

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



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**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
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YEARS ENDED JUNE 30, 2023 AND 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 statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAGE as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, SAGE adopted Accounting Standards Update No. 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the statement of financial position. Our opinion is not modified with respect to this matter.

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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
February 12, 2024

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,267,203	\$ 10,420,949
Investments	5,782,448	4,620,392
Contributions Receivable, Net	3,269,426	2,468,924
Grants and Contracts Receivable	7,070,519	5,625,349
Other Receivables	263,656	231,532
Prepaid Expenses and Other Assets	208,211	138,053
Total Current Assets	<u>21,861,463</u>	<u>23,505,199</u>
NONCURRENT ASSETS		
Security Deposits	28,341	27,141
Contributions Receivable, Net	114,402	1,518,608
Deferred Compensation Assets	333,122	278,860
Right-of-Use Assets	1,146,561	-
Property and Equipment, Net	12,469,210	12,912,384
Total Noncurrent Assets	<u>14,091,636</u>	<u>14,736,993</u>
Total Assets	<u><u>\$ 35,953,099</u></u>	<u><u>\$ 38,242,192</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,619,421	\$ 1,321,970
Loan Payable	230,643	237,815
Deferred Revenue	343,942	167,768
Lease Liability, Current	42,549	-
Total Current Liabilities	<u>2,236,555</u>	<u>1,727,553</u>
NONCURRENT LIABILITIES		
Loan Payable, Net	5,912,585	6,148,541
HTFC Loan Payable	1,000,000	1,000,000
Deferred Compensation	333,122	278,860
Deferred Rent	-	1,877
Lease Liability, Net of Current	1,121,436	-
Total Noncurrent Assets	<u>8,367,143</u>	<u>7,429,278</u>
Total Liabilities	10,603,698	9,156,831
NET ASSETS		
Without Donor Restrictions		
Operating	5,492,916	8,330,086
Net Investment in Property and Equipment	6,325,982	6,526,028
Board-Designated	8,497,403	6,904,062
Total Net Assets Without Donor Restrictions	<u>20,316,301</u>	<u>21,760,176</u>
With Donor Restrictions	5,033,100	7,325,185
Total Net Assets	<u>25,349,401</u>	<u>29,085,361</u>
Total Liabilities and Net Assets	<u><u>\$ 35,953,099</u></u>	<u><u>\$ 38,242,192</u></u>

See accompanying Notes to Financial Statements.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Government Grants and Contracts	\$ 6,751,064	\$ -	\$ 6,751,064
Contributions	5,418,798	1,573,217	6,992,015
Bequests	1,661,161	-	1,661,161
Donated Materials, Facilities, and Services	541,707	-	541,707
Special Events (Net of Direct Expenses of \$939,546)	688,869	-	688,869
Program Income and Service Fees	905,053	-	905,053
Investment Income	206,850	-	206,850
Other	28,814	-	28,814
Loss on Disposal	(9,941)	-	(9,941)
Net Assets Released from Restrictions	3,865,302	(3,865,302)	-
Total Public Support and Revenue	20,057,677	(2,292,085)	17,765,592
EXPENSES			
Program Services			
Direct Services	12,796,820	-	12,796,820
Public Outreach	4,158,478	-	4,158,478
Total Program Services	16,955,298	-	16,955,298
Supporting Services			
Management and General	2,331,470	-	2,331,470
Fundraising	2,214,784	-	2,214,784
Total Supporting Services	4,546,254	-	4,546,254
Total Expenses	21,501,552	-	21,501,552
CHANGE IN NET ASSETS	(1,443,875)	(2,292,085)	(3,735,960)
Net Assets - Beginning of Year	21,760,176	7,325,185	29,085,361
NET ASSETS - END OF YEAR	<u>\$ 20,316,301</u>	<u>\$ 5,033,100</u>	<u>\$ 25,349,401</u>

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	21,325,708	5,466,648	26,792,356
NET ASSETS - END OF YEAR	<u>\$ 21,760,176</u>	<u>\$ 7,325,185</u>	<u>\$ 29,085,361</u>

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, 2023**

	Program Services			Supporting Services			
	Direct Services	Public Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 6,113,507	\$ 2,233,860	\$ 8,347,367	\$ 564,631	\$ 1,112,890	\$ 1,677,521	\$ 10,024,888
Payroll Taxes and Employee Benefits	1,335,608	488,028	1,823,636	123,354	243,131	366,485	2,190,121
Total Personnel	7,449,115	2,721,888	10,171,003	687,985	1,356,021	2,044,006	12,215,009
Advertising	205,196	169,980	375,176	42,335	34,552	76,887	452,063
Bad Debt	-	-	-	1,824	-	1,824	1,824
Consulting	1,544,243	632,295	2,176,538	989,803	201,544	1,191,347	3,367,885
Contributions	38,550	8,766	47,316	140,307	6,675	146,982	194,298
Depreciation and Amortization	582,052	54,467	636,519	48,415	72,623	121,038	757,557
Donated In-Kind	330,351	120,709	451,060	30,511	60,136	90,647	541,707
Dues and Subscriptions	3,378	6,104	9,482	14,069	1,030	15,099	24,581
Equipment Maintenance	16,426	6,002	22,428	1,517	2,990	4,507	26,935
Finance and Bank Charges	234,470	45,526	279,996	25,074	40,491	65,565	345,561
Food and Entertainment	674,522	4,139	678,661	10,639	872,768	883,407	1,562,068
Individual, Respite, Supplemental, and Other Program	171,517	46	171,563	-	-	-	171,563
Insurance	57,899	21,156	79,055	5,347	10,540	15,887	94,942
Occupancy	529,951	28,523	558,474	10,650	16,179	26,829	585,303
Other	1,314	993	2,307	23,024	20,622	43,646	45,953
Postage, Freight, and Courier	649	87	736	11,542	49,453	60,995	61,731
Printing	4,170	2,032	6,202	72	252,507	252,579	258,781
Professional Fees	16,056	25,259	41,315	60,143	31	60,174	101,489
Repairs and Maintenance	244,372	89,293	333,665	22,570	44,485	67,055	400,720
Software	182,279	66,604	248,883	16,835	33,182	50,017	298,900
Staff Training	38,379	19,760	58,139	20,204	1,460	21,664	79,803
Supplies and Decorations	331,117	22,410	353,527	6,356	10,218	16,574	370,101
Telephone, Fax, and Internet	31,956	11,676	43,632	2,951	5,817	8,768	52,400
Transportation	85,483	79,324	164,807	74,014	53,705	127,719	292,526
Workshops and Conferences	23,375	21,439	44,814	85,283	7,301	92,584	137,398
Total	12,796,820	4,158,478	16,955,298	2,331,470	3,154,330	5,485,800	22,441,098
Less: Direct Benefit to Donors	-	-	-	-	(939,546)	(939,546)	(939,546)
Total Expenses	<u>\$ 12,796,820</u>	<u>\$ 4,158,478</u>	<u>\$ 16,955,298</u>	<u>\$ 2,331,470</u>	<u>\$ 2,214,784</u>	<u>\$ 4,546,254</u>	<u>\$ 21,501,552</u>

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			
	Direct Services	Public Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,735,960)	\$ 2,293,005
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	757,557	727,009
Loss on Disposal	9,941	-
Noncash Bond Issuance Cost Amortization Expense	15,294	15,293
Bad Debt	1,824	245,457
Unrealized and Realized (Gain) Loss on Investments	(56,685)	49,356
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Assets:		
Contributions Receivable	601,880	96,500
Grants and Contracts Receivable	(1,445,170)	(1,156,529)
Other Receivables	(32,124)	(80,070)
Prepaid Expenses and Other Assets	(70,158)	228,553
Right-of-Use Asset	(1,146,561)	-
Security Deposits	(1,200)	(3,530)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	297,451	267,501
Deferred Revenue	176,174	(415,516)
Deferred Rent	(1,877)	(5,138)
Lease Liability	1,163,985	-
Net Cash Provided (Used) by Operating Activities	<u>(3,465,629)</u>	<u>2,261,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(9,228,504)	(4,207,950)
Proceeds from Sales of Investments	8,123,133	188,768
Purchases of Property and Equipment	<u>(324,324)</u>	<u>(718,367)</u>
Net Cash Used by Investing Activities	(1,429,695)	(4,737,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Loan	<u>(258,422)</u>	<u>(210,690)</u>
Net Cash Used by Financing Activities	<u>(258,422)</u>	<u>(210,690)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,153,746)	(2,686,348)
Cash and Cash Equivalents - Beginning of Year	<u>10,420,949</u>	<u>13,107,297</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,267,203</u></u>	<u><u>\$ 10,420,949</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u><u>\$ 236,960</u></u>	<u><u>\$ 245,960</u></u>

See accompanying Notes to Financial Statements.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
TRANSGENDER ELDERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 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, 2023 AND 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, 2023 and 2022, the balances in board-designated funds are as follows:

	2023	2022
Working Capital Reserve	\$ 1,669,290	\$ 1,248,496
Operating Reserve	3,338,997	2,497,224
Building and Capital Asset Reserve	500,000	500,000
Strategic Plan and Opportunity Reserve	1,989,116	1,683,342
Board-Designated Endowment	900,000	900,000
Loan Reserve	100,000	75,000
Total	<u>\$ 8,497,403</u>	<u>\$ 6,904,062</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, 2023 AND 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, 2023 and 2022 the discount on long term promises was \$5,598 and \$103,791, respectively. 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, 2023 and 2022, SAGE determined that an allowance of \$60,000 and \$50,000, respectively 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 \$6,751,064 and \$5,210,729 for the years ended June 30, 2023 and 2022, respectively and are included in the statement of activities.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
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NOTES TO FINANCIAL STATEMENTS
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Government Grants and Contracts (Continued)

To the extent amounts received exceed amounts spent, SAGE records a refundable advance as a liability. As of June 30, 2023 and 2022, SAGE received advances from government agencies in the aggregate amounts of \$-0- and \$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.

As of June 30, 2023 and 2022, SAGE has been awarded conditional grants and contracts from government agencies in the aggregate amount of approximately \$5,100,000 and \$6,200,000, 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.

Property and Equipment

Property and equipment purchases above \$5,000 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

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.

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

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.

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, 2023 and 2022 amounted to \$452,063 and \$143,479, respectively.

Leases

SAGE leases office space and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities on the statements of financial position.

ROU assets represent SAGE's right to use an underlying asset for the lease term and lease liabilities represent SAGE's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that SAGE will exercise the option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. SAGE has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and the leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the leases. Therefore, SAGE has elected to use a discount rate comparable to their line of credit rate for computing the present value of lease liabilities.

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.

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

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.

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

SAGE adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the transition provisions of *Accounting Standards Codification (ASC)* 842 at the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

SAGE has elected to adopt the package of practical expedients available in the year of adoption. SAGE has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the SAGE's ROU assets.

Subsequent Events

Management has evaluated subsequent events through February 12, 2024, 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.

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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, 2023 and 2022:

	2023	2022
Cash and Cash Equivalents	\$ 5,267,203	\$ 10,420,949
Investments	5,782,448	4,620,392
Contributions Receivable, Net	3,269,426	2,468,924
Grants and Contracts Receivable, Net	7,070,519	5,625,349
Other Receivables	263,656	231,532
Total	21,653,252	23,367,146
Less: Board-Designated Net Assets	(8,497,403)	(6,904,062)
Less: Donor-Restricted Net Assets	(5,033,100)	(7,325,185)
Financial Assets Available for General Expenditures Within One Year	<u>\$ 8,122,749</u>	<u>\$ 9,137,899</u>

NOTE 3 INVESTMENTS

Investments consist of the following as of June 30, 2023 and 2022:

	2023	2022
U.S. Government and Agency Securities	\$ 5,359	\$ 8,200
Certificates of Deposit	5,777,089	4,612,192
Total	<u>\$ 5,782,448</u>	<u>\$ 4,620,392</u>

Investment return consisted of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and Dividends	\$ 150,165	\$ 18,068
Unrealized and Realized Gain (Loss)	56,685	(49,356)
Total	<u>\$ 206,850</u>	<u>\$ (31,288)</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.

**SERVICES AND ADVOCACY FOR GAY, LESBIAN, BISEXUAL, AND
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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 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, 2023 and 2022:

2023				
	Level 1	Level 2	Level 3	Total
Investments				
U.S. Government and Agency Securities	\$ 5,359	\$ -	\$ -	\$ 5,359
Certificates of Deposit	-	5,777,089	-	5,777,089
Deferred Compensation Assets				
Mutual Funds	333,122	-	-	333,122
Total	<u>\$ 338,481</u>	<u>\$ 5,777,089</u>	<u>\$ -</u>	<u>\$ 6,115,570</u>
2022				
	Level 1	Level 2	Level 3	Total
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>

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NOTE 5 CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of the following as of June 30, 2023 and 2022:

	2023	2022
Within One Year	\$ 3,329,426	\$ 2,518,924
One to Five Years	120,000	1,622,399
Total	<u>3,449,426</u>	<u>4,141,323</u>
Less: Allowance for Doubtful Accounts	(60,000)	(50,000)
Less: Discount on Long Term Promises	(5,598)	(103,791)
Total	<u><u>\$ 3,383,828</u></u>	<u><u>\$ 3,987,532</u></u>

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of June 30, 2023 and 2022:

	2023	2022	Estimated Useful Lives
Building and Improvements	\$ 15,153,616	\$ 15,153,616	30 Years
Leasehold Improvements	857,452	468,176	10 Years
Furniture and Equipment	1,807,418	1,665,984	5 Years
Software	894,393	894,394	5 Years
Construction in Progress	-	216,326	
Total	<u>18,712,879</u>	<u>18,398,496</u>	
Less: Accumulated Depreciation and Amortization	(6,243,669)	(5,486,112)	
Total Property and Equipment, Net	<u><u>\$ 12,469,210</u></u>	<u><u>\$ 12,912,384</u></u>	

For the years ended June 30, 2023 and 2022, depreciation and amortization expense amounted to \$757,557 and \$727,009, respectively.

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 years ended June 30, 2023 and 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, 2023 and June 30, 2022.

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NOTE 7 LOAN PAYABLE, NET (CONTINUED)

The loan payable amounted to the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Loan Payable	\$ 6,429,984	\$ 6,688,406
Less: Deferred Financing Costs	(286,756)	(302,050)
Total	<u>\$ 6,143,228</u>	<u>\$ 6,386,356</u>

Future annual principal payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 245,938
2025	255,618
2026	265,026
2027	274,779
2028	284,369
Thereafter	5,104,254
Total	<u>\$ 6,429,984</u>

Interest expense, including amortization of deferred financing costs, amount to \$252,254 and \$261,253 for the years ended June 30, 2023 and 2022, respectively.

In August 2023, SAGE entered into an unsecured non-convertible note for \$50,000 with an annual interest rate of 2% that matures in August 2025.

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. 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 years ended June 30, 2023 and 2022:

	2023	2022
Housing	\$ 341,322	\$ 893,323
DEC	2,413,966	2,610,451
Advocacy	329,610	738,291
Programs and Services	1,659,207	2,576,011
Restricted for Use in Future Periods	288,995	500,000
Other	-	7,109
Total	<u>\$ 5,033,100</u>	<u>\$ 7,325,185</u>

Net assets released from restrictions amounted to \$3,865,302 and \$4,584,081 for the years ended June 30, 2023 and 2022, respectively.

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 years ended June 30, 2023 and 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, 2023 and 2022. The donated contributions have been recorded as revenue and are also included as an expense in the statements of activities. The expenses are distributed among all applicable programs.

	2023	2022
Rent	\$ 300,000	\$ 300,000
Legal Services	185,074	218,993
Advertising	56,633	29,372
Total	<u>\$ 541,707</u>	<u>\$ 548,365</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 5% of the employees' total compensation. During the year ended June 30, 2023 and 2022, SAGE contributed such matching contributions amounting to \$262,176 and \$236,484, respectively.

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NOTE 11 RETIREMENT PLANS (CONTINUED)

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.

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.

Line of Credit

SAGE has a revolving line of credit with a bank in the amount of \$1,000,000. The line expires in May 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, 2023 and 2022, in accordance with FASB ASC Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

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, 2023 and 2022 amounted to \$8,497,403 and \$6,904,062, respectively.

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NOTE 13 BOARD-DESIGNATED NET ASSETS (CONTINUED)

Changes in board-designated funds for the year ended June 30, 2023 and 2022 are as follows:

	2023	2022
Investment Return, Net	\$ 185	\$ 47
Appropriated and Transferred to Board-Designated	2,348,840	1,982,719
Other Changes:		
Distribution from Board-Designated Funds		
Pursuant to Distribution Policy	(755,684)	(435,100)
Change in Board-Designated	1,593,341	1,547,666
Board Designated - Beginning of Year	6,904,062	5,356,396
Board-Designated - End of Year	<u>\$ 8,497,403</u>	<u>\$ 6,904,062</u>

Board-designated funds as of June 30, 2023 and 2022 are included in cash and investments in the accompanying statements of financial position.

NOTE 14 CONCENTRATIONS

As of June 30, 2023 and 2022, SAGE receives approximately 38% and 26% of its public support and revenue from government grants and contracts, primarily through the city of New York. A significant reduction in the level of government support could have an adverse effect on SAGE's programs and activities. As of June 30, 2023 and 2022, these awards account for approximately 67% and 68% of total receivables.

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 \$1.8 million and \$6.2 million as of June 30, 2023 and 2022, 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 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. The project was completed on February 1, 2021, and the community center was 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.

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NOTE 16 LEASES

SAGE leases office space under long-term, noncancelable lease agreements. The lease expires in 2036. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases. The facility lease provides for increases in future minimum annual rental payments based on defined increases in the lease.

The following table provides quantitative information concerning SAGE's lease activity, as of June 30, 2023:

Lease Costs:

Operating Lease Costs	\$ 144,760
Total Lease Costs	<u>\$ 144,760</u>

Other Information:

Cash Paid for Amounts Included in the Measurement of Operating Lease Liabilities	\$ 127,336
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 1,200,930
Weighted-Average Remaining Lease Term	12.7 Years
Weighted-Average Discount Rate	7.70%

SAGE classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ 129,884
2025	132,480
2026	135,128
2027	137,832
2028	140,588
Thereafter	1,175,136
Total Lease Payments	<u>1,851,048</u>
Less: Interest	<u>(687,063)</u>
Present Value of Lease Liabilities	<u>\$ 1,163,985</u>