

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022



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**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Services and Advocacy for Gay, Lesbian, Bisexual, and Transgender Elders, Inc. (SAGE), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAGE as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAGE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 SAGE's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 SAGE'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 SAGE'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.

Adopted Accounting Pronouncement

During the year ended June 30, 2022, SAGE adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure. Our opinion is not modified with respect to this matter.

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

Correction of Error

As discussed in Note 16 to the financial statements, a prior period adjustment was necessary to properly recognize bequest revenue and to adjust a duplicate invoice booked in a prior period. This resulted in an understatement of net assets without donor restriction as of June 30, 2021. Accordingly, an adjustment has been made to net assets without donor restrictions as of June 30, 2021, to correct the error. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 16, 2023

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 10,420,949
Investments	4,620,392
Contributions Receivable, Net	2,468,924
Grants and Contracts Receivable	5,625,349
Other Receivables	231,532
Prepaid Expenses and Other Assets	138,053
Total Current Assets	23,505,199

NONCURRENT ASSETS

Security Deposits	27,141
Contributions Receivable, Net	1,518,608
Deferred Compensation Assets	278,860
Property and Equipment, Net	12,912,384
Total Noncurrent Assets	14,736,993

Total Assets	\$ 38,242,192
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 1,321,970
Loan Payable	237,815
Deferred Revenue	167,768
Total Current Liabilities	1,727,553

NONCURRENT LIABILITIES

Loan Payable, Net	6,148,541
HTFC Loan Payable	1,000,000
Deferred Compensation	278,860
Deferred Rent	1,877
Total Noncurrent Assets	7,429,278

Total Liabilities	9,156,831
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NET ASSETS

Without Donor Restrictions:	
Operating	8,330,086
Net Investment in Property and Equipment	6,526,028
Board-Designated	6,904,062
Total Net Assets Without Donor Restrictions	21,760,176
With Donor Restrictions	7,325,185
Total Net Assets	29,085,361

Total Liabilities and Net Assets	\$ 38,242,192
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See accompanying Notes to Financial Statements.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Government Grants and Contracts	\$ 5,210,729	\$ -	\$ 5,210,729
Contributions	4,427,905	6,442,618	10,870,523
Bequests	1,933,817	-	1,933,817
Donated Materials, Facilities, and Services	548,365	-	548,365
Special Events (Net of Direct Expenses of \$718,254)	412,003	-	412,003
Partnership and Membership Dues	8,941	-	8,941
Program Income and Service Fees	700,927	-	700,927
Investment Loss	(31,288)	-	(31,288)
Other	14,707	-	14,707
Net Assets Released from Restrictions	4,584,081	(4,584,081)	-
Total Public Support and Revenue	17,810,187	1,858,537	19,668,724
EXPENSES			
Program Services:			
Direct Services	10,415,686	-	10,415,686
Public Outreach	3,241,253	-	3,241,253
Total Program Services	13,656,939	-	13,656,939
Supporting Services:			
Management and General	1,960,836	-	1,960,836
Fundraising	1,757,944	-	1,757,944
Total Supporting Services	3,718,780	-	3,718,780
Total Expenses	17,375,719	-	17,375,719
CHANGE IN NET ASSETS	434,468	1,858,537	2,293,005
Net Assets - Beginning of Year, as Restated	21,325,708	5,466,648	26,792,356
NET ASSETS - END OF YEAR	\$ 21,760,176	\$ 7,325,185	\$ 29,085,361

See accompanying Notes to Financial Statements.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services			Total
	Direct Services	Public Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 4,982,981	\$ 1,359,136	\$ 6,342,117	\$ 411,168	\$ 883,014	\$ 1,294,182	\$ 7,636,299
Payroll Taxes and Employee Benefits	1,210,737	330,235	1,540,972	99,903	214,550	314,453	1,855,425
Total Personnel	6,193,718	1,689,371	7,883,089	511,071	1,097,564	1,608,635	9,491,724
Advertising	46,190	45,872	92,062	42,653	8,764	51,417	143,479
Bad Debt	-	-	-	245,457	-	245,457	245,457
Consulting	1,111,471	1,057,842	2,169,313	662,473	154,257	816,730	2,986,043
Contributions	1,500	2,707	4,207	46,165	7,760	53,925	58,132
Depreciation and Amortization	559,637	51,943	611,580	46,172	69,257	115,429	727,009
Donated In-Kind	162,068	44,205	206,273	13,373	28,719	42,092	248,365
Dues and Subscriptions	8,450	2,842	11,292	5,905	650	6,555	17,847
Equipment Maintenance	9,416	2,568	11,984	777	1,669	2,446	14,430
Finance and Bank Charges	232,042	37,747	269,789	24,424	39,791	64,215	334,004
Food and Entertainment	334,597	25,740	360,337	38,057	694,205	732,262	1,092,599
Individual, Respite, Supplemental and Other Program	112,431	-	112,431	110	-	110	112,541
Insurance	45,127	12,309	57,436	3,724	7,997	11,721	69,157
Occupancy	669,659	36,828	706,487	11,084	23,521	34,605	741,092
Other	70,027	1,152	71,179	-	5,617	5,617	76,796
Postage, Freight, and Courier	2,231	132	2,363	11,977	45,458	57,435	59,798
Printing	4,826	3,880	8,706	220	143,664	143,884	152,590
Professional Fees	9,298	4,673	13,971	31,982	49	32,031	46,002
Repairs and Maintenance	196,841	53,689	250,530	16,242	34,881	51,123	301,653
Software	313,045	85,385	398,430	25,831	55,474	81,305	479,735
Staff Training	21,144	11,807	32,951	16,140	5,424	21,564	54,515
Supplies and Decorations	225,472	14,297	239,769	6,317	7,435	13,752	253,521
Telephone, Fax, and Internet	30,728	8,381	39,109	2,535	5,445	7,980	47,089
Transportation	46,462	36,785	83,247	57,445	37,607	95,052	178,299
Workshops and Conferences	9,306	11,098	20,404	140,702	990	141,692	162,096
Total	10,415,686	3,241,253	13,656,939	1,960,836	2,476,198	4,437,034	18,093,973
Less: Direct Benefit to Donors	-	-	-	-	(718,254)	(718,254)	(718,254)
Total Expenses	<u>\$ 10,415,686</u>	<u>\$ 3,241,253</u>	<u>\$ 13,656,939</u>	<u>\$ 1,960,836</u>	<u>\$ 1,757,944</u>	<u>\$ 3,718,780</u>	<u>\$ 17,375,719</u>

See accompanying Notes to Financial Statements.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,293,005
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	727,009
Noncash Bond Issuance Cost Amortization Expense	15,293
Bad Debt	245,457
Unrealized and Realized Loss on Investments	49,356
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Contributions Receivable	96,500
Grants and Contracts Receivable	(1,156,529)
Other Receivables	(80,070)
Prepaid Expenses and Other Assets	228,553
Security Deposits	(3,530)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	267,501
Deferred Revenue	(415,516)
Deferred Rent	(5,138)
Net Cash Provided by Operating Activities	<u>2,261,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(4,207,950)
Proceeds from Sales of Investments	188,768
Purchases of Property and Equipment	(718,367)
Net Cash Used by Investing Activities	<u>(4,737,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Loan	(210,690)
Net Cash Used by Financing Activities	<u>(210,690)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,686,348)
Cash and Cash Equivalents - Beginning of Year	<u>13,107,297</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,420,949</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for Interest	<u>\$ 245,960</u>

See accompanying Notes to Financial Statements.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 concentrated in New York City and in various parts of the country, SAGE has partners across the country and the globe.

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 (IRC).

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).

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.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets (Continued)

- 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.
- 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.

As of June 30, 2022, the balances in board-designated funds are as follows:

Working Capital Reserve	\$ 1,248,496
Operating Reserve	2,497,224
Building and Capital Asset Reserve	500,000
Strategic Plan and Opportunity Reserve	1,683,342
Board-Designated Endowment	900,000
Loan Reserve	75,000
Total	<u><u>\$ 6,904,062</u></u>

Cash and Cash Equivalents

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

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.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 4.

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 Board's (FASB) Accounting Standards Update (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. As of June 30, 2022 the discount on long term promises was \$103,791. 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, 2022, SAGE determined that an allowance of \$50,000 was necessary for its contributions receivable.

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 \$5,210,729 for the year ended June 30, 2022 and is included in the statement of activities.

To the extent amounts received exceed amounts spent, SAGE records a refundable advance as a liability. As of June 30, 2022, SAGE received advances from government agencies in the aggregate amounts of \$17,769. 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.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Government Grants and Contracts (Continued)

As of June 30, 2022, SAGE has been awarded conditional grants and contracts from government agencies in the aggregate amount of approximately \$6,200,000. 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.

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 as follows:

Building and Improvements	30 Years
Leasehold Improvements	10 Years
Furniture and Equipment	5 Years
Software	5 Years

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.

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.

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.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Advertising and Marketing

Advertising and promotion costs are charged to operations when the advertising first takes place. Advertising expense for the year ended June 30, 2022 amounted to \$144,966.

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.

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.

Subsequent Events

Management has evaluated subsequent events through March 16, 2023, the date the financial statements were available for issuance.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

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 1, SAGE has six board-designated funds which are not available for general use. Additionally, as further described in Note 12, SAGE has access to a line of credit which can be used for general operations.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES (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, 2022:

Cash and Cash Equivalents	\$ 10,420,949
Investments	4,620,392
Contributions Receivable, Net	2,468,924
Grants and Contracts Receivable, Net	5,625,349
Other Receivables	<u>231,532</u>
Total	23,367,146
Less: Board-Designated Net Assets	(6,904,062)
Less: Donor-Restricted Net Assets	<u>(7,325,185)</u>
Financial Assets Available for General Expenditures Within One Year	<u><u>\$ 9,137,899</u></u>

NOTE 3 INVESTMENTS

Investments consist of the following as of June 30, 2022:

U.S. Government and Agency Securities	\$ 8,200
Certificates of Deposit	<u>4,612,192</u>
Total	<u><u>\$ 4,620,392</u></u>

Investment return consisted of the following for the year ended June 30, 2022:

Interest and Dividends	\$ 18,068
Unrealized and Realized Loss	<u>(49,356)</u>
Total	<u><u>\$ (31,288)</u></u>

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

NOTE 4 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.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

The following tables set forth by level, within the fair value hierarchy, SAGE’s investments at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
U.S. Government and Agency Securities	\$ 8,200	\$ -	\$ -	\$ 8,200
Certificates of Deposit	-	4,612,192	-	4,612,192
Deferred Compensation Assets:				
Mutual Funds	278,860	-	-	278,860
Total	<u>\$ 287,060</u>	<u>\$ 4,612,192</u>	<u>\$ -</u>	<u>\$ 4,899,252</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of the following as of June 30, 2022:

Within One Year	\$ 2,518,924
One to Five Years	1,622,399
Total	<u>4,141,323</u>
Less: Allowance for Doubtful Accounts	(50,000)
Less: Discount on Long Term Promises	(103,791)
Total	<u>\$ 3,987,532</u>

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NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of June 30, 2022:

	Amount	Estimated Useful Lives
Building and Improvements	\$ 15,153,616	30 Years
Leasehold Improvements	468,176	10 Years
Furniture and Equipment	1,665,984	5 Years
Software	894,394	5 Years
Construction in Progress	216,326	
Total	<u>18,398,496</u>	
Less: Accumulated Depreciation and Amortization	<u>(5,486,112)</u>	
Total Property and Equipment, Net	<u><u>\$ 12,912,384</u></u>	

For the year ended June 30, 2022, depreciation and amortization expense amounted to \$727,009.

NOTE 7 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 has certain covenants, including a debt service coverage ratio and a reporting requirement. As of the year ended June 30, 2022, SAGE was in compliance with the debt service coverage ratio but was not in compliance with the reporting requirement. SAGE obtained a waiver for the reporting requirement from the bank for the year ending June 30, 2022.

The loan payable amounted to the following as of June 30, 2022:

Loan Payable	\$ 6,688,406
Less: Deferred Financing Costs	<u>(302,050)</u>
Total	<u><u>\$ 6,386,356</u></u>

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NOTE 7 LOAN PAYABLE, NET (CONTINUED)

Future annual principal payments are as follows:

Year Ending June 30,	Amount
2023	\$ 237,815
2024	245,938
2025	255,618
2026	265,026
2027	274,779
Thereafter	5,409,230
Total	\$ 6,688,406

Interest expense, including amortization of deferred financing costs, amount to \$261,253 for the year ended June 30, 2022.

NOTE 8 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.

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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following for the year ended June 30, 2022:

Housing	\$ 893,323
DEC	2,610,451
Advocacy	738,291
Programs and Services	2,576,011
Restricted for Use in Future Periods	500,000
Other	7,109
Total	<u><u>\$ 7,325,185</u></u>

Net assets released from restrictions amounted to \$4,584,081 for the year ended June 30, 2022.

NOTE 10 DONATED CONTRIBUTIONS

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. SAGE values donated goods and services at the price it would cost to purchase similar goods and services. These donated goods and services were utilized during the year ended June 30, 2022, primarily for operations and consulting services. There were no donor restrictions associated with these donated goods and services.

The following is a summary of the donated contributions received by SAGE during the year ended June 30, 2022. The donated contributions have been recorded as revenue and are also included as an expense in the statement of activities. The expenses are distributed among all applicable programs.

Rent	\$ 300,000
Legal Services	218,993
Advertising	29,372
Total	<u><u>\$ 548,365</u></u>

NOTE 11 RETIREMENT PLANS

SAGE participates in the 401(k) plan of its professional employer organization. The plan covers all SAGE employees. Employees may contribute to the plan up to the amount allowed by the IRC. SAGE may make matching contributions of up to 4% of the employees' total compensation. During the year ended June 30, 2022, SAGE contributed such matching contributions amounting to \$236,484.

SAGE has a 457(b) deferred compensation plan covering key management employees. The plan's assets and liabilities are reflected on the accompanying statement of financial position as deferred compensation assets and deferred compensation liability.

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NOTE 12 COMMITMENTS AND CONTINGENCIES

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.

Space Rental

SAGE has entered into a lease for commercial space in New York City that ended in October 2022. As of March 16, 2023, this lease has continued at a month-to-month basis. Future minimum lease payments required under the lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	<u>\$ 20,204</u>
Total	<u><u>\$ 20,204</u></u>

Total rent expenses for SAGE amounted to \$350,916 for the year ended June 30, 2022, and is included in occupancy on the accompanying statements of functional expenses.

Line of Credit

SAGE had a revolving line of credit with a bank in the amount of \$750,000 which expired in April 2022. Subsequent to year end, SAGE entered into another line of credit agreement for the same amount. In January 2023, the line of credit was increased to \$1,000,000. The line expires in February 2024, is unsecured, and bears interest at a rate equal to the Secured Overnight Financing Rate (SOFR) plus 2.621%.

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.

Income Tax

SAGE believes it has no uncertain income tax positions as of June 30, 2022, in accordance with FASB 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 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, 2022 amounted to \$6,904,062.

Changes in board-designated funds for the year ended June 30, 2022 are as follows:

Investment Return, Net	\$ 47
Appropriated and Transferred to Board-Designated	1,982,719
Other Changes:	
Distribution from Board-Designated Funds	
Pursuant to Distribution Policy	<u>(435,100)</u>
Change in Board-Designated	1,547,666
Board Designated - Beginning of Year	<u>5,356,396</u>
Board-Designated - End of Year	<u><u>\$ 6,904,062</u></u>

Board-designated funds of \$6,904,062 as of June 30, 2022 is included in cash and investments in the accompanying statement of financial position.

NOTE 14 CONCENTRATIONS

SAGE receives approximately 26% of its public support and revenue from government grants and contracts, primarily through the State of New York. A significant reduction in the level of government support could have an adverse effect on SAGE's programs and activities. These awards account for approximately 68% of total receivables as of June 30, 2022.

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 \$6.2 million as of June 30, 2022.

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.

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NOTE 15 RELATED-PARTY TRANSACTIONS (CONTINUED)

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 IRC 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 0.005% interest in the Owner. SAGE Crotona owns 15% 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 RESTATEMENT OF OPENING NET ASSETS

During the year ending June 30, 2022, an error was discovered resulting in an understatement of net assets without donor restriction previously reported as of June 30, 2021, in the amount of \$564,684. Additionally, another error in the amount of \$269,103 was discovered resulting in an overstatement of net assets without donor restriction previously reported as of June 30, 2021. The net impact of these errors is an understatement of net assets of \$295,581 as of June 30, 2021. To correct this error, net assets without donor restriction was restated as of June 30, 2021, to include the amount previously understated.

The cumulative effect of the restatement is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets - June 30, 2021 as Originally Reported	\$ 21,030,127	\$ 5,466,648	\$ 26,496,775
Understatement of Net Assets Due to Error	564,684	-	564,684
Overstatement of Net Assets Due to Error	<u>(269,103)</u>	<u>-</u>	<u>(269,103)</u>
Net Assets - June 30, 2021 as Restated	<u>\$ 21,325,708</u>	<u>\$ 5,466,648</u>	<u>\$ 26,792,356</u>