

**SAGE ELDERCARE**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2014 AND 2013**



## **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"), which comprise the statements of financial position as of December 31, 2014 and 2013, 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, 2014 and 2013, 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 04-04 Compliance Supplement, is presented on page 22 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 June 8, 2015, 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.

*Sobel & Co., LLC*

Certified Public Accountants

Livingston, New Jersey  
June 8, 2015

**SAGE ELDERCARE**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 332,159	\$ 148,291
Investments	760,352	796,395
Accounts receivable - program services, net of allowance for doubtful accounts of \$72,802 in 2014 and \$39,415 in 2013	225,953	278,125
Grants receivable	47,575	99,671
Contributions receivable	18,356	16,092
Prepaid expenses	11,168	13,510
Property and equipment, net	5,876,525	6,015,235
<b>Total Assets</b>	<b>\$ 7,272,088</b>	<b>\$ 7,367,319</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 196,575	\$ 238,847
Line of credit	200,000	125,000
Note payable	10,100	14,234
<b>Total Liabilities</b>	<b>406,675</b>	<b>378,081</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS:</b>		
<b>Unrestricted:</b>		
Board-designated	297,202	309,886
Care grant fund account	541,232	549,228
Unrestricted - operating	6,026,979	6,130,124
<b>Total Net Assets</b>	<b>6,865,413</b>	<b>6,989,238</b>
	<b>\$ 7,272,088</b>	<b>\$ 7,367,319</b>

**SAGE ELDERCARE**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	<b>Year Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>SUPPORT AND REVENUE:</b>		
Support:		
Public support and contributions	\$ 441,409	\$ 346,396
Planned gifts	64,958	60,000
Grants	348,654	258,966
United Way	9,867	26,807
Special events	41,170	62,756
Total Support	<u>906,058</u>	<u>754,925</u>
Revenue:		
Program fees	2,700,866	2,817,004
Resale shop and workshop	372,901	348,525
Interest and dividend income	13,255	17,336
Realized gain on investments	68,069	14,177
Unrealized (loss) gain on investments	(23,528)	91,865
Other revenue	390	2,020
Total Revenue	<u>3,131,953</u>	<u>3,290,927</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>4,038,011</u>	<u>4,045,852</u>
<b>EXPENSES:</b>		
Program services	3,291,619	3,410,801
General and administrative	208,816	211,271
Fundraising and development	290,928	302,762
Resale shop and workshop	217,089	211,891
Expenses Before Depreciation	<u>4,008,452</u>	<u>4,136,725</u>
<b>CHANGES IN NET ASSETS BEFORE DEPRECIATION</b>	29,559	(90,873)
<b>DEPRECIATION</b>	<u>(153,384)</u>	<u>(150,921)</u>
<b>CHANGES IN NET ASSETS</b>	(123,825)	(241,794)
<b>NET ASSETS - UNRESTRICTED</b>		
Beginning of year	<u>6,989,238</u>	<u>7,231,032</u>
End of year	<u>\$ 6,865,413</u>	<u>\$ 6,989,238</u>

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

**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**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising and Development</b>	<b>Resale Shop and Workshop</b>	<b>Total</b>
Compensation	\$ 2,397,949	\$ 92,972	\$ 184,767	\$ 105,589	\$ 2,781,277
Payroll taxes	319,483	8,639	19,390	14,416	361,928
Employee benefits	113,457	6,239	11,482	5,683	136,861
Professional fees	146,040	51,228	24,602	7,930	229,800
Maintenance, repairs and equipment rentals	91,018	21,035	10,630	4,516	127,199
Transportation services	100,920	-	-	8,580	109,500
Occupancy	29,277	9,595	2,808	47,848	89,528
Supplies	57,350	4,026	1,874	7,138	70,388
Insurance	41,609	6,151	3,072	4,076	54,908
Printing	3,371	549	22,978	1,655	28,553
Advertising	37,468	-	-	-	37,468
Care grant fund subsidy	5,553	-	-	-	5,553
Telephone	13,496	1,239	1,033	1,613	17,381
Postage	4,938	360	11,318	46	16,662
Dues	7,457	2,285	325	-	10,067
Professional education	3,654	491	5,321	-	9,466
Auto expense	5,942	-	-	-	5,942
Travel and parking	8,513	719	-	2,801	12,033
Interest	829	4,762	-	-	5,591
Bad debt expense	22,477	-	-	-	22,477
Donor development	-	80	3,162	-	3,242
Taxes	-	901	-	-	901
Expenses before depreciation	3,410,801	211,271	302,762	211,891	4,136,725
Depreciation	83,790	33,560	8,393	25,178	150,921
<b>Total Expenses</b>	<b>\$ 3,494,591</b>	<b>\$ 244,831</b>	<b>\$ 311,155</b>	<b>\$ 237,069</b>	<b>\$ 4,287,646</b>

**SAGE ELDERCARE**  
**STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2014	2013
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (123,825)	\$ (241,794)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	153,384	150,921
Bad debt expense	33,387	22,477
Investments (gain) loss:		
Realized	(68,069)	(14,177)
Unrealized	23,528	(91,865)
Changes in certain assets and liabilities:		
Accounts receivable - program services	18,785	(77,747)
Grants receivable	52,096	(22,870)
Contributions receivable	(2,264)	97,247
Prepaid expenses	2,342	(847)
Accounts payable and accrued expenses	(42,272)	57,963
Deferred revenue	-	(56,990)
Net Cash Provided by (Used for) Operating Activities	<u>47,092</u>	<u>(177,682)</u>
<u>INVESTING ACTIVITIES:</u>		
Payments for purchase of property and equipment	(14,674)	(25,671)
Sale of investments	713,884	457,859
Purchase of investments	(633,300)	(287,727)
Net Cash Provided by Investing Activities	<u>65,910</u>	<u>144,461</u>
<u>FINANCING ACTIVITIES:</u>		
Proceeds from line of credit	275,000	245,000
Payments on lines of credit	(200,000)	(200,000)
Payments on note payable	(4,134)	(3,937)
Net Cash Provided by Financing Activities	<u>70,866</u>	<u>41,063</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>183,868</b>	<b>7,842</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>148,291</u>	<u>140,449</u>
End of year	<u>\$ 332,159</u>	<u>\$ 148,291</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>		
Cash paid during the year for interest	<u>\$ 8,521</u>	<u>\$ 5,591</u>

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



**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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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.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***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, 2014 AND 2013**

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

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***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 \$9,173 and \$7,768 as of December 31, 2014 and 2013, 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 are 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, 2014 AND 2013**

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

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***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, 2014 and 2013, 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, 2014 and 2013. 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.

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

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***Deferred Revenue:***

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

***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.

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

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***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, 2014 and 2013. The tax years subject to audit by federal and state jurisdictions are the years ended December 31, 2011, and forward. At December 31, 2014 and 2013, there are no significant income tax uncertainties.

***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, 2014 through June 8, 2015, the date that the financial statements were available to be issued.

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 3 - INVESTMENTS:**

**FAIR VALUE MEASUREMENTS**  
**AS OF DECEMBER 31, 2014**

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
<b>Board-Designated:</b>				
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	<u>195,576</u>	<u>86,238</u>	<u>-</u>	<u>281,814</u>
<b>Care Grant Fund:</b>				
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	<u>444,146</u>	<u>34,392</u>	<u>-</u>	<u>478,538</u>
<b>Total Investments at Fair Value</b>	<u>\$639,722</u>	<u>\$120,630</u>	<u>\$ -</u>	<u>\$760,352</u>

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**NOTE 3 - INVESTMENTS: (Continued)**

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

**Board-Designated:**

	<b>Equities</b>	<b>Mutual Funds</b>	<b>Fixed Income</b>
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%
Investments at Fair Value	<u>100%</u>	<u>100%</u>	<u>100%</u>

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**NOTE 3 - INVESTMENTS: (Continued)**

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**Care Grant Fund:**

	<b>Equities</b>	<b>Mutual Funds</b>	<b>Fixed Income</b>
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%
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Investments at Fair Value	100%	100%	100%



**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 3 - INVESTMENTS: (Continued)**

**FAIR VALUE MEASUREMENTS**  
**AS OF DECEMBER 31, 2013**

	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
<b>Board-Designated:</b>				
Equity securities	\$ 98,136	\$ -	\$ -	\$ 98,136
Equity mutual funds	40,392	-	-	40,392
Fixed income - mutual funds	11,207	-	-	11,207
Fixed income - government securities	-	25,290	-	25,290
Fixed income - corporate bonds	-	52,294	-	52,294
Preferred stocks nonconvertible	-	30,429	-	30,429
Investments at Fair Value	149,735	108,013	-	257,748
<b>Care Grant Fund:</b>				
Equity securities	276,897	-	-	276,897
Equity mutual funds	85,831	-	-	85,831
Fixed income - mutual funds	59,504	-	-	59,504
Fixed income - government securities	-	45,731	-	45,731
Fixed income - corporate bonds	-	45,841	-	45,841
Preferred stocks nonconvertible	-	24,843	-	24,843
Investments at Fair Value	422,232	116,415	-	538,647
<b>Total Investments at Fair Value</b>	<b>\$571,967</b>	<b>\$224,428</b>	<b>\$ -</b>	<b>\$796,395</b>

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**NOTE 3 - INVESTMENTS: (Continued)**

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The following schedule summarizes investments by strategy or industry as of December 31, 2013:

**Board-Designated:**

	<b>Equities</b>	<b>Mutual Funds</b>	<b>Fixed Income</b>
Technology	20%	-	-
Industrials	16%	-	-
Consumer staples	10%	-	-
Energy	12%	-	-
Financials	15%	-	-
Consumer discretionary	11%	-	-
Healthcare	7%	8%	-
Other	9%	-	-
Small value	-	15%	-
Large blend	-	11%	-
Mid cap blend	-	39%	-
Diversified emerging markets	-	27%	-
A-rated corporate bonds	-	-	44%
Government securities	-	-	21%
Short-term investments	-	-	9%
Preferred stock nonconvertible bonds	-	-	26%
Investments at Fair Value	<u>100%</u>	<u>100%</u>	<u>100%</u>

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 3 - INVESTMENTS: (Continued)**

**Care Grant Fund:**

	<b>Equities</b>	<b>Mutual Funds</b>	<b>Fixed Income</b>
Technology	17%	-	-
Industrials	12%	-	-
Consumer staples	11%	-	-
Energy	11%	-	-
Financials	16%	-	-
Consumer discretionary	12%	-	-
Healthcare	11%	13%	-
Other	10%	-	-
Small value	-	23%	-
Large blend	-	32%	-
Mid cap blend	-	21%	-
Diversified emerging markets	-	11%	-
A rated corporate bonds	-	-	30%
Government securities	-	-	30%
Short-term investments	-	-	40%
Investments at Fair Value	100%	100%	100%

The cost basis of the Organization's board-designated and care grant fund investments are \$260,171 and \$275,767, respectively, at December 31, 2014, and \$421,350 and \$356,111, respectively, at December 31, 2013.

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**NOTE 4 - FIXED ASSETS:**

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Fixed assets are comprised of the following:

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
Land	\$ 2,059,000	\$ 2,059,000
Building	5,003,867	5,003,867
Furniture and fixtures	239,905	237,833
Equipment	244,784	232,182
Vehicles	53,947	53,947
Logos and signs	26,587	26,587
	<u>7,628,090</u>	<u>7,613,416</u>
Less: Accumulated depreciation	(1,751,565)	(1,598,181)
Fixed Assets, Net	<u>\$ 5,876,525</u>	<u>\$ 6,015,235</u>

**NOTE 5 - LINE OF CREDIT:**

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The Organization had a line of credit with a commercial bank that expired on June 21, 2014, and was repaid to the bank. The total amount available under this line was \$200,000, of which \$125,000 was outstanding at December 31, 2013. Interest on this line was fixed at 4% at December 31, 2013.

The Organization obtained a line of credit with another commercial bank, expiring on July 11, 2017. The total amount available under this line is \$200,000. Interest is variable and is set at 1.25% above prime rate (3.25% at December 31, 2014) for a total current rate of 4.5%.

**NOTE 6 - NOTE PAYABLE:**

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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 \$14,713 as of December 31, 2014. The outstanding balance on this note was \$10,100 and \$14,234 at December 31, 2014 and 2013, respectively.

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**NOTE 6 - NOTE PAYABLE: (Continued)**

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Future principal payments are as follows:

<u>Year Ended December 31,</u>	
2015	\$ 4,351
2016	4,573
2017	<u>1,176</u>
	<u>\$10,100</u>

**NOTE 7 - LEASE OBLIGATIONS:**

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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, 2014 and 2013 was \$36,579 and \$35,775, respectively. The Organization has an operating lease for copy machines located at their Broad Street location. The agreement expires in December of 2015.

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

<u>Year Ended December 31,</u>	
2015	\$ 43,529
2016	38,064
2017	<u>6,365</u>
	<u>\$ 87,958</u>

**NOTE 8 - NET ASSETS:**

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***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, 2014 and 2013, the balance of this fund is \$297,202 and \$309,886, respectively, which is included in cash and cash equivalents and investments on the statements of financial position.

**SAGE ELDERCARE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**NOTE 8 - NET ASSETS (Continued):**

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***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, 4% to 7% of the Care Grant Fund will be transferred to fund operations. At December 31, 2014 and 2013, the balance of this fund is \$541,232 and \$549,228, respectively, which is included in cash and cash equivalents and investments on the statements of financial position.

**NOTE 9 - EMPLOYEE BENEFIT PLANS:**

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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 \$17,500 in 2014 and 2013. 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, 2014 and 2013, were \$14,927 and \$16,172, respectively.

**NOTE 10 - TAX RETURNS:**

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At December 31, 2014, all required tax returns have been filed.

**NOTE 11 - COMPREHENSIVE CAMPAIGN:**

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The Organization began a multi-year comprehensive campaign in fall 2014. As of December 31, 2014, the Organization has received \$25,000, which is included in public support and contributions in the accompanying statements of activities and changes in net assets.

**NOTE 12 - CONCENTRATIONS OF RISK:**

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