

**San Antonio for Growth
on the Eastside, Inc.**

**Financial Statements
and Supplementary Information**

December 31, 2021



San Antonio for Growth on the Eastside, Inc.

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Independent Auditor's Report

To the Board of Directors of
San Antonio for Growth on the Eastside, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of San Antonio for Growth on the Eastside, Inc. (SAGE) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio for Growth on the Eastside, Inc. as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAGE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in **Note L**, the financial statements for the year ended December 31, 2021 include a prior period adjustment with an increase to net assets as of December 31, 2020.

Responsibility of Management 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; 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, which raise substantial doubt about SAGE's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards will always detect

Independent Auditor's Report (Continued)

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, including omissions, 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 generally accepted auditing standards, 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, which 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Disbursements by Budgeting Cost Category – City of San Antonio Incentive Funds is presented 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.



Schraver, Carmona & Company, PLLC

San Antonio, Texas

May 30, 2024

Financial Statements

San Antonio for Growth on the Eastside, Inc.

Statement of Financial Position December 31, 2021

Assets

Current Assets:

Cash and Cash Equivalents	\$	438,685
Cash - Restricted		318,852
Accounts Receivable		113,365
Grants Receivable		95,407
Prepaid Expenses and Other Assets		<u>1,838</u>

Total Current Assets 968,147

Equity Investments		338,998
Property and Equipment, Net of Accumulated Depreciation		<u>14,946</u>

Total Assets \$ 1,322,091

Liabilities and Net Assets

Current Liabilities:

Accounts Payable	\$	2,341
Accrued Liabilities		6,413
Deferred Revenue		<u>318,852</u>

Total Current Liabilities 327,606

Total Liabilities 327,606

Net Assets:

Without Donor Restrictions		553,346
With Donor Restrictions		<u>441,139</u>

Total Net Assets 994,485

Total Liabilities and Net Assets \$ 1,322,091

The Accompanying Notes are an Integral Part of These Financial Statements.

San Antonio for Growth on the Eastside, Inc.

Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
<i>Support:</i>			
Grants - Local Government	\$ 423,434	\$ -	\$ 423,434
Foundation and Other Grants	421,399	-	421,399
Corporate Contributions	45,356	-	45,356
PPP Loan Forgiveness	102,400	-	102,400
Special Events, net of expenses of \$37,994	82,936	-	82,936
<i>Revenues:</i>			
Investment Income	586	-	586
Other Income	1,242	-	1,242
Net Assets Released from Restrictions	228,540	(228,540)	-
Total Support and Revenues	<u>1,305,893</u>	<u>(228,540)</u>	<u>1,077,353</u>
Expenses			
<i>Program Services:</i>			
Financial Assistance	446,189	-	446,189
<i>Support Services:</i>			
Management and General	302,374	-	302,374
Fundraising	93,643	-	93,643
Total Expenses	<u>842,206</u>	<u>-</u>	<u>842,206</u>
Change in Net Assets	<u>463,687</u>	<u>(228,540)</u>	<u>235,147</u>
Net Assets at Beginning of Year	103,032	462,870	565,902
Prior Period Adjustment	(13,373)	206,809	193,436
Net Assets at Beginning of Year, Restated	<u>89,659</u>	<u>669,679</u>	<u>759,338</u>
Net Assets at End of Year	<u>\$ 553,346</u>	<u>\$ 441,139</u>	<u>\$ 994,485</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

San Antonio for Growth on the Eastside, Inc.

Statement of Functional Expenses
Year Ended December 31, 2021

	Support Services				Totals
	Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 279,745	\$ 197,467	\$ 71,308	\$ 268,775	\$ 548,520
Payroll Taxes	20,263	14,994	5,268	20,262	40,525
Employee Benefits	15,927	14,188	4,511	18,699	34,626
Total Salaries and Related Expenses	<u>315,935</u>	<u>226,649</u>	<u>81,087</u>	<u>307,736</u>	<u>623,671</u>
Other Operating Expenses:					
Grants and Other Assistance	44,951	-	-	-	44,951
Professional Fees	11,423	22,146	7,750	29,896	41,319
Information Technology	25,063	6,390	1,068	7,458	32,521
Rent and Building Occupancy	16,895	10,872	-	10,872	27,767
Office Expense	13,164	8,871	1,707	10,578	23,742
Advertising and Promotion	9,337	8,886	739	9,625	18,962
Conferences, Conventions and Meetings	627	8,256	597	8,853	9,480
Membership	950	3,764	-	3,764	4,714
Insurance	2,322	1,684	337	2,021	4,343
Staff Training and Development	303	2,819	-	2,819	3,122
Permits and Fees	2,300	-	-	-	2,300
Travel	850	536	58	594	1,444
Total Other Operating Expenses	<u>128,185</u>	<u>74,224</u>	<u>12,256</u>	<u>86,480</u>	<u>214,665</u>
Total Expenses Before Depreciation	444,120	300,873	93,343	394,216	838,336
Depreciation	<u>2,069</u>	<u>1,501</u>	<u>300</u>	<u>1,801</u>	<u>3,870</u>
Total Expenses	<u>\$ 446,189</u>	<u>\$ 302,374</u>	<u>\$ 93,643</u>	<u>\$ 396,017</u>	<u>\$ 842,206</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

San Antonio for Growth on the Eastside, Inc.

Statement of Cash Flows Year Ended December 31, 2021

Cash Flows From Operating Activities:

Change in Net Assets	\$	235,147
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		3,870
Paycheck Protection Program Loan Forgiveness		(102,400)
(Increase) Decrease in:		
Accounts Receivable		122,828
Grants Receivable		8,722
Prepaid Expenses and Other Assets		1,173
Increase (Decrease) in:		
Accounts Payable		(81,257)
Accrued Liabilities		(291)
Deferred Revenue		44,458
Accrued Interest on Paycheck Protection Program Loan		(727)
Net Cash Provided by Operating Activities		<u>231,523</u>
Net Increase in Cash and Cash Equivalents		231,523
Cash and Cash Equivalents, Beginning of Year, restated		<u>526,014</u>
Cash and Cash Equivalents, End of Year	\$	<u>757,537</u>

Supplemental Disclosures:

Interest Paid	\$	<u>269</u>
<u>Non-cash financing activities:</u>		
Forgiven Paycheck Protection Program Loan	\$	<u>102,400</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note A: Nature of Organization

San Antonio for Growth on the Eastside, Inc. (SAGE) is a non-profit organization which exists to promote, renew, and empower the economic and cultural vitality of San Antonio's Eastside. This is accomplished through an inclusive and trusted process designed to achieve a common purpose of sustainable economic prosperity, safety, and enjoyment for its residents, businesses and visitors while making a difference for San Antonio as a whole.

SAGE's mission is to champion investments that improve the quality of life for individuals, families, neighborhoods, and businesses on San Antonio's Eastside. The vision of SAGE is to be a multi-faceted community development organization that is the go-to-agency for Eastside revitalization. SAGE envisions the Eastside as a flourishing and sustainable community, with diverse and engaged neighborhoods, and vibrant, exciting destinations with "swag." SAGE's four principles are (1) advocate for efficient, sustainable growth for San Antonio's Eastside, (2) advance small business development, (3) maintain and promote the area's history and culture, and (4) provide innovative, progressive solutions to Eastside challenges.

SAGE is funded primarily from corporate contributions and economic development grants from the City of San Antonio.

SAGE's programs and services include:

- Store Front Program -- The SAGE Store Front Grant Program offers qualified businesses one-to-one matching grants of up to \$10,000 for business property owners to make facility improvements such as door and window replacement, painting, signage, lighting, parking lot repairs, and other exterior renovations. SAGE funded fourteen Store Front grants in 2021 totaling \$44,951. Since 2010, SAGE has awarded 136 store-front grants valued at over \$1.4 million.
- Sustainability – In 2014 the City of San Antonio named SAGE the Collective Impact Coordinator for activities in the Eastside Promise Zone (EPZ) during the ten-year EPZ designation period that ends in 2024. The work is driven by a written collective impact model and sustainability plan in which SAGE acts as coordinator and connector among city agencies, non-profit organizations, and local businesses/corporations engaged in the EPZ to further enhance and sustain economic development and community reinvestment efforts. The five key areas of responsibility include:
 - Cataloging investments and communicating impact
 - Community engagement
 - Capacity-building for community-based organizations
 - Neighborhood marketing, and
 - Sustainability/rescue development.

SAGE also houses and manages an AmeriCorps VISTA program, allowing VISTAs to volunteer and serve in an office setting to address community challenges and help combat poverty in underserved communities.

- SAGE Equity Fund – Through a \$740,998 grant received from the US Department of Health and Human Services' Community Economic Development program in 2014, SAGE made minor equity investments in three Eastside businesses to incentivize investment in the Eastside and serve as a job creation engine for low-income residents. SAGE continues to own a small stake in two of the businesses; the third business purchased SAGE's investment in 2016 based upon predetermined buyback terms. For additional information, refer to **Note I**.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note A: Nature of Organization (Continued)

SAGE Back Office – The SAGE Back Office program provides basic accounting and other management consulting services to local non-profit organizations and Eastside small businesses. The program seeks to:

- promote growth and sustainability by identifying and addressing client business's internal needs. In 2021, SAGE staff dedicated over 500 hours to support 88 small businesses and nonprofits.
- Community Engagement and Public Awareness – Every year SAGE hosts HalloEast, an event that provides a safe space for children and their families to trick-or-treat on the Eastside and to meet with various local organizations that provide community programming and resources. During the pandemic, the program helped connect struggling families with multiple financial assistance and service organizations. HalloEast also partners with the Food Bank to help address residents' food instability needs.

SAGE launched a streamlined and user-friendly website to promote direct engagement with more than 6,000 community members at community events and town hall meetings and increased its newsletter subscribership and social media engagement to over 5,800 readers. SAGE periodically publishes Impact Reports that highlight the work of businesses and institutions serving the Eastside community.

Note B: Summary of Accounting Principles

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of SAGE generally are not considered “restricted” under GAAP, though for internal reporting SAGE tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than SAGE's mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Methods Used for Allocation of Expenses among Program and Support Services

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. Expenses which can be directly identified with specific programs are allocated to those programs. Any expenses not directly chargeable are allocated to programs and supporting service classifications on the basis of management estimates. For example, expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as utilities, rent, supplies, and various other expenses which are allocated on the basis of employee usage or some other reasonable basis.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note B: Summary of Accounting Principles (Continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent 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.

Cash and Cash Equivalents

For purposes of reporting cash flows, SAGE considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of grant funds advanced by the City of San Antonio for use in SAGE's Storefront and Promise Zone Sustainability programs. These funds are included in Cash – Restricted and in Deferred Revenue in the Statement of Financial Position.

Accounts Receivable

Receivables are carried at the original invoice amount, less an allowance made for impairment of these receivables. All receivables are individually analyzed for purposes of determining collectability. At December 31, 2021, no allowance was determined as all receivables are considered fully collectible.

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, defines fair value, establishes a three level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- *Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that SAGE has the ability to access.
- *Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- *Level 3* - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

Fair Value of Financial Instruments

SAGE's financial instruments include cash and cash equivalents, receivables, and payables. The carrying amount of these financial instruments as reflected in the Statements of Financial Position approximates fair value.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note B: Summary of Accounting Principles (Continued)

Property and Equipment

SAGE capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

In-Kind Contributions

Donated facilities, goods, and professional services are valued based on their estimated fair market value on the date of contribution.

Revenue and Revenue Recognition

Conditional contributions or grants that include both a barrier and right of return are recognized as revenue when the condition or conditions on which they depend are substantially met and the conditional promise becomes unconditional.

SAGE recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. SAGE reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

SAGE records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Federal Income Taxes

SAGE is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Contributions to SAGE are deductible to the extent allowed by law. Management of SAGE believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. In addition, SAGE has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) for the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2021. SAGE is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Recently Issued Accounting Pronouncements

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management of the organization expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note B: Summary of Accounting Principles (Continued)

Recently Issued Accounting Pronouncements (Continued)

Future Adoption (Continued)

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management of the organization expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the year ended December 31, 2021 were \$8,477.

Note C: Liquidity and Availability

The following represents SAGE's financial assets at December 31, 2021 available to meet general expenditures over the next twelve months:

Financial assets at year end	
Cash and cash equivalents	\$ 438,685
Cash - Restricted	318,852
Grants and Accounts Receivable	<u>208,772</u>
Total financial assets	\$ <u>966,309</u>
Less those unavailable for general expenditures within one year, due to:	
Net Assets with Donor Restrictions	441,139
Less net assets with timing restrictions to be over the next twelve months	<u>-</u>
	<u>441,139</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>525,170</u></u>

SAGE regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. SAGE has various resources of liquidity at its disposal, including cash and receivables. In addition to the financial assets available to meet general expenditures within one year, SAGE operates a balanced budget and anticipates earned revenues and annual support contributions are sufficient to cover general expenditures not provided by other donor restricted sources.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note D: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation consisted of the following at December 31, 2021:

Furniture, Equipment, and Software	\$	48,975
Total Property and Equipment		<u>48,975</u>
Less: Accumulated Depreciation		<u>(34,029)</u>
Property and Equipment, Net of Accumulated Depreciation	\$	<u>14,946</u>

Depreciation expense for the year ended December 31, 2021 was \$3,870.

Note E: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions consisted of the following at December 31, 2021:

Restricted by Purpose		
SAGE Equity Fund	\$	<u>441,139</u>
Total Net Assets With Donor Restrictions	\$	<u>441,139</u>

Note F: Lease

In July 2020, SAGE renewed the lease agreement for office space with VIA Metropolitan Transit with an effective date of August 1, 2020 and expiring on January 31, 2021. In January 2021, SAGE renewed the lease agreement on a month-to-month basis beginning February 1, 2021. Lease expense for the year ended December 31, 2021 was \$14,400.

Note G: Concentrations

Credit Risk of Financial Instruments

Financial instruments which potentially subject SAGE to a concentration of credit risk consist of its cash balances held at its financial institution. SAGE maintains four bank accounts at one institution in San Antonio, Texas. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021, SAGE's cash balance at its financial institution exceeded the insured FDIC limit by \$505,774. SAGE has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

Support and Revenue and Receivables

SAGE receives a significant amount of funding from the City of San Antonio for general operations, Financial Assistance program, and Sustainability program to promote, renew, and empower the economic and cultural vitality of San Antonio's Eastside. SAGE received approximately 39% of total support and revenues from the City of San Antonio, creating a concentration for the year ended December 31, 2021. The loss of funding from this grantor could reduce SAGE's ability to achieve its objectives. Management does not expect any reductions in this funding in the foreseeable future.

Note H: Related Parties

As detailed in **Note F**, SAGE leases office space with VIA Metropolitan Transit. The current President and CEO of VIA Metropolitan Transit serves on the SAGE Board of Directors.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note I: Equity Investments

In September 2014, SAGE received a \$740,998 grant from the U.S. Department of Health and Human Services' Community Economic Development (CED) Program. The purpose of the grant was to improve the quality of the economic and social environment for low-income residents by providing resources to local businesses to create employment opportunities for low-income individuals. In 2015, SAGE used CED grant funds to make capital contributions to three companies in exchange for an ownership (equity) interest. Four years after SAGE's initial investment the companies may buy back SAGE's equity interest using the same methodology that was used to determine the pre-equity investment value. Equity investments are measured at cost since the fair value is not readily determinable.

Capital Contribution consisted of the following at December 31, 2021:

	<u>Ownership Percentage</u>	<u>Capital Contribution</u>
MEDwheels, Inc.	4.9%	\$ 50,000
Chelsea's Catering and Bar Service, LLC	2.9%	<u>288,998</u>
Total Equity Investments		<u>\$ 338,998</u>

During 2016, Indatatech, Inc. purchased SAGE's 2% equity ownership back for the original amount plus interest and a percentage of the current year growth. The amount totaled \$102,141. There was no change in ownership percentage during the year ended December 31, 2021.

Note J: Risk and Uncertainty

Current Economic Conditions

Certain current economic events have arisen which could impact SAGE's ongoing operations. The effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital and labor. Any related financial impact cannot be reasonably estimated at this time.

Note K: Paycheck Protection Program Loan

On April 17, 2020, SAGE received loan proceeds in the amount of \$102,400 from Frost Bank under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the businesses' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. SAGE used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period.

SAGE submitted an Small Business Association (SBA) PPP loan forgiveness application for the full \$102,400 loan plus related interest in March 2021. The SBA approved the application and on April 6, 2021, Frost Bank notified SAGE that the PPP loan had been paid in full.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
December 31, 2021

Note L: Prior Period Adjustment

During 2021, additional information was obtained, and SAGE performed a cleanup of various accounts; the majority related to reconciliation of government contract revenues. The impact to net assets was an increase of \$193,436 as of December 31, 2020.

Note M: Subsequent Events

Subsequent events have been evaluated through May 30, 2024, which is the date the financial statements were available to be issued.

Supplementary Information

San Antonio for Growth on the Eastside, Inc.

Schedule of Receipts and Disbursements by Budgeting Cost Category
City of San Antonio Incentive Funds
Year Ended December 31, 2021

	Budget	Actual	Variance
Incentive Funds Balance at Beginning of Year	\$ (100,000)	\$ (104,129)	\$ (4,129)
Revenues			
Center City Incentive Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Funds Available For Use	<u>-</u>	<u>(4,129)</u>	<u>(4,129)</u>
Disbursements			
Grants	<u>26,611</u>	<u>26,611</u>	<u>-</u>
Total Disbursements	<u>\$ 26,611</u>	<u>26,611</u>	<u>\$ -</u>
Incentive Funds Balance at End of Year		<u>\$ (30,740)</u>	

See Independent Auditor's Report.