



**We refuse to be invisible**

**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2020 and 2019**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISEXUAL AND TRANSGENDER ELDERS, INC.**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Services and Advocacy for Gay, Lesbian, Bisexual and Transgender Elders, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Services and Advocacy for Gay, Lesbian, Bisexual and Transgender Elders, Inc. ("SAGE"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAGE as of June 30, 2020 and 2019, 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.



New York, NY  
February 24, 2021

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISEXUAL AND TRANSGENDER ELDERS, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Notes 2C and 14)	\$ 5,938,740	\$ 2,475,385
Investments (Notes 2D, 2E, 4, and 5)	1,309,940	1,283,175
Contributions receivable, net (Notes 2F and 6)	2,756,828	1,411,350
Grants and contracts receivable (Note 2G)	3,639,281	3,226,366
Prepaid expenses and other assets	525,581	566,151
Total current assets	14,170,370	8,962,427
Non-current assets:		
Contributions receivable (Notes 2F and 6)	-	100,000
Security deposits	10,902	10,902
Deferred compensation assets (Notes 5 and 12)	224,693	180,124
Property and equipment, net (Notes 2H and 7)	12,595,932	10,822,698
<b>TOTAL ASSETS</b>	<b>\$ 27,001,897</b>	<b>\$ 20,076,151</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,004,049	\$ 714,421
Loan payable (Note 8)	221,232	212,683
Deferred revenue/due to funding sources (Note 2G)	111,584	-
Refundable advance (Note 10)	1,329,660	-
Total current liabilities	2,666,525	927,104
Non-current liabilities:		
Loan payable, net (Note 8)	6,567,117	6,774,963
FJC Loan Payable (Note 9)	1,400,000	-
Deferred compensation (Notes 5 and 12)	224,693	180,124
Deferred rent (Note 2I)	10,688	12,928
<b>TOTAL LIABILITIES</b>	<b>10,869,023</b>	<b>7,895,119</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 13)		
<b>NET ASSETS</b> (Note 2B)		
Without donor restrictions :		
Operating	2,147,958	1,880,189
Net investment in property and equipment	5,807,583	3,835,052
Board-designated (Note 2B)	3,612,311	2,566,579
Total net assets without donor restrictions	11,567,852	8,281,820
With donor restrictions (Notes 2B and 11)	4,565,022	3,899,212
<b>TOTAL NET ASSETS</b>	<b>16,132,874</b>	<b>12,181,032</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 27,001,897</b>	<b>\$ 20,076,151</b>

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISexual AND TRANSGENDER ELDERS, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Government grants and contracts (Note 2G)	\$ 4,377,954	\$ -	\$ 4,377,954	\$ 3,940,066	\$ -	\$ 3,940,066
Contributions (Notes 2F and 2K)	5,754,322	3,379,763	9,134,085	4,027,172	2,765,972	6,793,144
Bequests (Note 2J)	2,236,056	-	2,236,056	715,421	-	715,421
Special events (net of direct expenses of \$727,245 and \$516,750, respectively) (Note 2K)	957,508	-	957,508	989,597	306,341	1,295,938
Partnership and membership dues	20,798	-	20,798	35,095	-	35,095
Program income and service fees	536,248	-	536,248	481,274	-	481,274
Investment return (Notes 2D and 4)	82,357	-	82,357	19,502	-	19,502
Other (Note 15)	235,031	-	235,031	134,181	-	134,181
Net assets released from restrictions (Notes 2B and 11)	2,713,953	(2,713,953)	-	2,803,912	(2,803,912)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>16,914,227</b>	<b>665,810</b>	<b>17,580,037</b>	<b>13,146,220</b>	<b>268,401</b>	<b>13,414,621</b>
<b>EXPENSES (Note 2M):</b>						
Program services:						
Direct services	8,167,403	-	8,167,403	6,651,365	-	6,651,365
Public outreach	2,631,624	-	2,631,624	3,522,458	-	3,522,458
Total program services	10,799,027	-	10,799,027	10,173,823	-	10,173,823
Supporting services:						
Management and general	1,255,360	-	1,255,360	1,821,372	-	1,821,372
Fundraising	1,573,808	-	1,573,808	1,934,283	-	1,934,283
Total supporting services	2,829,168	-	2,829,168	3,755,655	-	3,755,655
<b>TOTAL EXPENSES</b>	<b>13,628,195</b>	<b>-</b>	<b>13,628,195</b>	<b>13,929,478</b>	<b>-</b>	<b>13,929,478</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,286,032</b>	<b>665,810</b>	<b>3,951,842</b>	<b>(783,258)</b>	<b>268,401</b>	<b>(514,857)</b>
Net assets - beginning of year	8,281,820	3,899,212	12,181,032	9,065,078	3,630,811	12,695,889
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 11,567,852</b>	<b>\$ 4,565,022</b>	<b>\$ 16,132,874</b>	<b>\$ 8,281,820</b>	<b>\$ 3,899,212</b>	<b>\$ 12,181,032</b>

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISexual AND TRANSGENDER ELDERS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	Program Services			Supporting Services			Total 2020	Total 2019
	Direct Services	Public Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 3,793,340	\$ 1,146,900	\$ 4,940,240	\$ 441,912	\$ 736,177	\$ 1,178,089	\$ 6,118,329	\$ 5,229,802
Payroll taxes and employee benefits (Note 12)	977,546	295,557	1,273,103	113,881	189,715	303,596	1,576,699	1,378,008
Total salaries and related costs	4,770,886	1,442,457	6,213,343	555,793	925,892	1,481,685	7,695,028	6,607,810
Consulting (Note 2K)	1,420,335	329,353	1,749,688	102,923	205,846	308,769	2,058,457	2,198,357
Professional fees (Note 2K)	8,557	630,626	639,183	236,952	153	237,105	876,288	1,380,217
Occupancy (Note 13)	324,124	30,784	354,908	6,846	10,476	17,322	372,230	429,473
Food and entertainment	248,816	4,052	252,868	1,812	770,502	772,314	1,025,182	882,592
Printing	23,256	4,321	27,577	5,115	71,312	76,427	104,004	140,796
Transportation	100,712	20,863	121,575	56,441	27,135	83,576	205,151	388,122
Interest and bank charges (Notes 8 and 9)	240,184	36,783	276,967	38,784	38,774	77,558	354,525	315,950
Postage, freight and courier	10,770	941	11,711	11,782	125,334	137,116	148,827	113,002
Supplies and decorations	158,219	10,581	168,800	3,269	6,054	9,323	178,123	121,839
Software	103,478	23,973	127,451	7,852	14,543	22,395	149,846	161,968
Individual, respite, supplemental and other program	122,295	-	122,295	-	-	-	122,295	194,863
Repairs and maintenance	66,660	15,443	82,103	5,058	9,369	14,427	96,530	82,701
Advertising (Note 2L)	25,336	12,473	37,809	15,254	23,550	38,804	76,613	255,703
Insurance	27,655	6,407	34,062	2,098	3,887	5,985	40,047	62,318
Telephone, fax, and internet	30,371	7,036	37,407	2,305	4,268	6,573	43,980	44,811
Equipment maintenance	22,184	5,140	27,324	1,683	3,119	4,802	32,126	22,193
Depreciation and amortization (Note 7)	383,364	30,511	413,875	25,939	39,147	65,086	478,961	477,728
Bad debt	-	-	-	105,929	-	105,929	105,929	309,107
Other	80,201	19,880	100,081	69,525	21,692	91,217	191,298	256,678
	8,167,403	2,631,624	10,799,027	1,255,360	2,301,053	3,556,413	14,355,440	14,446,228
Less: direct benefit to donors	-	-	-	-	(727,245)	(727,245)	(727,245)	(516,750)
<b>TOTAL EXPENSES</b>	<b>\$ 8,167,403</b>	<b>\$ 2,631,624</b>	<b>\$ 10,799,027</b>	<b>\$ 1,255,360</b>	<b>\$ 1,573,808</b>	<b>\$ 2,829,168</b>	<b>\$ 13,628,195</b>	<b>\$ 13,929,478</b>

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISEXUAL AND TRANSGENDER ELDERS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Direct Services</u>	<u>Public Outreach</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Salaries	\$ 3,077,451	\$ 1,185,604	\$ 4,263,055	\$ 282,303	\$ 684,444	\$ 966,747	\$ 5,229,802
Payroll taxes and employee benefits (Note 12)	811,607	312,053	1,123,660	74,302	180,046	254,348	1,378,008
Total salaries and related costs	<u>3,889,058</u>	<u>1,497,657</u>	<u>5,386,715</u>	<u>356,605</u>	<u>864,490</u>	<u>1,221,095</u>	<u>6,607,810</u>
Consulting (Note 2K)	874,938	650,599	1,525,537	261,706	411,114	672,820	2,198,357
Professional fees (Note 2K)	-	1,007,144	1,007,144	373,073	-	373,073	1,380,217
Occupancy (Note 13)	379,334	26,592	405,926	9,514	14,033	23,547	429,473
Food and entertainment	310,842	20	310,862	13,912	557,818	571,730	882,592
Printing	23,086	16,820	39,906	18,600	82,290	100,890	140,796
Transportation	103,394	79,783	183,177	142,420	62,525	204,945	388,122
Interest and bank charges (Note 8)	190,662	46,377	237,039	40,769	38,142	78,911	315,950
Postage, freight and courier	16,236	4,307	20,543	15,270	77,189	92,459	113,002
Supplies and decorations	103,890	8,993	112,883	4,870	4,086	8,956	121,839
Software	16,104	14,759	30,863	102,187	28,918	131,105	161,968
Individual, respite, supplemental and other program	189,936	-	189,936	4,927	-	4,927	194,863
Repairs and maintenance	55,595	15,470	71,065	3,669	7,967	11,636	82,701
Advertising (Note 2L)	13,773	37,824	51,597	7,073	197,033	204,106	255,703
Insurance	41,892	11,657	53,549	2,765	6,004	8,769	62,318
Telephone, fax, and internet	30,123	8,382	38,505	1,989	4,317	6,306	44,811
Equipment maintenance	14,918	4,151	19,069	986	2,138	3,124	22,193
Depreciation and amortization (Note 7)	356,156	49,408	405,564	29,352	42,812	72,164	477,728
Bad debt	-	-	-	309,107	-	309,107	309,107
Other	41,428	42,515	83,943	122,578	50,157	172,735	256,678
	<u>6,651,365</u>	<u>3,522,458</u>	<u>10,173,823</u>	<u>1,821,372</u>	<u>2,451,033</u>	<u>4,272,405</u>	<u>14,446,228</u>
Less: direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(516,750)</u>	<u>(516,750)</u>	<u>(516,750)</u>
<b>TOTAL EXPENSES</b>	<u>\$ 6,651,365</u>	<u>\$ 3,522,458</u>	<u>\$ 10,173,823</u>	<u>\$ 1,821,372</u>	<u>\$ 1,934,283</u>	<u>\$ 3,755,655</u>	<u>\$ 13,929,478</u>

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

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISEXUAL AND TRANSGENDER ELDERS, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,951,842	\$ (514,857)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	478,961	477,728
Noncash interest expense	14,019	15,294
Bad debt	105,929	309,107
Unrealized and realized gain on investments	(41,933)	(10,105)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(1,314,221)	5,144
Grants and contracts receivable	(450,101)	(881,333)
Prepaid expenses and other assets	40,570	(195,101)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	289,628	102,577
Deferred revenue / due to funding sources	111,584	-
Refundable advance	1,329,660	-
Deferred rent	(2,240)	(846)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>4,513,698</b>	<b>(692,392)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	-	(1,210,473)
Proceeds from sales of investment	15,168	-
Purchases of property and equipment	(2,252,195)	(429,202)
<b>Net Cash Used in Investing Activities</b>	<b>(2,237,027)</b>	<b>(1,639,675)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from FJC loan payable	1,400,000	-
Repayment of loan payable	(213,316)	(206,441)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>1,186,684</b>	<b>(206,441)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,463,355</b>	<b>(2,538,508)</b>
Cash and Cash Equivalents - beginning of year	2,475,385	5,013,893
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,938,740</b>	<b>\$ 2,475,385</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 271,439	\$ 269,574



**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISEXUAL AND TRANSGENDER ELDERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Services and Advocacy for Gay, Lesbian, Bisexual and Transgender Elders, Inc. ("SAGE") is the country's largest and oldest organization dedicated to improving the lives of LGBT older adults. Founded in 1978 and headquartered in New York City, SAGE is a national organization that offers supportive services and resources for LGBT older adults and their caregivers, advocates for public policy changes that address the needs of LGBT older people, and provides training for LGBT organizations and agencies providing services to older adults, largely through SAGECare and its National Resource Center on LGBT Aging. With staff in New York City, Washington DC, Chicago, Los Angeles, Miami and several other cities, SAGE coordinates a growing network of 30 local SAGE affiliates across 22 states and Puerto Rico.

SAGE is a not-for-profit organization incorporated under the laws of the State of New York and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Presentation***

SAGE's financial statements have been prepared on the accrual basis of accounting. SAGE adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

**B. *Net Assets***

SAGE maintains its net assets under the following classes:

- Net assets without donor restrictions - These represent the portion of net assets of SAGE that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor.
- Net assets with donor restrictions - These consist of net assets resulting from contributions and other inflows of assets whose use by SAGE is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of SAGE pursuant to those stipulations and donor-restricted endowment funds. When stipulations end or are fulfilled or endowment earnings are appropriated, net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions.

SAGE maintains five Board-designated funds which are included with net assets without donor restrictions. The five funds are as follows:

- Working capital reserve – the working capital reserve is intended to provide cash needed to ensure SAGE is able to maintain a minimum cash on hand target in its operating account. This reserve offsets short-term negative cash flow.
- Operating reserve – the operating reserve is intended to be an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.
- Building and capital asset reserve – the building and capital asset reserve is intended to provide a ready source of funds for repair or acquisition of buildings, leasehold improvements and furniture, fixtures and equipment necessary for the effective operation of SAGE and its programs.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISEXUAL AND TRANSGENDER ELDERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Net Assets (Continued)**

- Strategic plan and opportunity reserve – the strategic plan and opportunity reserve is intended to provide funds to meet initiatives under the strategic plan or special targets of opportunity or need that furthers the mission of SAGE. The strategic plan and opportunity reserve is also intended as a source of internal funds for organizational capacity building such as staff development, research and development, or investment in infrastructure that will build long-term capacity and enhance revenue.
- Loan reserve – the loan reserve is intended to set aside \$25,000 per year for 40 years in order to be able to repay the FJC Loan at maturity (Note 9).

As of June 30, the balances in Board-designated funds are as follows:

	2020	2019
Working capital reserve	\$ 1,012,672	\$ 250,000
Operating reserve	1,274,838	1,148,343
Building and capital asset reserve	200,000	200,000
Strategic plan and opportunity reserve	1,099,801	968,236
Loan reserve	25,000	-
	\$ 3,612,311	\$ 2,566,579

**C. Cash and Cash Equivalents**

SAGE considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

**D. Investments**

Investments are stated at fair value. Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and interest and dividends are recognized as revenue in the period earned.

**E. Fair Value Measurements**

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

**F. Contributions and Contributions Receivable**

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

Contributions are accounted under ASU 2018-08. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,  
BISEXUAL AND TRANSGENDER ELDERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. *Contributions and Contributions Receivable (continued)***

SAGE's management evaluates the need for an allowance for doubtful accounts applicable to its contributions receivable. Management's estimate is based on a combination of factors such as creditworthiness of donors, a review of individual accounts outstanding, the aged basis of the receivables, current economic conditions for each such year and historical experience. As of June 30, 2020 and 2019, SAGE determined that an allowance of \$50,000 was necessary for its contributions receivable.

**G. *Government Grants and Contracts***

Government grants are nonexchange transactions and accounted for under Accounting Standards Update ("ASU") 2018-08 "*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*" (Topic 958). Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Government grants amounted to \$4,377,954 and \$3,940,066 for the years ended June 30, 2020 and 2019, respectively, and are included in the statements of activities.

To the extent amounts received exceed amounts spent, SAGE records deferred revenue / due to funding sources as a liability. As of June 30, 2020 and 2019, SAGE received advances from government agencies in the aggregate amount of \$111,584 and \$0, respectively. Such advances have not been recognized in the accompanying financial statements as they are for future periods and will be recognized/recouped when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and SAGE may be required to return the funds already remitted. There are occasions when funding source reimbursements for prior years are adjusted in the current period.

**H. *Property and Equipment***

Property and equipment purchases above \$2,000 that SAGE retains title to and with a useful life of at least one year are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Property and equipment is depreciated on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or the life of the lease.

**I. *Deferred Rent***

The difference between rental payments due under leases and rent expense calculated on the straight-line basis is reflected as deferred rent on the accompanying statements of financial position.

**J. *Legacies and Bequests***

Legacies and bequests are recognized as revenue when SAGE is notified that actual or potential disputes are resolved and funds are forthcoming. Accordingly, bequests are accrued when the will has been passed through probate, and legal counsel has confirmed amounts held on behalf of SAGE.

**K. *Program Income and Service Fees* – Program income and service fees are recognized and recorded at the time the service is performed. Such services include training programs. Fees received prior to fiscal year-end but for which services have yet to be performed are recognized as deferred revenue.**

**L. *Donated Services***

Donated services are reported as contributions when the services create or enhance nonfinancial assets, require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist SAGE. These services have not been recorded in the financial statements as they do not meet the criteria outlined above.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. *Donated Services (continued)***

For the years ended June 30, 2020 and 2019, SAGE received donated services amounting to \$875,699 and \$1,307,547, respectively, which are recorded as both revenue and expense in the accompanying financial statements.

**M. *Advertising and Marketing***

Advertising and promotion costs are charged to operations when the advertising first takes place. Advertising expense for the years ended June 30, 2020 and 2019, amounted to \$76,613 and \$255,703, respectively.

**N. *Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages, benefits and payroll taxes, which are allocated on the basis of estimates of time and effort, as well as occupancy, utilities, depreciation, and interest expense, which are allocated based on square footage estimates.

**O. *Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires SAGE's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**P. *Recent Accounting Pronouncement***

Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers*" (Topic 606) was adopted for the year ended June 30, 2020. ASU 2014-09 and subsequently issued ASUs provide guidance on costs to obtain or fulfill a contract with a customer; specifically related to incremental costs of obtaining a contract and costs to fulfill a contract. It also requires disclosures to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. SAGE has analyzed the provisions of ASC Topic 606 and has concluded that no changes to the revenue recognition policies are necessary.

FASB ASU 2018-08, "*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*" (Topic 958) was also adopted by SAGE for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as described in Note 2G.

**Q. *Reclassification***

Certain line items in the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2020 presentation. These changes had no impact on the change in net assets for the year ended June 30, 2019.

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**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES**

SAGE regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, SAGE considers all expenditures related to its ongoing programs and supporting services to be general expenditures.

As more fully described in Note 2B, SAGE has five Board-designated funds which are not available for general use. Additionally, as further described in Note 13C, SAGE has access to a \$750,000 line of credit which can be used for general operations.

Financial assets available for general expenditure within one year from the statement of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 5,938,740	\$ 2,475,385
Investments	1,309,940	1,283,175
Contributions receivable, net	2,756,828	1,511,350
Grants and contracts receivable	<u>3,639,281</u>	<u>3,226,366</u>
Total financial assets	13,644,789	8,496,276
Less: Board-designated net assets	(3,612,311)	(2,566,579)
Less: Donor-restricted net assets	<u>(4,565,022)</u>	<u>(3,899,212)</u>
	<u>\$ 5,467,456</u>	<u>\$ 2,030,485</u>

**NOTE 4 – INVESTMENTS**

Investments consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
U.S. government and agency securities	\$ 20,771	\$ 27,979
Certificates of deposit	<u>1,289,169</u>	<u>1,255,196</u>
	<u>\$ 1,309,940</u>	<u>\$ 1,283,175</u>

Investment return consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 40,574	\$ 9,547
Unrealized and realized gain	41,933	10,105
Less: investment fees	<u>(150)</u>	<u>(150)</u>
	<u>\$ 82,357</u>	<u>\$ 19,502</u>

Investments are subject to market volatility that could substantially change their carrying value in the near term.

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**NOTE 5 – FAIR VALUE MEASUREMENTS**

In determining fair value, SAGE utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Investments in U.S. government and agency securities and certificates of deposit are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2020 and 2019, there were no transfers in or out of levels 1, 2 or 3.

Financial assets carried at fair value as of June 30, are classified as Level 1 in the table as follows:

	<u>2020</u>	<u>2019</u>
ASSETS CARRIED AT FAIR VALUE:		
Investments:		
U.S. government and agency securities	\$ 20,771	\$ 27,979
Certificates of deposit	1,289,169	1,255,196
Deferred compensation assets:		
Mutual funds	<u>224,693</u>	<u>180,124</u>
TOTAL ASSETS AT FAIR VALUE:	<u>\$ 1,534,633</u>	<u>\$ 1,463,299</u>

**NOTE 6 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 2,756,828	\$ 1,411,350
One to five years	<u>-</u>	<u>100,000</u>
	<u>\$ 2,756,828</u>	<u>\$ 1,511,350</u>

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**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Building and improvements	\$ 12,181,087	\$ 12,105,367	30 years
Leasehold improvements	468,176	468,176	10 years
Furniture and equipment	824,443	686,537	5 years
Software	855,300	855,300	5 years
Construction in progress	<u>2,428,618</u>	<u>390,049</u>	
	16,757,624	14,505,429	
Less: Accumulated depreciation and amortization	<u>(4,161,692)</u>	<u>(3,682,731)</u>	
	<u>\$ 12,595,932</u>	<u>\$ 10,822,698</u>	

For the years ended June 30, 2020 and 2019, depreciation and amortization expense amounted to \$478,961 and \$477,728, respectively. As of June 30, 2020, construction in progress represents the construction of the Stonewall House. The remaining cost to complete this project was \$606,579 when the site opened on September 30, 2020.

**NOTE 8 – LOAN PAYABLE**

In February 2017, in connection with the purchase of office space in New York, New York, SAGE entered into a bond purchase and continuing covenants agreement in the amount of \$7,799,000. The issued bonds were purchased by a bank and the proceeds were loaned to SAGE. The loan bears interest at a fixed rate of 3.57% and matures on February 1, 2047. The loan is secured by a mortgage on the purchased property.

The loan payable amounted to the following as of June 30:

	<u>2020</u>	<u>2019</u>
Loan payable	\$ 7,120,986	\$ 7,334,302
Less: deferred financing costs	<u>(332,637)</u>	<u>(346,656)</u>
	<u>\$ 6,788,349</u>	<u>\$ 6,987,646</u>

Future annual principal payments for the years ending after June 30, 2020, are as follows:

2021	\$ 221,232
2022	229,374
2023	237,815
2024	245,938
2025	255,618
Thereafter	<u>5,931,009</u>
	<u>\$ 7,120,986</u>

Interest expense, including amortization of deferred financing costs, amounted to \$276,720 and \$284,868 for the years ended June 30, 2020 and 2019, respectively.

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**NOTE 9 – FJC LOAN PAYABLE**

In October 2019, The New York State Housing Trust Fund Corporation (“HTFC”) offered Ingersoll Senior Partners LLC a 40-year loan in the amount of \$1,000,000 with 0% interest to fund permanent financing for the hard and soft costs of the buildout of the community facility space (“Project”) to be used by SAGE as a senior center at Ingersoll Senior Residences. This financing will be provided at the Project’s conversion to permanent financing. On March 16, 2020 and December 23, 2019, SAGE signed promissory notes with FJC in the amount of \$900,000 and \$500,000, respectively, with interest at the prime rate plus 3%. Interest only payments are payable quarterly for each outstanding day on the unpaid principal amount until the earlier of the receipt of the HTFC loan proceeds by Ingersoll Senior Partners LLC as Pledger or December 31, 2021, when the entire principal amount remaining outstanding and any unpaid interest will be due and payable. On July 29, 2020, SAGE repaid \$400,000 of the principal to FJC. In a letter dated August 6, 2020, FJC agreed to accept payment of the remaining \$1,000,000 principal amount directly from HTFC. In November 2020, HTFC made the \$1,000,000 payment directly to FJC. SAGE has set up a board designated fund for which it will contribute \$25,000 per year for 40 years in order to be able to repay the loan at maturity. Interest expense amounted to \$33,135 for the year ended June 30, 2020.

**NOTE 10 – REFUNDABLE ADVANCE**

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (SBA) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. SAGE applied for this loan through an SBA authorized lender. The loan, amounting to \$1,329,660, was approved and received on April 8, 2020.

In accounting for the terms of the PPP loan, SAGE is guided by ASC 470 *Debt*, and ASC 958-605 *Revenue Recognition - Contributions*. Accordingly, SAGE has accounted for this under ASC 958-605 and expects to recognize the grant revenue resulting from the forgiveness upon legal release of its obligation from the bank and or SBA. As of June 30, 2020, \$1,329,600 was recorded as refundable advance until the conditions are substantially met. If the loan is not forgiven, SAGE is required to repay the loan on April 17, 2022 with interest at the rate of 1% per annum.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Housing	\$ 2,337,904	\$ 1,968,517
DEC	1,032,855	97,317
Advocacy	408,333	854,167
Programs and services	326,666	15,000
Restricted for use in future periods	186,709	730,168
COVID relief	67,500	-
Other	<u>205,055</u>	<u>234,043</u>
	<u>\$ 4,565,022</u>	<u>\$ 3,899,212</u>

Net assets released from restrictions amounted to \$2,713,953 and \$2,803,912 for the years ended June 30, 2020 and 2019, respectively.



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**NOTE 12 – RETIREMENT PLANS**

- A. SAGE participates in the 401(k) plan of their professional employer organization. The plan covers all SAGE employees. Employees may contribute to the plan up to the amount allowed by the Internal Revenue Code. SAGE may make matching contributions of up to four percent of the employees' total compensation. During the years ended June 30, 2020 and 2019, SAGE contributed such matching contributions amounting to \$151,988 and \$133,934, respectively.
- B. SAGE has a 457(b) deferred compensation plan covering a key management employee. The plan's assets and liabilities are reflected on the accompanying statements of financial position as deferred compensation assets and deferred compensation liability.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**A. *Funding Source Audits***

Pursuant to SAGE's contractual relationships with funding sources, outside governmental agencies have the right to examine its books and records relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

**B. *Space Rental***

SAGE has entered into a lease for commercial space in New York City ending in October 2022. Future minimum lease payments required under the lease are as follows:

2021	\$	58,653
2022		60,120
2023		<u>20,204</u>
	\$	<u>138,977</u>

Total rent expenses for SAGE amounted to \$299,445 and \$391,705 for the years ended June 30, 2020 and 2019, respectively, and are included in occupancy on the accompanying statements of functional expenses.

**C. *Line of Credit***

SAGE has a revolving line of credit with a bank in the amount of \$750,000 which expires in April 2021. The line is unsecured and bears interest at a rate equal to the London InterBank Offered Rate ("LIBOR") plus 5.153%. As of June 30, 2020 and 2019, and at February 24, 2021, there were no borrowings.

**D. *Other Contingencies***

From time to time, there may be various claims arising in the normal conduct of SAGE's business. Management and legal counsel believe the ultimate resolution of these claims will not have a material impact on the financial position and changes in net assets of SAGE.

**E. *Income Tax***

SAGE believes it has no uncertain income tax positions as of June 30, 2020 and 2019, in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)**

**F. COVID-19**

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on SAGE's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, SAGE is currently unable to fully determine the extent of COVID-19's impact on SAGE's business in future periods. The performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. SAGE will continue to monitor evolving economic and general business conditions and the actual and potential impacts on SAGE's financial position and results of operations.

**NOTE 14 – CONCENTRATION**

Cash and cash equivalents that potentially subject SAGE to a concentration of credit risk include cash accounts at one bank that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately \$5.5 million and \$2.3 million as of June 30, 2020 and 2019, respectively.

**NOTE 15 – RELATED-PARTY TRANSACTIONS**

In November 2017, SAGE formed SAGE Crotona, LLC ("SAGE Crotona") to act as the developer and social service provider for a planned housing development. SAGE is the sole member of SAGE Crotona.

SAGE Crotona entered into a Development Agreement and an Operating Agreement in which SAGE Crotona and another organization formed HELP Crotona Park Managing Member LLC ("Managing Member LLC") to manage the development of a seven-story mixed use building including a community center (the "Project"), eligible for Internal Revenue Code Section 42 federal low-income housing tax credits. The Project's beneficial owner is an unrelated third-party, HELP Crotona Park LLC (the "Owner"). Managing Member LLC has a .005% interest in the Owner. SAGE Crotona owns fifteen percent of Managing Member LLC, and accordingly, has not consolidated the operations of Managing Member LLC into its financial statements. Upon completion of the Project, the community center will be leased to SAGE Crotona for 15 years pursuant to a lease agreement executed on November 15, 2017. At the end of the 15-year lease term, SAGE Crotona will have the option to renew the lease or purchase the community center space.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through February 24, 2021, the date the financial statements were available to be issued.