

SAGE ELDERCARE

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015 AND 2014



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

SAGE ELDERCARE

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
SAGE Eldercare
Summit, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of SAGE Eldercare (“Organization”), a New Jersey nonprofit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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 controls 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ 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 auditors consider internal control relevant to the Organization’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 Organization’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 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 the Organization as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards, as required by the New Jersey Office of Management and Budget Circular Letter 15-08, is presented on page 21 for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.


Certified Public Accountants

Livingston, New Jersey
September 15, 2016

SAGE ELDERCARE
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 272,532	\$ 332,159
Investments	953,594	760,352
Accounts receivable - program services, net of allowance for doubtful accounts of \$89,010 in 2015 and \$72,802 in 2014	197,784	225,953
Grants receivable	64,530	47,575
Contributions receivable	84,014	18,356
Prepaid expenses	11,795	11,168
Property and equipment, net	5,757,185	5,876,525
Total Assets	\$ 7,341,434	\$ 7,272,088
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 210,591	\$ 196,575
Line of credit	300,000	200,000
Note payable	5,753	10,100
Total Liabilities	516,344	406,675
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted:		
Board-designated	230,261	297,202
Care grant fund account	499,421	541,232
Comprehensive campaign account	299,235	-
Unrestricted - operating	5,796,173	6,026,979
Total Net Assets	6,825,090	6,865,413
	\$ 7,341,434	\$ 7,272,088

SAGE ELDERCARE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31,	
	2015	2014
SUPPORT AND REVENUE:		
Support:		
Public support and contributions	\$ 685,494	\$ 441,409
Planned gifts	6,748	64,958
Grants	342,300	348,654
United Way	11,750	9,867
Special events	12,951	41,170
Total Support	<u>1,059,243</u>	<u>906,058</u>
Revenue:		
Program fees	2,432,615	2,700,866
Resale shop and workshop	353,919	372,901
Interest and dividend income	13,616	13,255
Realized gain on investments	38,580	68,069
Unrealized loss on investments	(56,428)	(23,528)
Other revenue	3,000	390
Total Revenue	<u>2,785,302</u>	<u>3,131,953</u>
TOTAL SUPPORT AND REVENUE	<u>3,844,545</u>	<u>4,038,011</u>
EXPENSES:		
Program services	3,070,586	3,291,619
General and administrative	202,621	208,816
Fundraising and development	234,490	290,928
Resale shop and workshop	223,563	217,089
Expenses Before Depreciation	<u>3,731,260</u>	<u>4,008,452</u>
CHANGES IN NET ASSETS BEFORE DEPRECIATION	113,285	29,559
DEPRECIATION	<u>(153,608)</u>	<u>(153,384)</u>
CHANGES IN NET ASSETS	(40,323)	(123,825)
NET ASSETS - UNRESTRICTED		
Beginning of year	<u>6,865,413</u>	<u>6,989,238</u>
End of year	<u>\$ 6,825,090</u>	<u>\$ 6,865,413</u>

SAGE ELDERCARE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services	General and Administrative	Fundraising and Development	Resale Shop and Workshop	Total
Compensation	\$ 2,178,458	\$ 107,866	\$ 54,558	\$ 110,515	\$ 2,451,397
Payroll taxes	275,799	8,405	7,804	12,596	304,604
Employee benefits	116,287	4,383	3,075	15,362	139,107
Professional fees	67,977	26,349	107,358	8,784	210,468
Maintenance, repairs and equipment rentals	100,685	17,411	14,216	4,334	136,646
Transportation services	97,983	-	-	6,250	104,233
Occupancy	32,331	7,552	2,883	49,230	91,996
Supplies	61,793	4,352	1,479	7,387	75,011
Insurance	41,438	9,120	2,882	3,235	56,675
Printing	5,793	277	25,052	452	31,574
Advertising	27,707	-	923	-	28,630
Care grant fund subsidy	13,980	-	-	-	13,980
Telephone	12,315	1,628	1,254	1,911	17,108
Postage	3,783	345	10,457	-	14,585
Dues	6,410	3,400	106	-	9,916
Professional education	1,152	50	1,045	-	2,247
Auto expense	3,417	-	-	1,107	4,524
Travel and parking	6,661	100	-	2,400	9,161
Interest	409	11,383	-	-	11,792
Bad debt expense	16,208	-	-	-	16,208
Donor development	-	-	1,398	-	1,398
Expenses before depreciation	3,070,586	202,621	234,490	223,563	3,731,260
Depreciation	91,074	27,511	9,566	25,457	153,608
Total Expenses	\$ 3,161,660	\$ 230,132	\$ 244,056	\$ 249,020	\$ 3,884,868

SAGE ELDERCARE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	Program Services	General and Administrative	Fundraising and Development	Resale Shop and Workshop	Total
Compensation	\$ 2,359,420	\$ 94,230	\$ 175,727	\$ 104,422	\$ 2,733,799
Payroll taxes	305,368	13,070	17,573	13,076	349,087
Employee benefits	113,034	3,526	10,325	11,994	138,879
Professional fees	73,390	50,246	9,429	8,106	141,171
Maintenance, repairs and equipment rentals	100,444	15,174	14,747	4,528	134,893
Transportation services	91,496	-	-	7,845	99,341
Occupancy	35,935	7,578	3,201	49,943	96,657
Supplies	57,128	2,070	1,336	7,085	67,619
Insurance	41,870	9,191	2,958	4,260	58,279
Printing	1,795	-	32,844	855	35,494
Advertising	21,739	50	-	51	21,840
Care grant fund subsidy	20,233	-	-	-	20,233
Telephone	10,292	1,473	918	1,495	14,178
Postage	4,579	676	13,792	-	19,047
Dues	6,937	2,911	325	-	10,173
Professional education	2,145	-	4,665	-	6,810
Auto expense	4,949	-	-	1,029	5,978
Travel and parking	7,478	100	-	2,400	9,978
Interest	-	8,521	-	-	8,521
Bad debt expense	33,387	-	-	-	33,387
Donor development	-	-	3,088	-	3,088
Expenses before depreciation	3,291,619	208,816	290,928	217,089	4,008,452
Depreciation	90,546	27,979	9,546	25,313	153,384
Total Expenses	\$ 3,382,165	\$ 236,795	\$ 300,474	\$ 242,402	\$ 4,161,836

SAGE ELDERCARE
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2015	2014
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (40,323)	\$ (123,825)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	153,608	153,384
Bad debt expense	16,208	33,387
Investments (gain) loss:		
Realized	(38,580)	(68,069)
Unrealized	56,428	23,528
Changes in certain assets and liabilities:		
Accounts receivable - program services	11,961	18,785
Grants receivable	(16,955)	52,096
Contributions receivable	(65,658)	(2,264)
Prepaid expenses	(627)	2,342
Accounts payable and accrued expenses	14,016	(42,272)
Net Cash Provided by Operating Activities	<u>90,078</u>	<u>47,092</u>
<u>INVESTING ACTIVITIES:</u>		
Payments for purchase of property and equipment	(34,268)	(14,674)
Sale of investments	936,703	713,884
Purchase of investments	(1,147,793)	(633,300)
Net Cash (Used for) Provided by Investing Activities	<u>(245,358)</u>	<u>65,910</u>
<u>FINANCING ACTIVITIES:</u>		
Proceeds from line of credit	300,000	275,000
Payments on lines of credit	(200,000)	(200,000)
Payments on note payable	(4,347)	(4,134)
Net Cash Provided by Financing Activities	<u>95,653</u>	<u>70,866</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(59,627)	183,868
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>332,159</u>	<u>148,291</u>
End of year	<u>\$ 272,532</u>	<u>\$ 332,159</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during the year for interest	<u>\$ 11,792</u>	<u>\$ 8,521</u>

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - NATURE OF ORGANIZATION:

SAGE Eldercare (“Organization”) is a nonprofit corporation founded in 1954 and located in Summit, New Jersey. The Organization’s mission is to support the independence, well-being and quality of life of older adults, their families and caregivers, through the provision of client-centered health, social and support services. The Organization acts as a community resource in gerontology and an innovator in health, wellness, supportive and preventative programs for older adults and caregivers.

SAGE Eldercare was founded with HomeCare, an integral part of the comprehensive array of community-based, long-term care services provided by the Organization. In 1966, Meals on Wheels was established and, in 1975, Spend-A-Day Adult Day Health Center opened its doors. In addition to these services, SAGE Eldercare now also provides home support services, such as home repair; grocery shopping and errands; bill paying; information; support and referrals; care coordination; support groups; community education seminars, workshops and exercise. The Guidance Planning and Support Program, where SAGE nurses assist seniors and their caregivers to navigate transitions and coordinate care, was added to complement services to seniors.

Two unconventional programs provide support to the Organization. The Furniture Restoration Workshop, established in 1961, offers handy volunteers of all professional backgrounds to repair furniture (specializing in reweaving cane chairs). Since 1959, The Resale Shop sells an array of donated items including furniture, clothing, and bric-a-brac.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Statement Presentation: (Continued)

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Currently, the Organization has only unrestricted net assets.

Cash and Cash Equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments:

Interest and dividend income is presented net of investment advisory/management fees and is reflected as interest and dividends in the statement of activities and changes in net assets. Investment advisory/management fees amounted to \$7,904 and \$9,173 for the years ended December 31, 2015 and 2014, respectively. All investment income is credited directly to unrestricted net assets unless otherwise restricted by the donor. All capital appreciation/depreciation earned on investments is reported as a change in unrestricted net assets unless otherwise restricted by the donor. All investments are carried at fair value with the related gains and losses included in the statements of activities and changes in net assets.

Fair Value:

Fair value measurements are defined as the amount 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. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the 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 by, observable market data.
- Level 3:** Valuations based on unobservable inputs used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value: (Continued)

The fair value of investments is determined as follows:

Equity – Shares in companies or funds traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

Fixed income – Valued at quoted market prices of valuations provided by commercial pricing services or the mean of bid and ask prices provided by investment brokers.

Preferred stock – Shares in companies are valued by commercial pricing services or the mean of bid and ask prices provided by investment brokers.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances based on historical trends. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable account receivable. As of December 31, 2015 and 2014, accounts receivable have been reviewed by management and it has been determined that the allowance for doubtful accounts is adequate.

Fixed Assets:

All property and equipment are stated at cost. Significant additions, renewals, and betterments greater than \$500 are capitalized while replacements, maintenance, and repairs which do not improve or extend the life of an asset are expensed. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Donated Services and Materials:

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which typically would be purchased if not provided by donation. No amounts were recognized in the financial statements for donated services for the years ended December 31, 2015 and 2014. The Organization also receives donated materials and meals. The Organization is not able to place a fair value on these contributions and, as a result, no amounts have been recorded in the statements of activities and changes in net assets.

Deferred Revenue:

The Organization records amounts received from funding sources in advance of performing the required services as deferred revenue.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

Funds received from various local agencies represent grants awarded to the Organization to provide program services. Revenue with respect to these awards is recognized to the extent the service was provided under the award terms.

Program service revenue is recognized when the services have been provided.

Contributions:

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions.

When a restriction expires, such as when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Functional Expenses:

Expenses are charged to each program based on direct expenditures incurred. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Such costs are allocated based on management allocation tables supported by a personnel time study, number of personnel, or square footage.

Income Tax Status:

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense.

No interest and penalties were recorded during the years ended December 31, 2015 and 2014. The tax years subject to audit by federal and state jurisdictions are the years ended December 31, 2012 and forward. At December 31, 2015 and 2014, there are no significant income tax uncertainties.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. These estimates and assumptions are based on management's best estimates and judgment. Actual results could differ from those estimates.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2015 through September 15, 2016, the date that the financial statements were available to be issued.

NOTE 3 - INVESTMENTS:

FAIR VALUE MEASUREMENTS
AS OF DECEMBER 31, 2015

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Board-Designated:				
Equity - mutual funds	\$ 87,322	\$ -	\$ -	\$ 87,322
Fixed income - mutual funds	65,086	-	-	65,086
Fixed income - corporate bonds	-	49,793	-	49,793
Preferred stocks nonconvertible	-	15,665	-	15,665
Investments at Fair Value	152,408	65,458	-	217,866
Care Grant Fund:				
Equity - securities	202,347	-	-	202,347
Equity - mutual funds	125,884	-	-	125,884
Fixed income - mutual funds	127,413	-	-	127,413
Fixed income - government securities	-	128	-	128
Preferred stocks nonconvertible	-	15,275	-	15,275
Investments at Fair Value	455,644	15,403	-	471,047
Comprehensive Campaign Fund:				
Equity - mutual funds	190,568	-	-	190,568
Fixed income - mutual funds	74,113	-	-	74,113
Investments at Fair Value	264,681	-	-	264,681
Total Investments at Fair Value	\$ 872,733	\$ 80,861	\$ -	\$ 953,594

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 3 - INVESTMENTS: (Continued)

The following schedule summarizes investments by strategy or industry as of December 31, 2015:

Board-Designated:

	Equities	Mutual Funds	Fixed Income
Small blend	-	10%	-
Large blend	-	22%	-
Large growth	-	32%	-
Large value	-	26%	-
Mid cap blend	-	10%	-
AA-rated corporate bonds	-	-	19%
A-rated corporate bonds	-	-	19%
Government securities	-	-	50%
Preferred stock nonconvertible bonds	-	-	12%
Investments at Fair Value	-	100%	100%

Care Grant Fund:

	Equities	Mutual Funds	Fixed Income
Technology	21%	-	-
Industrials	10%	-	-
Consumer staples	12%	-	-
Energy	8%	-	-
Financials	19%	-	-
Consumer discretionary	11%	-	-
Healthcare	12%	13%	-
Other	7%	-	-
Small value	-	20%	-
Large blend	-	48%	-
Mid cap blend	-	19%	-
Government securities	-	-	89%
Preferred stock nonconvertible bonds	-	-	11%
Investments at Fair Value	100%	100%	100%

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 3 - INVESTMENTS: (Continued)

Comprehensive Campaign Fund:

	Equities	Mutual Funds	Fixed Income
Small blend	-	7%	-
Large growth	-	47%	-
Large value	-	38%	-
Mid-cap blend	-	8%	-
Investments at Fair Value	-	100%	-

FAIR VALUE MEASUREMENTS
AS OF DECEMBER 31, 2014

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Board-Designated:				
Equity securities	\$ 91,624	\$ -	\$ -	\$ 91,624
Equity mutual funds	51,511	-	-	51,511
Fixed income - mutual funds	52,441	-	-	52,441
Fixed income - corporate bonds	-	51,735	-	51,735
Preferred stocks nonconvertible	-	34,503	-	34,503
Investments at Fair Value	195,576	86,238	-	281,814
Care Grant Fund:				
Equity securities	219,215	-	-	219,215
Equity mutual funds	99,613	-	-	99,613
Fixed income - mutual funds	125,318	-	-	125,318
Fixed income - government securities	-	20,305	-	20,305
Preferred stocks nonconvertible	-	14,087	-	14,087
Investments at Fair Value	444,146	34,392	-	478,538
Total Investments at Fair Value	\$639,722	\$120,630	\$ -	\$760,352

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 3 - INVESTMENTS: (Continued)

The following schedule summarizes investments by strategy or industry as of December 31, 2014:

Board-Designated:

	Equities	Mutual Funds	Fixed Income
Technology	22%	-	-
Industrials	12%	-	-
Consumer staples	11%	-	-
Financials	18%	-	-
Consumer discretionary	15%	-	-
Healthcare	9%	9%	-
Other	13%	-	-
Small value	-	18%	-
Large blend	-	35%	-
Mid-cap blend	-	18%	-
Foreign large blend	-	10%	-
Diversified emerging markets	-	10%	-
A-rated corporate bonds	-	-	37%
Short-term investments	-	-	38%
Preferred stock nonconvertible bonds	-	-	25%
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Investments at Fair Value	100%	100%	100%
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SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 3 - INVESTMENTS: (Continued)

Care Grant Fund:

	Equities	Mutual Funds	Fixed Income
Technology	20%	-	-
Consumer staples	11%	-	-
Energy	10%	-	-
Financials	18%	-	-
Consumer discretionary	14%	-	-
Healthcare	11%	15%	-
Other	16%	-	-
Small value	-	20%	-
Large blend	-	23%	-
Mid cap blend	-	20%	-
Europe stock	-	12%	-
Diversified emerging markets	-	10%	-
Government securities	-	-	13%
Short-term investments	-	-	79%
Preferred stock nonconvertible bonds	-	-	8%
Investments at Fair Value	<u>100%</u>	<u>100%</u>	<u>100%</u>

The cost basis of the Organization's board-designated, care grant and comprehensive campaign investments are \$230,655, \$395,691 and \$299,812, respectively, at December 31, 2015, and \$260,171, \$275,767, and \$-0-, respectively, at December 31, 2014.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - FIXED ASSETS:

Fixed assets are comprised of the following:

	December 31,	
	2015	2014
Land	\$ 2,059,000	\$ 2,059,000
Building	5,006,582	5,003,867
Furniture and fixtures	268,788	239,905
Equipment	247,454	244,784
Vehicles	53,947	53,947
Logos and signs	26,587	26,587
	<u>7,662,358</u>	<u>7,628,090</u>
Less: Accumulated depreciation	(1,905,173)	(1,751,565)
Fixed Assets, Net	<u>\$ 5,757,185</u>	<u>\$ 5,876,525</u>

NOTE 5 - LINES OF CREDIT:

The Organization had a line of credit with a commercial bank, which was to expire on July 11, 2017. It was repaid to the bank on June 29, 2015. The total amount available under this line was \$200,000. Interest was variable and was set at 1.25% above prime rate (3.25% at December 31, 2014 and through pay-off) for a total current rate of 4.50%.

On June 25, 2015, the Organization obtained a line of credit with another commercial bank, expiring on July 1, 2018. The total amount available under this line is \$300,000. Interest is variable and is set at 1.50% above prime rate (3.25% at December 31, 2015 and 2014) for a total current rate of 4.75%.

The amounts outstanding on these lines of credit are \$300,000 and \$200,000 at December 31, 2015 and 2014, respectively.

NOTE 6 - NOTE PAYABLE:

The Organization has a note payable in 60 monthly payments of \$396, including interest at 4.99%, due March 2017, collateralized by a vehicle, with a net book value of \$6,058 as of December 31, 2015. The outstanding balance on this note was \$5,753 and \$10,100 at December 31, 2015 and 2014, respectively.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 6 - NOTE PAYABLE: (Continued)

Future principal payments are as follows:

<u>Year Ended December 31,</u>	
2016	\$ 4,573
2017	1,180
	<u>\$ 5,753</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES:

Leases:

The Organization has an operating lease for the Resale Shop in Summit, New Jersey which expires on February 28, 2017. The lease calls for an increase in monthly rent to include escalation tied to the increase in the consumer price index, taxes and insurance. Rent expense for the years ended December 31, 2015 and 2014, was \$37,255 and \$36,579, respectively. The Organization has an operating lease for copy machines located at their Broad Street location. The agreement expires in December 2020.

The Organization is obligated for future minimum lease payments as follows:

<u>Year Ended December 31,</u>	
2016	\$ 44,400
2017	12,701
2018	6,336
2019	6,336
2020	528
	<u>\$ 70,301</u>

Employment Agreement:

The Organization entered into an employment agreement with the Executive Director effective February 4, 2015, which renewed annually. The Agreement provided for a base annual salary and among other items, employee benefits; discretionary bonus; and reasonable out-of-pocket expenses.

The agreement was mutually terminated on August 15, 2016 by the parties. The Separation Agreement provided for certain benefits. The Organization will charge approximately \$28,750 to management and general expenses during 2016 related to the termination of such agreement.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 8 - NET ASSETS:

Board-Designated:

The Board-Designated Fund is designated to support new or unanticipated opportunities for the benefit of the Organization, subject to Board approval. It is funded by earnings from both Board-designated funds and by unrestricted donor gifts. At December 31, 2015 and 2014, the balance of this fund is \$230,261 and \$297,202, respectively, which is included in cash and cash equivalents and investments on the accompanying statements of financial position.

Care Grant Fund:

On November 9, 2006, the Organization received the transfer of assets from the Convalescent Fund Committee of Summit, New Jersey. Upon receipt of the assets, the assets were placed into a board restricted fund to be invested for the benefit of the Organization in a manner consistent with the Organization's investment policy set by the Board of Trustees. Each year, with the Board of Trustees' approval, 7% of the Care Grant Fund will be transferred to fund operations. At December 31, 2015 and 2014, the balance of this fund is \$499,421 and \$541,232, respectively, which is included in cash and cash equivalents and investments on the accompanying statements of financial position.

Comprehensive Campaign:

Management opened a comprehensive campaign account to maintain funds received for this multi-year campaign. At December 31, 2015, the balance of this fund is \$299,235, which is included in cash and cash equivalents and investments on the accompanying statements of financial position.

NOTE 9 - EMPLOYEE BENEFIT PLANS:

The Organization maintains a 403(b) plan. Eligible employees may elect to contribute a percentage of annual compensation not to exceed 20% up to a maximum amount of \$18,000 and \$17,500 in 2015 and 2014, respectively. The Organization contributes an amount equal to 1% of the employee's annual salary and matches contributions up to 1% of salary. The Organization's contributions for the years ended December 31, 2015 and 2014, were \$10,144 and \$14,927, respectively.

NOTE 10 - TAX RETURNS:

At December 31, 2015, all required tax returns have been filed.

SAGE ELDERCARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 11 - COMPREHENSIVE CAMPAIGN:

The Organization began a multi-year comprehensive campaign in Fall 2014. For the years ended December 31, 2015 and 2014, the Organization received approximately \$352,000 and \$25,000, respectively, which is included in public support and contributions in the accompanying statements of activities and changes in net assets.

NOTE 12 - CONCENTRATIONS OF RISK:

The Organization maintains balances at several financial institutions. From time to time, the Organization maintains cash balances which may exceed the federally insured limit.

SAGE ELDERCARE
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

State Grant or Program Title	Grant Number	Grant Amount	Grant Period	Current Year Disbursements/ Expenditures
New Jersey State Department of Human Services				
Passed through Union County Department of Human Services				
State Health Insurance Assistance Program (S.H.I.P.)	14-SHI-100	\$ 31,500	04/01/14 - 03/31/15	\$ 18,206
State Health Insurance Assistance Program (S.H.I.P.)	15-SHI-100	34,000	04/01/15 - 03/31/16	25,497
Total State Assistance				\$ 43,703

See independent auditors' report and notes to the schedule of expenditures of state awards.

SAGE ELDERCARE
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE
AWARDS
YEAR ENDED DECEMBER 31, 2015

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of state awards includes the state grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2015, the Organization did not provide any funds relating to their state program to subrecipients.

NOTE 3 - INDIRECT COSTS:

During the year ended December 31, 2015, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to its state program.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2015, the Organization had no loan or loan guarantee program.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
SAGE Eldercare
Summit, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of SAGE Eldercare (“Organization”), a nonprofit organization, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated September 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Certified Public Accountants

Livingston, New Jersey
September 15, 2016

SAGE ELDERCARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

I. Summary of Auditors' Results:

Financial Statements

The auditors' report issued on the financial statements of SAGE Eldercare was an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No

- Significant deficiencies identified that
are not considered to be material
weaknesses? _____ Yes X No

- Noncompliance material to financial
statements noted? _____ Yes X No

II. Findings – Financial Statement Audit:

NONE

III. Findings and Questioned Costs - State Awards:

NONE

IV. Prior Audit Findings:

NONE