



We refuse to be invisible

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

Years Ended June 30, 2021 and 2020

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, 2021 AND 2020

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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, 2021 and 2020, 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 from 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, 2021 and 2020, 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.

Marks Paneth LLP

New York, NY
March 21, 2022

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
BISEXUAL AND TRANSGENDER ELDERS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 2C and 14)	\$ 13,107,297	\$ 5,938,740
Investments (Notes 2D, 2E, 4, and 5)	650,566	1,309,940
Contributions receivable, net (Notes 2F and 6)	3,764,805	2,756,828
Grants and contracts receivable (Note 2G)	4,737,923	3,639,281
Prepaid expenses and other assets	518,068	525,581
Total current assets	22,778,659	14,170,370
Non-current assets:		
Security deposits	23,611	10,902
Deferred compensation assets (Notes 5 and 12)	296,836	224,693
Property and equipment, net (Notes 2H and 7)	12,921,026	12,595,932
TOTAL ASSETS	\$ 36,020,132	\$ 27,001,897
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,054,469	\$ 1,004,049
Loan payable (Note 8)	230,056	221,232
Deferred revenue/due to funding sources (Note 2G)	583,284	111,584
Refundable advance (Note 10)	-	1,329,660
Total current liabilities	1,867,809	2,666,525
Non-current liabilities:		
Loan payable, net (Note 8)	6,351,697	6,567,117
HTFC loan payable (Note 9)	1,000,000	1,400,000
Deferred compensation (Notes 5 and 12)	296,836	224,693
Deferred rent (Note 2I)	7,015	10,688
TOTAL LIABILITIES	9,523,357	10,869,023
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS (Note 2B)		
Without donor restrictions :		
Operating	9,334,458	2,147,958
Net investment in property and equipment	6,339,273	5,807,583
Board-designated (Notes 2B and 17)	5,356,396	3,612,311
Total net assets without donor restrictions	21,030,127	11,567,852
With donor restrictions (Notes 2B and 11)	5,466,648	4,565,022
TOTAL NET ASSETS	26,496,775	16,132,874
TOTAL LIABILITIES AND NET ASSETS	\$ 36,020,132	\$ 27,001,897

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
BISexual AND TRANSGENDER ELDERS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>For the Year Ended June 30, 2021</u>			<u>For the Year Ended June 30, 2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>
PUBLIC SUPPORT AND REVENUE:						
Government grants and contracts (Notes 2G and 10)	\$ 4,290,038	\$ -	\$ 4,290,038	\$ 4,377,954	\$ -	\$ 4,377,954
Contributions (Notes 2F and 2L)	12,769,006	4,619,509	17,388,515	5,754,322	3,379,763	9,134,085
Bequests (Note 2J)	1,066,775	-	1,066,775	2,236,056	-	2,236,056
Special events (net of direct expenses of \$77,424 and \$727,245, respectively)	62,823	-	62,823	957,508	-	957,508
Partnership and membership dues	14,539	-	14,539	20,798	-	20,798
Program income and service fees (Note 2K)	530,609	-	530,609	536,248	-	536,248
Investment return (Notes 2D and 4)	6,656	-	6,656	82,357	-	82,357
Other (Note 15)	48,173	-	48,173	235,031	-	235,031
Net assets released from restrictions (Notes 2B and 11)	<u>3,717,883</u>	<u>(3,717,883)</u>	<u>-</u>	<u>2,713,953</u>	<u>(2,713,953)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>22,506,502</u>	<u>901,626</u>	<u>23,408,128</u>	<u>16,914,227</u>	<u>665,810</u>	<u>17,580,037</u>
EXPENSES (Note 2N):						
Program services:						
Direct services	7,529,033	-	7,529,033	8,167,403	-	8,167,403
Public outreach	<u>2,435,472</u>	<u>-</u>	<u>2,435,472</u>	<u>2,631,624</u>	<u>-</u>	<u>2,631,624</u>
Total program services	<u>9,964,505</u>	<u>-</u>	<u>9,964,505</u>	<u>10,799,027</u>	<u>-</u>	<u>10,799,027</u>
Supporting services:						
Management and general	1,521,389	-	1,521,389	1,255,360	-	1,255,360
Fundraising	<u>1,558,333</u>	<u>-</u>	<u>1,558,333</u>	<u>1,573,808</u>	<u>-</u>	<u>1,573,808</u>
Total supporting services	<u>3,079,722</u>	<u>-</u>	<u>3,079,722</u>	<u>2,829,168</u>	<u>-</u>	<u>2,829,168</u>
TOTAL EXPENSES	<u>13,044,227</u>	<u>-</u>	<u>13,044,227</u>	<u>13,628,195</u>	<u>-</u>	<u>13,628,195</u>
CHANGE IN NET ASSETS	9,462,275	901,626	10,363,901	3,286,032	665,810	3,951,842
Net assets - beginning of year	<u>11,567,852</u>	<u>4,565,022</u>	<u>16,132,874</u>	<u>8,281,820</u>	<u>3,899,212</u>	<u>12,181,032</u>
NET ASSETS - END OF YEAR	<u>\$ 21,030,127</u>	<u>\$ 5,466,648</u>	<u>\$ 26,496,775</u>	<u>\$ 11,567,852</u>	<u>\$ 4,565,022</u>	<u>\$ 16,132,874</u>

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

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
BISexual AND TRANSGENDER ELDERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	Program Services			Supporting Services			Total 2021	Total 2020
	Direct Services	Public Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 3,890,113	\$ 1,199,562	\$ 5,089,675	\$ 436,821	\$ 732,125	\$ 1,168,946	\$ 6,258,621	\$ 6,118,329
Payroll taxes and employee benefits (Note 12)	980,895	302,470	1,283,365	110,145	184,606	294,751	1,578,116	1,576,699
Total salaries and related costs	4,871,008	1,502,032	6,373,040	546,966	916,731	1,463,697	7,836,737	7,695,028
Consulting (Note 2L)	867,139	384,694	1,251,833	600,932	195,479	796,411	2,048,244	2,058,457
Professional fees (Note 2L)	8,113	309,332	317,445	130,115	-	130,115	447,560	876,288
Occupancy (Note 13B)	337,201	26,716	363,917	10,005	19,926	29,931	393,848	372,230
Food and entertainment	5,455	-	5,455	18,609	138,775	157,384	162,839	1,025,182
Printing	683	-	683	-	115,519	115,519	116,202	104,004
Transportation	2,458	678	3,136	19,062	577	19,639	22,775	205,151
Interest and bank charges (Notes 8 and 9)	222,175	36,432	258,607	24,708	38,072	62,780	321,387	354,525
Postage, freight and courier	1,480	67	1,547	8,561	56,170	64,731	66,278	148,827
Supplies and decorations	91,728	10,156	101,884	3,799	6,053	9,852	111,736	178,123
Software	155,606	47,983	203,589	17,473	29,285	46,758	250,347	149,846
Individual, respite, supplemental and other program	105,749	-	105,749	-	-	-	105,749	122,295
Repairs and maintenance	61,234	18,882	80,116	6,876	11,523	18,399	98,515	96,530
Advertising (Note 2M)	40,673	11,887	52,560	11,292	7,863	19,155	71,715	76,613
Insurance	31,037	9,570	40,607	3,485	5,841	9,326	49,933	40,047
Telephone, fax, and internet	23,171	7,145	30,316	2,602	4,361	6,963	37,279	43,980
Equipment maintenance	10,895	3,360	14,255	1,223	2,052	3,275	17,530	32,126
Depreciation and amortization (Note 7)	513,727	47,490	561,217	40,373	60,930	101,303	662,520	478,961
Bad debt	88,102	-	88,102	2,682	-	2,682	90,784	105,929
Other	91,399	19,048	110,447	72,626	26,600	99,226	209,673	191,298
	7,529,033	2,435,472	9,964,505	1,521,389	1,635,757	3,157,146	13,121,651	14,355,440
Less: direct benefit to donors	-	-	-	-	(77,424)	(77,424)	(77,424)	(727,245)
TOTAL EXPENSES	\$ 7,529,033	\$ 2,435,472	\$ 9,964,505	\$ 1,521,389	\$ 1,558,333	\$ 3,079,722	\$ 13,044,227	\$ 13,628,195

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
BISEXUAL AND TRANSGENDER ELDERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

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

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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 10,363,901	\$ 3,951,842
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	662,520	478,961
Noncash interest expense	15,294	14,019
Bad debt	90,784	105,929
Unrealized and realized loss (gain) on investments	16,416	(41,933)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(1,010,659)	(1,314,221)
Grants and contracts receivable	(1,186,744)	(450,101)
Prepaid expenses and other assets	7,513	40,570
Security deposits	(12,709)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	50,420	289,628
Deferred revenue / due to funding sources	471,700	111,584
Refundable advance	(1,329,660)	1,329,660
Deferred rent	(3,673)	(2,240)
Net Cash Provided by Operating Activities	8,135,103	4,513,698
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	642,958	15,168
Purchases of property and equipment	(987,614)	(2,252,195)
Net Cash Used in Investing Activities	(344,656)	(2,237,027)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from HTFC loan payable	-	1,400,000
Repayment of loan payable	(621,890)	(213,316)
Net Cash (Used in) Provided by Financing Activities	(621,890)	1,186,684
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,168,557	3,463,355
Cash and Cash Equivalents - beginning of year	5,938,740	2,475,385
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,107,297	\$ 5,938,740
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 306,422	\$ 271,439

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
BISEXUAL AND TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 29 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 six Board-designated funds which are included with net assets without donor restrictions. The six 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, 2021 AND 2020**

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.
- Board designated endowment – the board designated endowment fund is established by the Board and is expended at the discretion of the Board.
- 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 HTFC Loan at maturity (Note 9).

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

	<u>2021</u>	<u>2020</u>
Working capital reserve	\$ 1,101,236	\$ 1,012,672
Operating reserve	2,202,472	1,274,838
Building and capital asset reserve	500,000	200,000
Strategic plan and opportunity reserve	1,102,688	1,099,801
Board designated endowment	400,000	-
Loan reserve	<u>50,000</u>	<u>25,000</u>
	<u>\$ 5,356,396</u>	<u>\$ 3,612,311</u>

C. Cash and Cash Equivalents

SAGE considers all highly liquid investments purchased with maturities of three months or less upon acquisition 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 Financial Accounting Standards Boards (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Unconditional promises to give that are expected to be collected within one year are

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
BISEXUAL AND TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Contributions and Contributions Receivable (continued)*

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.

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 years and historical experience. As of June 30, 2021 and 2020, 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 ASU 2018-08. Government grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Government grants amounted to \$4,290,038 and \$4,377,954 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, SAGE received advances from government agencies in the aggregate amounts of \$583,284 and \$111,584, 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.

As of June 30, 2021 and 2020, SAGE received conditional grants and contracts from government agencies in the aggregate amounts of approximately \$3.1 million and \$-0-, respectively. Such grants have not been recognized in the accompanying financial statements as they are for future periods and will be recognized 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 contracts and SAGE may be required to return the funds already remitted.

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.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
BISEXUAL AND TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. ***Program Income and Service Fees*** – Program income and service fees are recognized and recorded when the performance obligations of providing the services are met in an amount that reflects the consideration SAGE expects to be entitled to receive in exchange for the services. The contracts have one single performance obligation, and all services are recognized at a point in time. Amounts received in advance are deferred to the applicable period. SAGE records the fees collected that relate to programs and/or events that will occur in future periods as deferred revenue and will be recognized in the period earned.

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.

For the years ended June 30, 2021 and 2020, SAGE received donated services amounting to \$487,805 and \$875,699, 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, 2021 and 2020, amounted to \$71,715 and \$76,613, 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 amortization, 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.

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 six 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.

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

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 13,107,297	\$ 5,938,740
Investments	650,566	1,309,940
Contributions receivable, net	3,764,805	2,756,828
Grants and contracts receivable, net	<u>4,737,923</u>	<u>3,639,281</u>
Total financial assets	22,260,591	13,644,789
Less: Board-designated net assets	(5,356,396)	(3,612,311)
Less: Donor-restricted net assets	<u>(5,466,648)</u>	<u>(4,565,022)</u>
	<u>\$ 11,437,547</u>	<u>\$ 5,467,456</u>

NOTE 4 – INVESTMENTS

Investments consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
U.S. government and agency securities	\$ 13,968	\$ 20,771
Certificates of deposit	<u>636,598</u>	<u>1,289,169</u>
	<u>\$ 650,566</u>	<u>\$ 1,309,940</u>

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

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 23,222	\$ 40,574
Unrealized and realized (loss) gain	(16,416)	41,933
Less: investment fees	<u>(150)</u>	<u>(150)</u>
	<u>\$ 6,656</u>	<u>\$ 82,357</u>

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

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.

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NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

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 mutual funds 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.

Certificates of deposits are valued based on estimates using current market rates offered for deposits with similar remaining maturities. (Level 2).

Financial assets carried at fair value as of June 30, 2021 are classified as Level 1 and Level 2 in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2021</u>
ASSETS AT FAIR VALUE:			
Investments:			
US government and agency securities	\$ 13,968	\$ -	\$ 13,968
Certificates of deposit	-	636,598	636,598
Deferred compensation assets:			
Mutual funds	<u>296,836</u>	<u>-</u>	<u>298,836</u>
TOTAL ASSETS AT FAIR VALUE:	<u>\$ 310,804</u>	<u>\$ 636,598</u>	<u>\$ 947,402</u>

Financial assets carried at fair value as of June 30, 2020 are classified as Level 1 and Level 2 in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2020</u>
ASSETS AT FAIR VALUE:			
Investments:			
US government and agency securities	\$ 20,771	\$ -	\$ 20,771
Certificates of deposit		1,289,169	1,289,169
Deferred compensation assets:			
Mutual funds	<u>224,693</u>	<u>-</u>	<u>224,693</u>
TOTAL ASSETS AT FAIR VALUE:	<u>\$ 245,464</u>	<u>\$ 1,289,169</u>	<u>\$ 1,534,633</u>

**SERVICES AND ADVOCACY FOR GAY, LESBIAN,
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NOTE 6 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 3,689,805	\$ 2,806,828
One to five years	125,000	-
	<u>3,814,805</u>	<u>2,806,828</u>
Allowance for doubtful accounts	(50,000)	(50,000)
	<u>\$ 3,764,805</u>	<u>\$ 2,756,828</u>

NOTE 7 – PROPERTY AND EQUIPMENT, NET

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

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Lives</u>
Building and improvements	\$ 14,852,542	\$ 12,181,087	30 years
Leasehold improvements	468,176	468,176	10 years
Furniture and equipment	1,566,220	824,443	5 years
Software	855,300	855,300	5 years
Construction in progress	<u>3,000</u>	<u>2,428,618</u>	
	17,745,238	16,757,624	
Less: Accumulated depreciation and amortization	<u>(4,824,212)</u>	<u>(4,161,692)</u>	
	<u>\$ 12,921,026</u>	<u>\$ 12,595,932</u>	

For the years ended June 30, 2021 and 2020, depreciation and amortization expense amounted to \$662,520 and \$478,961, respectively.

NOTE 8 – LOAN PAYABLE, NET

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>2021</u>	<u>2020</u>
Loan payable	\$ 6,899,096	\$ 7,120,986
Less: deferred financing costs	<u>(317,343)</u>	<u>(332,637)</u>
	<u>\$ 6,581,753</u>	<u>\$ 6,788,349</u>

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NOTE 8 – LOAN PAYABLE, NET (Continued)

Future annual principal payments for the fiscal years ending after June 30, 2021, are as follows:

2022	\$	230,056
2023		238,523
2024		246,669
2025		256,379
2026		265,814
Thereafter		<u>5,661,655</u>
		<u>\$ 6,899,096</u>

Interest expense, including amortization of deferred financing costs, amounted to \$269,420 and \$309,855 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 – HTFC 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 amounts 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 \$27,900 and \$33,135 for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 – REFUNDABLE ADVANCE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security 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 FASB Accounting Standards Codification (“ASC”) Topic 470 Debt, and ASC Topic 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, \$1,329,660 was recorded as refundable advance. In June 2021, the loan was forgiven and \$1,329,660 is recorded as government grants and contracts in the accompanying statement of activities for the year ended June 30, 2021.

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NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Housing	\$ 1,541,040	\$ 2,337,904
DEC	1,060,075	1,032,855
Advocacy	313,320	408,333
Programs and services	1,579,426	326,666
Restricted for use in future periods	782,793	186,709
COVID relief	-	67,500
Other	<u>189,994</u>	<u>205,055</u>
	<u>\$ 5,466,648</u>	<u>\$ 4,565,022</u>

Net assets released from restrictions amounted to \$3,717,883 and \$2,713,953 for the years ended June 30, 2021 and 2020, respectively.

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, 2021 and 2020, SAGE contributed such matching contributions amounting to \$176,683 and \$151,988, 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:

2022	\$ 60,120
2023	<u>20,204</u>
	<u>\$ 80,324</u>

Total rent expenses for SAGE amounted to \$334,990 and \$299,445 for the years ended June 30, 2021 and 2020, respectively, and are included in occupancy on the accompanying statements of functional expenses.

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NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

C. *Line of Credit*

SAGE has a revolving line of credit with a bank in the amount of \$750,000 which expires in April 2022. 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, 2021 and 2020, and at March 21, 2022, 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, 2021 and 2020, in accordance with FASB ASC Topic 740, “Income Taxes”, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

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 17 – BOARD DESIGNATED NET ASSETS

SAGE’s governing board has designated a portion of its net assets without donor restrictions for quasi-endowment, operating reserve and other purposes. U.S. GAAP provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). The guidance requires disclosure about an organization’s endowment funds, whether or not the organization is subject to UPMIFA. The quasi-endowment funds will be invested for long-term appreciation but remain available and may be spent at the discretion of the board with a board resolution. The operating reserve funds will be invested for a shorter term and can be drawn down at the discretion of management to meet cash needs. Board designated net assets as of June 30, 2021 and 2020 amounted to \$5,356,396 and \$3,612,311, respectively.

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NOTE 17 – BOARD DESIGNATED NET ASSETS (Continued)

Changes in Board designated funds for the years ended June 30, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Investment return, net	\$ 185	\$ 82,357
Appropriated and transferred to board designated	2,168,900	2,002,527
Other changes:		
Distribution from board-designated funds pursuant to distribution policy	<u>(425,000)</u>	<u>(1,039,152)</u>
Change in board designated	1,744,085	1,045,732
Board designated, beginning of year	<u>3,612,311</u>	<u>2,566,579</u>
Board designated, end of year	<u>\$ 5,356,396</u>	<u>\$ 3,612,311</u>

Board designated funds of \$5,356,396 and \$3,612,311 as of June 30, 2021 and 2020, respectively, are included in cash in the accompanying statements of financial position.

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 \$12.9 million and \$5.5 million as of June 30, 2021 and 2020, 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 March 21, 2022, the date the financial statements were available to be issued.