2024 and 2023, respectively.

8. GIFTS IN-KIND (GIK)

For the years ended June 30, 2024 and 2023, GIK recognized within the statements of activities included:

Note 8

	<u>2024</u>	<u>2023</u>
Legal Services	\$ 15,000	\$ 100,000
Marketable Securities	-	1,127
	<u>\$ 15,000</u>	<u>\$ 101,127</u>

GIK Valuation Techniques: Donated goods and services are valued using the fair market value as determined by the donor on the date of donation. Donated securities are valued using the market value that the securities are trading in the publicly traded securities market on the date of donation.

Donor Restrictions and GIK Use: No GIK was restricted. However, donated goods and donated professional services were used in the program and management of Medicare Rights. It is the organization's policy to sell donated securities as soon as possible to minimize loss in the value of the securities.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, Medicare Rights' net assets with donor restrictions are restricted for the following purpose or periods:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<u>Subject to expenditure for specified purposes:</u>		
Capacity-building support	\$ 150,699	\$ 31,667
To support the work of the Health Care for All New York Coalition to achieve health equity in the State of New York	12,500	6,250
<u>Subject to the passage of time:</u>		
General support	118,973	125,000
Total net assets	<u>\$ 282,172</u>	<u>\$ 162,917</u>

Assets released from donor restrictions for the years ended June 30, 2024 and 2023 are reflected below:

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS- continued

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<u>Released for purposes:</u>		
Counseling, education & advocacy to protect and strengthen Medicare and other insurance programs	\$ 697,379	\$ 340,694
Centering beneficiaries in implementation of the NYS dual-eligible integrated care roadmap	-	100,000
Capacity-building support	-	94,166
To provide policy expertise related to Medicare coverage of SUDs	-	50,000
New York's Medicare Savings Program Expansion	-	112,500
To be used to enroll older adults in Medicaid and the State's Medicare financial assistance program.	-	75,000
To support the work of the Health Care for All New York Coalition to achieve health equity in the State of New York	-	18,750
 <u>Released for time restrictions:</u>		
General support	125,000	125,000
Total	<u>\$ 822,379</u>	<u>\$ 916,110</u>

10. COMMITMENTS

On July 12, 2017 Medicare Rights entered into a ten-year renewal lease agreement including a temporary month to month rent agreement during office renovations for the New York City office, commenced on the Extension Commencement Date and expiring on the last day of the calendar month in which the tenth anniversary of the Extension Commencement Date occurs.

MEDICARE RIGHTS CENTER INC.
Notes to Financial Statements
June 30, 2024 and 2023

10. COMMITMENTS- continued

The lease commenced on November 20, 2017 when the renovations were completed and run through November 30, 2027. An operating lease provides for increases in future minimum annual rental payments. The weighted average discount rate represents the treasury risk-free discount rates, using a period comparable with that of the individual lease term. Operating leases with a term of 12 months or less are not recorded on the Statement of Financial Position.

Total right-of-use assets and lease liabilities at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Lease assets - classification on Statement of Financial Position		
Operating lease right-of-use	<u>\$ 1,049,146</u>	<u>\$ 1,337,084</u>
Lease liabilities - classification on Statement of Financial Position		
Operating lease liabilities	<u>\$ 1,048,054</u>	<u>\$ 1,330,019</u>
Weighted-average discount rate:		
Operating leases	2.88%	
Weighted-average remaining lease term		
Operating leases	3.42	

Future minimum of lease payments required under operating lease are presented as follows for the year ended June 30, 2024:

Year ending June 30,	2025	322,388
	2026	328,835
	2027	328,835
	2028	67,996
	Total	<u>\$ 1,048,054</u>

Equipment Lease – On June 28, 2022, Medicare Rights signed an equipment lease agreement with Konica Minolta Premier Finance. The term of the lease commences on July 8, 2022 and ends on July 8, 2024.

MEDICARE RIGHTS CENTER INC.
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10. COMMITMENTS- continued

The monthly lease payment is \$692. Upon the occurrence of the commencement date, the lease becomes a noncancelable, irrevocable lease, and it cannot be cancelled or terminated. By the end of the lease term, Medicare Rights can purchase the equipment for the fair market value as determined by Konica Minolta. Future minimum annual payment for the year ended June 30, 2023 was \$8,304.

11. RELATED PARTY TRANSACTIONS

The Organization received contributions in the amount of \$19,750 and \$4,525 from various board members during the years ended June 30, 2024 and 2023, respectively. The contributions are included in the statement of activities under the grants and contributions.

12. ENDOWMENT

During the year ended June 30, 2010, Medicare Rights adopted FASB Staff Position No. 117-1, "Endowments of Not-for-Profit Organizations." Medicare Rights' endowment consists of one individual fund established for Board-approved expenditures as described in Note 2. Its endowment consists of funds designated by the Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table summarizes changes in endowment net assets for the year 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 909,851	\$ 807,325
Increase:		
Investment income contributions		
Dividends	12,852	18,487
Short-term capital gains	302	967
Unrealized gains (losses), net	<u>124,069</u>	<u>83,072</u>
Endowment net assets, end of year	<u>\$ 1,047,074</u>	<u>\$ 909,851</u>

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13. LIQUIDITY AND AVAILABILITY

The below reflects Medicare Rights' financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 2,853,321	\$ 2,843,112
Investments	1,049,776	911,746
Contracts receivable	918,550	852,075
Grants and contributions receivable	443,883	216,250
	<u>\$ 5,265,530</u>	<u>\$ 4,823,183</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(163,199)	(37,917)
Restricted by donor with time restrictions	(118,973)	(125,000)
Investment in board designated endowment	<u>(1,047,074)</u>	<u>(909,851)</u>
	<u>(1,329,246)</u>	<u>(1,072,768)</u>
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ 3,936,284</u>	<u>\$ 3,750,415</u>

In total, Medicare Rights has financial assets on hand at June 30, 2024 to cover approximated ten months of operating expenses based on the fiscal year ended June 30, 2024 monthly budgeted run rate for all program and support services expenses.

14. SUBSEQUENT EVENTS

Medicare Rights evaluated its June 30, 2024 financial statements for subsequent events through February 25, 2025, the date the financial statements were available to be issued. Medicare Rights is not aware of any subsequent events which would require recognition or disclosure in the financial statements.