

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

**Financial Statements
and Supplementary Information**

December 31, 2023 and 2022



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.

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, 2023 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 SAGE as of December 31, 2023 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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.

Independent Auditor's Report (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SAGE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SAGE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited SAGE's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended Decemberr 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

February 13, 2025

Financial Statements

San Antonio for Growth on the Eastside, Inc.

Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 55,077	\$ 64,259
Cash - Restricted	45,459	126,080
Accounts Receivable	68,689	22,500
Grants Receivable	30,237	28,500
Prepaid Expenses and Other Assets	<u>6,898</u>	<u>27,284</u>
Total Current Assets	206,360	268,623
Equity Investments	338,998	338,998
Property and Equipment, Net of Accumulated Depreciation	7,206	11,076
Right-of-Use Asset, Operating Lease	<u>103,995</u>	<u>-</u>
Total Assets	\$ <u>656,559</u>	\$ <u>618,697</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 7,408	\$ 55,528
Accrued Liabilities	3,420	1,811
Deferred Revenue	45,459	126,080
Operating Lease Liability, Current Portion	<u>34,136</u>	<u>-</u>
Total Current Liabilities	90,423	183,419
Operating Lease Liability, Net of Current Portion	<u>92,188</u>	<u>-</u>
Total Liabilities	<u>182,611</u>	<u>183,419</u>
Net Assets:		
Without Donor Restrictions	32,809	(5,861)
With Donor Restrictions	<u>441,139</u>	<u>441,139</u>
Total Net Assets	<u>473,948</u>	<u>435,278</u>
Total Liabilities and Net Assets	\$ <u>656,559</u>	\$ <u>618,697</u>

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, 2023 (with Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
Support and Revenues				
<i>Support:</i>				
Grants - Local Government	\$ 662,465	\$ -	\$ 662,465	\$ 560,536
Grants - Federal Government	443,272	-	443,272	-
Contributions and Other Grants	127,644	-	127,644	242,706
Contributed Nonfinancial Assets	111,801	-	111,801	32,478
Special Events, Net of Expenses of \$0 and \$89,878 in 2023 and 2022, respectively	-	-	-	98,346
<i>Revenues:</i>				
Investment Income	-	-	-	540
Other Income	-	-	-	80
Total Support and Revenues	<u>1,345,182</u>	<u>-</u>	<u>1,345,182</u>	<u>934,686</u>
Expenses				
<i>Program Services:</i>				
Financial Assistance	840,354	-	840,354	972,246
<i>Support Services:</i>				
Management and General	413,807	-	413,807	364,088
Fundraising	52,351	-	52,351	157,559
Total Expenses	<u>1,306,512</u>	<u>-</u>	<u>1,306,512</u>	<u>1,493,893</u>
Change in Net Assets	38,670	-	38,670	(559,207)
Net Assets at Beginning of Year	<u>(5,861)</u>	<u>441,139</u>	<u>435,278</u>	<u>994,485</u>
Net Assets at End of Year	<u>\$ 32,809</u>	<u>\$ 441,139</u>	<u>\$ 473,948</u>	<u>\$ 435,278</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, 2023 (with Comparative Totals for the Year Ended December 31, 2022)

	<u>Support Services</u>			2023 Totals	2022 Totals
	Program Services	Management and General	Fundraising		
Salaries and Wages	\$ 382,859	\$ 251,342	\$ 2,188	\$ 636,389	\$ 651,247
Payroll Taxes	34,555	11,743	181	46,479	48,748
Employee Benefits	17,565	9,837	143	27,545	39,306
Total Salaries and Related Expenses	<u>434,979</u>	<u>272,922</u>	<u>2,512</u>	<u>710,413</u>	<u>739,301</u>
Other Operating Expenses:					
Grants and Other Assistance	133,196	1,000	-	134,196	129,725
Professional Fees	108,335	54,792	43,160	206,287	380,338
Rent and Building Occupancy	84,794	24,327	239	109,360	59,040
Office Expense	32,438	12,274	80	44,792	36,709
Information Technology	29,103	6,512	2,338	37,953	21,376
Forefeited Deposits	-	22,600	-	22,600	-
Conferences, Conventions and Meetings	-	6,463	4,000	10,463	24,662
Printing and Promotion	-	10,000	-	10,000	25,314
Other Program Expenses	7,966	-	-	7,966	-
Travel	3,714	400	-	4,114	4,771
Insurance	2,249	989	10	3,248	2,187
Membership	900	350	-	1,250	14,096
Historical Markers	-	-	-	-	27,840
Sponsorships	-	-	-	-	22,275
Staff Training and Development	-	-	-	-	2,389
Total Other Operating Expenses	<u>402,695</u>	<u>139,707</u>	<u>49,827</u>	<u>592,229</u>	<u>750,722</u>
Total Expenses Before Depreciation	837,674	412,629	52,339	1,302,642	1,490,023
Depreciation	<u>2,680</u>	<u>1,178</u>	<u>12</u>	<u>3,870</u>	<u>3,870</u>
Total Expenses	<u>\$ 840,354</u>	<u>\$ 413,807</u>	<u>\$ 52,351</u>	<u>\$ 1,306,512</u>	<u>\$ 1,493,893</u>

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

San Antonio for Growth on the Eastside, Inc.

Statements of Cash Flows Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 38,670	\$ (559,207)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	3,870	3,870
(Increase) Decrease in:		
Accounts Receivable	(46,189)	90,865
Grants Receivable	(1,737)	66,907
Prepaid Expenses and Other Assets	20,386	(25,446)
Right-of-Use Asset - Operating Lease	(103,995)	
Increase (Decrease) in:		
Accounts Payable	(48,120)	53,187
Accrued Liabilities	1,609	(4,602)
Deferred Revenue	(80,621)	(192,772)
Operating Lease Liability	126,324	-
Net Cash Used by Operating Activities	<u>(89,803)</u>	<u>(567,198)</u>
Net Decrease in Cash and Cash Equivalents	(89,803)	(567,198)
Cash and Cash Equivalents, Beginning of Year	<u>190,339</u>	<u>757,537</u>
Cash and Cash Equivalents, End of Year	<u>\$ 100,536</u>	<u>\$ 190,339</u>
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	<u>\$ -</u>	<u>\$ 71</u>

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

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note A: Nature of Organization

San Antonio for Growth on the Eastside, Inc. (SAGE) is a 501(c)(3) economic development nonprofit corporation serving the Eastside of San Antonio for nearly 25 years. SAGE promotes the cultural vitality and economic development of the Eastside of San Antonio.

SAGE's four principles are (1) advocacy for efficient, sustainable growth for San Antonio's Eastside, (2) advancement of small business development, (3) maintenance and promotion of the area's history and culture, and (4) provision of 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 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 Store Front grants to **16** and 13 businesses in 2023 and 2022 totaling **\$125,031** and \$129,725, respectively. Since 2010, SAGE has awarded 165 store-front grants valued at over \$1.5 million.
- Sustainability – In 2014, the U.S. Department of Housing and Urban Development designated approximately twenty-two (22) square miles on the Eastside of San Antonio (“Eastside Promise Zone” or “EPZ”) as one of the first five Promise Zones in the nation. A Promise Zone is a designation aimed at addressing poverty and improving economic opportunity in designated urban, rural, and tribal communities. In 2021, SAGE was named the Collective Impact Coordinator for activities in the EPZ. In this capacity, 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 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 in 2014 from the US Department of Health and Human Services' Community Economic Development, 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 D**.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note A: Nature of Organization (Continued)

- SAGE Back Office – The SAGE Back Office program provides basic business support 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 clients' organizational needs.
- Significant Markers – SAGE commissions the installation of historical markers throughout the Eastside, commemorating significant events, locations, and individuals, in turn helping residents and visitors connect with the area's history. In 2023, SAGE erected three markers and hosted an unveiling ceremony available to the public.
- Texas Homeowner Assistance Fund – In partnership with the Texas Department of Housing & Community Affairs, SAGE provided technical assistance to Eastside residents identifying \$1,488,563 in total financial need and preventing 15 foreclosures.
- Home Rehab Program – In partnership with the City of San Antonio Neighborhood & Housing Service Department, SAGE provided technical assistance to 165 residents to rehabilitate and repair their homes.
- 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 promotes direct engagement with more than 6,000 community members at community events and town hall meetings through its website, and its newsletter subscribership and social media engagement has over 5,800 readers. SAGE periodically publishes Impact Reports that highlight the results of its work with partner 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 accounting principles generally accepted in the United States of America (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. During the years ended December 31, 2023 and 2022, no such perpetual net assets existed.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

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.

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.

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 and cash equivalents.

Restricted Cash

Restricted cash consists of grant funds advanced by the City of San Antonio for use in SAGE's Storefront and Back Office programs. These funds are included in Cash – Restricted and in Deferred Revenue in the Statements 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, 2023 and 2022, no allowance was determined to be necessary as all receivables are considered fully collectible.

Prepaid Expenses

Prepaid expenses are recorded when paid and expensed in the period the good or service is received.

Investments

Investments are carried at cost based on SAGE's capital contributions for financial statement purposes.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

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.

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.

Impairment of Long-Lived Assets

SAGE evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. SAGE evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Deferred Revenue

Deferred revenue includes contributions and gifts of cash received that are attributable to SAGE's government grants and are recognized when qualifying expenditures are incurred.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

Leases

SAGE assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded in the Statements of Financial Position. Lease expense is recognized for these leases on a straight-line basis over the lease term. SAGE has elected to apply the short-term lease exception to all leases with a term of 12 months or less. SAGE has elected to utilize the risk-free rate as the discount rate on its leases. Management of SAGE reviewed its leases and determined SAGE's copier lease was immaterial to the financial statements taken as a whole. As such, no adjustment was deemed necessary for SAGE's copier lease. Refer to **Note G** and **Note H**.

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.

Contributed Nonfinancial Assets

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

Advertising Costs

Advertising costs are mainly for program outreach initiatives and are expensed as incurred. Advertising expenses during the years ended December 31, 2023 and 2022 totaled **\$10,000** and \$0, respectively.

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 years ended December 31, 2023 and 2022. 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.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

Recently Issued Accounting Pronouncements

Adopted During 2023

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, effective for fiscal years beginning after December 15, 2022 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, SAGE will measure credit losses for most financial assets and certain other instruments through the expected loss model. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing SAGE's exposure to credit risk and the measurement of credit losses. Management of SAGE has reviewed the standard during the year ended December 31, 2023, and determined the effect, if any, would be immaterial to the financial statements taken as a whole. Accordingly, no adjustments to the financial statements were considered necessary.

Reclassifications

Certain items presented in the 2022 summarized comparative financial information, specifically individual contributions and contributions and other grants in the accompanying Statement of Activities, have been reclassified to conform to the 2023 financial statement presentation.

Certain items presented in the 2022 summarized comparative financial information, specifically employee benefits and office expenses in the accompanying Statement of Functional Expenses, have been reclassified to conform to the 2023 financial statement presentation.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the SAGE's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note C: Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End		
Cash and Cash Equivalents	\$ 55,077	\$ 64,259
Cash - Restricted	45,459	126,080
Grants and Accounts Receivable	<u>98,926</u>	<u>51,000</u>
Total Financial Assets	<u>\$ 199,462</u>	<u>241,339</u>
Less Those Unavailable for General Expenditures Within One Year, Due To:		
Net Assets with Donor Restrictions	441,139	441,139
Less Equity Investments	(338,998)	(338,998)
Cash - Restricted	<u>45,459</u>	<u>126,080</u>
	<u>147,600</u>	<u>228,221</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 51,862</u>	<u>\$ 13,118</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 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. In addition to cash and receivables, SAGE has agreements with the City of San Antonio that management deems, in combination with other financial resources, sufficient to meet general expenditures over the next twelve months.

Note D: 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 totaling \$441,139. 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.

Capital Contributions consisted of the following at December 31, 2023 and 2022:

	<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>

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note D: Equity Investments (Continued)

During 2016, Indatatech, Inc. purchased SAGE's 2% equity ownership back for the original amount totaling \$102,141 plus interest totaling \$8,932. There was no change in ownership percentage during the years ended December 31, 2023 and 2022.

Note E: Property and Equipment

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

	<u>2023</u>	<u>2022</u>
Furniture, Equipment, and Software	\$ 48,975	\$ 48,975
Less: Accumulated Depreciation	<u>(41,769)</u>	<u>(37,899)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 7,206</u>	<u>\$ 11,076</u>

Depreciation expense for the years ended December 31, 2023 and 2022 totaled **\$3,870**.

Note F: Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Restricted by Purpose		
SAGE Equity Fund	\$ 441,139	\$ 441,139
Total Net Assets With Donor Restrictions	<u>\$ 441,139</u>	<u>\$ 441,139</u>

Note G: Leases and Contributed Facilities

Building Lease and Contributed Facilities

In January 2021, SAGE renewed the lease agreement with VIA Metropolitan Transit on a month-to-month basis beginning February 1, 2021. SAGE received a discounted rental rate during the years ended December 31, 2023 and 2022; the estimated market value of the occupied space totaled \$46,878 per year. During the year ended December 31, 2023, contributed facilities totaled \$32,478. During the year ended December 31, 2022, building lease expense totaled \$14,400 and contributed facilities totaled \$32,478 and are reported under Rent and Building Occupancy in the accompanying Statement of Functional Expenses. See **Note J**.

In March 2024, SAGE renewed its lease agreement with VIA Metropolitan Transit, which lease expires on December 31, 2026. The building lease agreement does not contain any residual value guarantees or restrictive covenants. Termination of the building lease is generally prohibited, unless there is a violation under the building lease agreement. Management of SAGE evaluated its building lease as of December 31, 2023 and determined implementation of its building lease in accordance with FASB ASU 2016-02, *Leases* (Topic 842) was considered necessary.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note G: Leases and Contributed Facilities (Continued)

Building Lease and Contributed Facilities (Continued)

The following summarizes the line items in the Statements of Financial Position which include amounts for operating lease right-of-use asset and liability at December 31:

	<u>2023</u>	<u>2022</u>
Operating Lease Right-of-Use Asset	\$ <u>103,995</u>	\$ <u>-</u>
Current Portion of Operating Lease Liability	\$ 34,136	\$ -
Long-Term Portion of Operating Lease Liability	<u>92,188</u>	<u>-</u>
Total Operating Lease Liability	\$ <u>126,324</u>	\$ <u>-</u>

The following summarizes the line items in the Statement of Functional Expenses which include the components of lease expenses during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating Lease Expense Included in: Rent and Building Occupancy	\$ <u>36,728</u>	\$ <u>-</u>

The following summarizes the supplemental cash activities associated with operating lease for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash Paid for Amounts Included in the Measurement of Operating Lease Liability:		
Cash Flows From Operating Lease	\$ 14,400	\$ -
Right-of-Use Asset Obtained in Exchange for Lease Liability	\$ 135,852	\$ -

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term (Years): Operating Lease	<u>3.00</u>	<u>-</u>
Weighted Average Discount Rate: Operating Lease	4.06%	-

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note G: Leases and Contributed Facilities (Continued)

Building Lease and Contributed Facilities (Continued)

The payment maturities of operating lease liabilities are as follows at December 31:

2024	\$	38,758
2025		46,878
2026		<u>46,878</u>
Total Operating Lease Payments		132,514
Less: Interest		<u>(6,190)</u>
Present Value of Operating Lease Liability	\$	<u><u>126,324</u></u>

Note H: Commitment

SAGE has a copier under a non-cancellable commitment expiring March 29, 2027. Expenses charged to Office Expense in the accompanying Statement of Functional Expenses totaled **\$2,295** for the years ended December 31, 2023 and 2022.

Future minimum payments under the commitment are as follows as of December 31:

2024	\$	2,052
2025		2,052
2026		2,052
2027		<u>513</u>
Total	\$	<u><u>6,669</u></u>

Note I: 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, 2023 and 2022, SAGE did not have uninsured cash balances in excess of FDIC limits.

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. During the years ended December 31, 2023 and 2022, SAGE received approximately **49%** and **63%** of total support and revenues from the City of San Antonio, respectively. The loss of funding from this grantor could reduce SAGE's ability to achieve its objectives.

At December 31, 2023 and 2022, approximately **82%** and **100%** of accounts and grants receivable was due from one governmental agency, respectively.

San Antonio for Growth on the Eastside, Inc.

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note J: Contributed Nonfinancial Assets

SAGE received the following contributed nonfinancial assets during the year ended December 31, 2023.

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Rent and Building Occupancy	\$ 25,182	\$ 7,225	71	32,478
Salaries and Wages	<u>30,088</u>	<u>37,248</u>	<u>11,987</u>	<u>79,323</u>
Total Contributed Nonfinancial Assets	\$ <u>55,270</u>	\$ <u>44,473</u>	<u>12,058</u>	<u>111,801</u>

SAGE received the following contributed nonfinancial assets during the year ended December 31, 2022.

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Rent and Building Occupancy	\$ 19,613	\$ 9,198	3,667	32,478
Total Contributed Nonfinancial Assets	\$ <u>19,613</u>	\$ <u>9,198</u>	<u>3,667</u>	<u>32,478</u>

Rent and Building Occupancy

Rent and building occupancy is valued at the fair market value of similar spaces for rent.

Salaries and Wages

Salaries and wages are valued at the fair market value for similar services that the vendor would have charged if not donated.

Note K: Related Party

As detailed in **Note G**, SAGE leases office space with VIA Metropolitan Transit. The President and CEO of VIA Metropolitan Transit served on the SAGE Board of Directors during 2022 and a portion of 2023. In addition, the General Counsel and Senior Vice President of Via Metropolitan Transit served on the SAGE Board of Directors during 2023.

Note L: SIMPLE IRA Plan

SAGE has a SIMPLE IRA Plan that covers substantially all employees who meet certain eligibility requirements. SAGE may elect to contribute matching contributions up to 3% of employee compensation. During the years ended December 31, 2023 and 2022, matching contributions totaled **\$6,838** and \$3,863, respectively, and are included in Employee Benefits in the accompanying Statement of Functional Expenses.

Note M: Subsequent Events

Subsequent events have been evaluated through February 13, 2025, 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
 Years Ended December 31, 2023 and 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Incentive Funds Balance at Beginning of Year, January 1, 2022	\$ (30,740)	\$ (30,740)	\$ -
Revenues			
Center City Incentive Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Funds Available For Use	<u>69,260</u>	<u>69,260</u>	<u>-</u>
Disbursements			
Grants	<u>61,998</u>	<u>61,998</u>	<u>-</u>
Total Disbursements	<u>\$ 61,998</u>	<u>61,998</u>	<u>\$ -</u>
Incentive Funds Balance at End of Year, December 31, 2022		<u>\$ 7,262</u>	
Incentive Funds Balance at Beginning of Year, January 1, 2023	\$ 7,262	\$ 7,262	\$ -
Revenues			
Center City Incentive Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Funds Available For Use	<u>57,262</u>	<u>57,262</u>	<u>-</u>
Disbursements			
Grants	<u>53,882</u>	<u>53,882</u>	<u>-</u>
Total Disbursements	<u>\$ 53,882</u>	<u>53,882</u>	<u>\$ -</u>
Incentive Funds Balance at End of Year, December 31, 2023		<u>\$ 3,380</u>	