

Eva's Village, Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended June 30, 2022
(With Summarized Comparative Financial Information
for the Year Ended June 30, 2021)

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Independent Auditor's Report

Board of Directors
Eva's Village, Inc. and Subsidiaries
Paterson, New Jersey

Opinion

We have audited the consolidated financial statements of Eva's Village, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the results of their operations and 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Summarized Comparative Information

We have previously audited Eva's Village, Inc. and Subsidiaries' 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Parsippany, New Jersey
December 9, 2022

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Financial Position

June 30, 2022

(With Summarized Comparative Financial Information at June 30, 2021)

	June 30,	
	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,019,202	\$ 2,381,034
Investments	412,161	423,105
Accounts and grants receivable, net	402,964	270,049
Contributions receivable, net	625,462	552,197
Prepaid expenses and other assets	27,145	48,877
Total current assets	2,486,934	3,675,262
PROPERTY AND EQUIPMENT, NET	12,345,224	12,867,657
OTHER ASSETS		
Restricted investments, at fair market value	449,226	551,470
Long-term portion of contributions receivable, net	-	368,888
Restricted cash - tenant trust funds	100,183	110,737
Mortgage receivable, net	4,500,000	4,500,000
Total other assets	5,049,409	5,531,095
TOTAL ASSETS	\$19,881,567	\$22,074,014
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 818,292	\$ 763,771
Line of credit	350,000	650,000
Due to government agencies	172,650	144,868
Notes payable, current portion	81,985	81,040
Total current liabilities	1,422,927	1,639,679
OTHER LIABILITIES		
Loan payable - Paycheck Protection Program ("PPP")	-	1,512,770
Long-term portion of notes payable	3,224,774	3,306,746
Tenant trust funds payable	100,183	110,737
Total other liabilities	3,324,957	4,930,253
NET ASSETS		
Without donor restriction	14,413,466	14,295,066
With donor restriction	720,217	1,209,016
Total net assets	15,133,683	15,504,082
TOTAL LIABILITIES AND NET ASSETS	\$19,881,567	\$22,074,014

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022

(With Summarized Comparative Financial Information for the Year Ended June 30, 2021)

	Year Ended June 30, 2022			June 30, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Government grants	\$ 2,615,217	\$ -	\$ 2,615,217	\$ 3,389,245
Fees for services	3,625,484	-	3,625,484	3,576,316
Total grants and fees for services	6,240,701	-	6,240,701	6,965,561
Contributions and special events (net of expenses of 2022 and 2021 of \$447,782 and \$345,980, respectively)	4,602,820	156,406	4,759,226	4,605,819
In-kind contributions	103,204	-	103,204	92,000
Estates and trust bequests	28,536	-	28,536	187,680
Rent, tenants	54,154	-	54,154	30,525
Food stamps	57,303	-	57,303	43,696
Miscellaneous income	20,929	-	20,929	126,115
Net assets released from restrictions	646,446	(646,446)	-	-
Total revenue	11,754,093	(490,040)	11,264,053	12,051,396
EXPENSES				
Program services	11,560,436	-	11,560,436	11,069,987
Supporting services				
Management and general	992,059	-	992,059	2,317,773
Fundraising	579,689	-	579,689	701,656
Total supporting services	1,571,748	-	1,571,748	3,019,429
Total expenses	13,132,184	-	13,132,184	14,089,416
Decrease in net assets from operations	(1,378,091)	(490,040)	(1,868,131)	(2,038,020)
OTHER INCOME (EXPENSE)				
Investment income	1,567	-	1,567	3,179
Realized and unrealized gain (loss) on investments	(17,846)	1,241	(16,605)	144,406
PPP loan forgiveness	1,512,770	-	1,512,770	1,686,737
Total other income	1,496,491	1,241	1,497,732	1,834,322
Increase (decrease) in net assets	118,400	(488,799)	(370,399)	(203,698)
NET ASSETS, beginning of year	14,295,066	1,209,016	15,504,082	15,707,780
NET ASSETS, end of year	\$ 14,413,466	\$ 720,217	\$ 15,133,683	\$ 15,504,082

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

(With Summarized Comparative Financial Information for the Year Ended June 30, 2021)

	Behavioral Health, Peer Recovery, and Medical Services				Food, Shelter, Education, and Training Services					Supporting Services			2022	2021	
	Behavioral Health	Peer Recovery	Medical & Dental Clinic	Total	Shelter	Apartments	Community Kitchen	Culinary School	Total	Total Program Expense	Administration	Fundraising			Total Supporting Services
Salaries	\$ 3,733,143	\$ 499,544	\$ 231,013	\$ 4,463,700	\$ 942,921	\$ 57,151	\$ 444,445	\$ 29,027	\$ 1,473,544	\$ 5,937,244	\$ 428,249	\$ 340,992	\$ 769,241	\$ 6,706,485	\$ 6,424,261
Employee health and retirement benefits	705,590	88,726	51,976	846,292	96,083	11,572	68,551	5,013	181,219	1,027,511	26,265	49,155	75,420	1,102,931	1,123,361
Payroll taxes	350,031	48,470	21,966	420,467	91,313	5,433	41,211	2,502	140,459	560,926	22,083	29,429	51,512	612,438	599,787
Total salaries and fringe	<u>4,788,764</u>	<u>636,740</u>	<u>304,955</u>	<u>5,730,459</u>	<u>1,130,317</u>	<u>74,156</u>	<u>554,207</u>	<u>36,542</u>	<u>1,795,222</u>	<u>7,525,681</u>	<u>476,597</u>	<u>419,576</u>	<u>896,173</u>	<u>8,421,854</u>	<u>8,147,409</u>
Professional fees	669,939	70,452	139,652	880,043	84,637	1,066	65,016	23,045	173,764	1,053,807	157,506	16,109	173,615	1,227,422	1,466,381
Donated professional services	-	-	10,000	10,000	-	-	20,931	-	20,931	30,931	27,000	3,274	30,274	61,205	50,000
Food	168,127	17,758	487	186,372	36,539	7	193,345	230	230,121	416,493	1,511	4,714	6,225	422,718	362,444
Supplies	227,961	16,945	30,529	275,435	65,850	3,659	39,565	4,510	113,584	389,019	29,588	22,598	52,186	441,205	426,069
Training	10,771	905	910	12,586	1,973	6	2,018	533	4,530	17,116	1,713	90	1,803	18,919	6,821
Travel	7,332	1,625	661	9,618	1,433	5	2,272	311	4,021	13,639	1,455	746	2,201	15,840	7,615
Occupancy and utilities	354,262	39,940	38,194	432,396	35,918	18,200	100,730	32,366	187,214	619,610	27,657	4,523	32,180	651,790	638,899
Telephone and internet	142,983	17,628	12,366	172,977	29,337	103	28,446	9,112	66,998	239,975	22,044	1,485	23,529	263,504	284,302
Repairs and maintenance	101,606	13,542	3,605	118,753	30,989	6,334	30,223	11,478	79,024	197,777	20,518	618	21,136	218,913	204,156
Property taxes	20,572	1,816	1,857	24,245	4,028	37	4,120	1,087	9,272	33,517	24,403	-	24,403	57,920	42,757
Event expense	-	-	-	-	-	-	-	-	-	-	-	515,314	515,314	515,314	458,434
Interest and bank fees	128,018	4,467	4,569	137,054	9,908	92	10,842	2,675	23,517	160,571	20,584	-	20,584	181,155	250,144
Other taxes, permits, and fees	11,121	1,007	5,506	17,634	1,399	357	1,117	1,278	4,151	21,785	2,146	3,142	5,288	27,073	28,863
Bank charges	541	48	49	638	106	1	108	29	244	882	220	26,541	26,761	27,643	28,846
Insurance	111,836	9,870	20,182	141,888	21,895	7,693	22,399	10,089	62,076	203,964	7,852	1,315	9,167	213,131	173,695
Bad debt expense	-	-	-	-	-	-	-	-	-	-	22,000	-	22,000	22,000	1,041,041
Miscellaneous	40,025	5,898	3,416	49,339	7,587	28	6,157	1,605	15,377	64,716	11,646	2,510	14,156	78,872	108,126
Total	<u>1,995,094</u>	<u>201,901</u>	<u>271,983</u>	<u>2,468,978</u>	<u>331,599</u>	<u>37,588</u>	<u>527,289</u>	<u>98,348</u>	<u>994,824</u>	<u>3,463,802</u>	<u>377,843</u>	<u>602,979</u>	<u>980,822</u>	<u>4,444,624</u>	<u>5,578,593</u>
Depreciation expense	350,436	30,928	31,636	413,000	68,610	635	70,186	18,522	157,953	570,953	137,619	4,916	142,535	713,488	709,394
Total functional expenses	7,134,294	869,569	608,574	8,612,437	1,530,526	112,379	1,151,682	153,412	2,947,999	11,560,436	992,059	1,027,471	2,019,530	13,579,966	14,435,396
Less donor received benefits	-	-	-	-	-	-	-	-	-	-	-	(447,782)	(447,782)	(447,782)	(345,980)
Net functional expenses	<u>\$ 7,134,294</u>	<u>\$ 869,569</u>	<u>\$ 608,574</u>	<u>\$ 8,612,437</u>	<u>\$ 1,530,526</u>	<u>\$ 112,379</u>	<u>\$ 1,151,682</u>	<u>\$ 153,412</u>	<u>\$ 2,947,999</u>	<u>\$ 11,560,436</u>	<u>\$ 992,059</u>	<u>\$ 579,689</u>	<u>\$ 1,571,748</u>	<u>\$ 13,132,184</u>	<u>\$ 14,089,416</u>

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended June 30, 2022

(With Summarized Comparative Financial Information for the Year Ended June 30, 2021)

	Years Ended June 30,	
	2021	2020
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (370,399)	\$ (203,698)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
PPP loan forgiveness	(1,512,770)	(1,686,737)
Depreciation	713,488	709,393
Realized and unrealized (gains) losses on investments	16,605	(144,406)
Discount on contributions receivable	(16,902)	(11,243)
Bad debt expense	22,000	1,041,041
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts and grants receivable	(154,915)	467,576
Contributions receivable	312,525	28,174
Prepaid expenses and other assets	21,732	71,599
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	54,521	(1,143,193)
Due to government agencies	27,782	18,190
Tenant trust funds payable	(10,554)	23,882
	(896,887)	(829,422)
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of investments	(56,962)	(130,253)
Proceeds from sale of investments	153,545	3,879
Purchases of property and equipment	(191,055)	(90,909)
	(94,472)	(217,283)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Proceeds from loan payable - PPP	-	1,512,770
Repayments of line of credit	(300,000)	(950,000)
Repayments of notes payable	(81,027)	(76,868)
	(381,027)	485,902
Net decrease in cash, cash equivalents, and restricted cash	(1,372,386)	(560,803)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>beginning of year</i>	2,491,771	3,052,574
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>end of year</i>	\$ 1,119,385	\$ 2,491,771
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 181,153	\$ 250,145
NON-CASH INVESTING ACTIVITIES		
Deferred interest on mortgage receivable	\$ 196,543	\$ 190,819

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Eva's Village, Inc. and Subsidiaries ("Eva's" or the "Organization") is presented to assist in understanding Eva's consolidated financial statements. The consolidated financial statements and notes are representations of Eva's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") as promulgated in Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification") and have been consistently applied in the preparation of the consolidated financial statements.

a. Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Eva's Village, Inc. and its wholly owned subsidiaries: Eva's Kitchen, Inc. and Eva's Catering, Inc. All material intercompany balances and transactions have been eliminated in the consolidation.

b. Adoption of Accounting Policies

For the year ended June 30, 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. It also requires a not-for-profit organization to provide additional disclosures on the contributed nonfinancial assets with the intent to improve transparency in the reporting of contributed nonfinancial assets.

c. Nature of Activities

Eva's Village, Inc. has been providing care to the disenfranchised community for over 38 years in Paterson. The Organization's mission is to provide care and support for people who are struggling with poverty, hunger, homelessness, and addiction. Guided by our founder's words, "When you take somebody's hand, you cannot let it go until they can stand on their own two feet," we have expanded over the years from a soup kitchen to a complex three-block operation offering 20+ services including Substance Use Treatment; Peer Support and Outreach; Medical, Mental Health, and Dental Clinics; a Community Kitchen; Emergency Overnight Shelters, Transitional and Permanent Housing; a Culinary School; a Workforce Development program, and Childcare and Education services. We have a unique campus model of interconnected community support services that draws people in by meeting simple human needs and provides a firm foundation for sustainable recovery.

Eva's Village, Inc. was formed in July 1998 as the result of the combination of Eva's Sheltering Programs, Inc. (formed in December 1988) and Eva's Kitchen, Inc. (formed April 1982). Eva's Village, Inc. is a New Jersey not-for-profit corporation. Eva's is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

Eva's Kitchen, Inc. and Eva's Catering, Inc. are C Corporations wholly owned by Eva's Village, Inc. and controlled by the Board of Directors. Each entity has a separate Board of Directors. Both entities did not have any activity in 2022 and 2021.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies - Continued

d. Financial Statement Presentation

In accordance with *Not-for-Profit Entities* (Topic 958), the Organization presents its financial position and activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The net asset without donor restrictions category represents net assets that are not subject to donor-imposed restrictions and the net asset with donor restrictions category represents net assets that are subject to time or purpose donor-imposed restrictions. See Note 3 for disclosures required regarding liquidity and availability of financial assets.

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class of functional expense categories. 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 consolidated financial statements for June 30, 2021, from which the summarized information was derived.

e. Revenue Recognition

The Organization receives funding through government grants, fee for service programs, special events, and contributions.

Funding received from grant agencies can be cost reimbursement in nature. Grant agencies are not directly receiving commensurate value for the services provided to consumers; therefore, grant revenue follows recognition guidance under ASC Topic 958. Funds are required to be spent in accordance with the approved budget and allowable cost guidelines from the state and federal government, therefore, making the funding received a conditional contribution under ASC Topic 958 guidance. Support is recognized as income as conditions are met, such as costs are incurred and services are provided to consumers. Government grants that are cost-reimbursement in nature often receive funding in advance of costs being spent in accordance with the grant agreements. Funds received in advance of expenditures are reflected as a liability until expenditures are incurred and then revenue will be recognized. If funds received are not spent by the end of the contract period, they are reflected as a liability due to government agencies on the consolidated statement of financial position.

Fee for service revenue is recognized as services are provided to consumers. Fees for service are recognized in accordance with ASC Topic 606, whereas the Organization has contracts with customers to provide approved services (performance obligations) to the individual. The Organization recognizes revenue in the period in which obligations to provide services are satisfied. The contractual arrangements with consumers also involve a third-party payer (e.g. Medicaid or federal or state government agency), and the transaction price for the services provided are dependent upon the terms provided by the third-party payer. As services are provided to consumers, the Organization recognizes revenue, resulting in revenue recognized over time.

Special event revenue is comprised of payments received from third parties (individuals and corporations) to support and/or attend fundraising events. Fundraising revenue includes an exchange transaction component for the value of the goods or services received, which follows revenue recognition guidance under ASC Topic 606. The amount paid by individuals and corporations that is above the value of goods or services received is considered a contribution. Revenue is recognized over time at the time the fundraising event occurs.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies - Continued

e. Revenue Recognition - Continued

The Organization applies ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Pledges contributed are recognized when the conditions on which they depend are met. Bequests are recognized when Eva's receives notification that the probate court has declared the will valid. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Conditional pledges are recognized as income when the conditions of the pledge are met. Pledges receivable in excess of one year are recorded net of discount.

f. Cash and Cash Equivalents

The Organization considers financial assets with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposit accounts and certificates of deposit. However, money market funds that are held as a portion of Eva's investment portfolio are classified as investments.

g. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the changes in unrestricted net assets for the gains and losses that are unrestricted, and in the changes in donor restricted net assets for the gains and losses that are restricted for the support of certain programs of Eva's.

h. Allowance for Doubtful Accounts and Grants Receivable

Eva's determines whether an allowance of uncollectible accounts, grants, and contributions receivable should be provided. Such estimates are based on management's assessment of the aged basis of Eva's receivables, current economic conditions, and historical experience. Management has estimated an allowance for doubtful accounts receivable of \$15,287 and \$2,385 as of June 30, 2022 and 2021, respectively.

i. Property and Equipment

Property and equipment are recorded at cost, or for donated items, at the fair market value of the asset on the date of acquisition. Depreciation of buildings, equipment, and leasehold improvements is recorded using the straight-line method based on the estimated useful lives of the assets.

Buildings and improvements	5-39 years
Furniture and fixtures	5-10 years
Office, computers, and other equipment	5-10 years
Vehicles	5 years

The costs of assets sold, or otherwise disposed, and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income except for assets traded where no cash is received. Expenditures for maintenance and repairs are charged to expense as incurred; replacements and betterments that extend the useful lives are capitalized.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies - Continued

j. Functional Allocation of Expenses

The costs of providing various programs and support services have been summarized on a functional basis in the consolidated statement of activities and changes in net assets and in the consolidated statement of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services based on management's best estimates of time and effort. Remaining expenses are allocated based on salary allocation.

k. In-kind Contributions

Eva's receives donated services from specialized providers and other volunteers that create or enhance non-financial assets and allow Eva's to fulfill their missions. Donated specialized services have been recognized in the accompanying consolidated financial statements. These donated services require medical and other professional skills and would typically need to be purchased if not provided by donation. Such specialized donated services amounted to \$61,204 and \$50,000 for the years ended June 30, 2022 and 2021, respectively. In addition, Eva's uses various volunteers to carry out organizational activities such as distributing food to the needy and homeless. The value of these services has not been reflected on the accompanying consolidated financial statements.

The space at Prince Street in Paterson, New Jersey is donated for Eva's Kitchen's program use. The rental value of the space was estimated to be \$42,000 for both years ended June 30, 2022 and 2021. The donated space is reflected as an in-kind contribution and an expense in the accompanying consolidated financial statements at the estimated value of the space.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. It is Eva's policy to apply a time restriction that expires over the useful life of the applicable property and equipment. Annually, as the time restrictions expire, Eva's reclassifies net assets with donor restrictions to net assets without donor restriction. There were no donations of property and equipment during the years ended June 30, 2022 or 2021. Since Eva's acts as an agent for the distribution of donated food, clothing, furniture, and other items, such amounts have been excluded from the accompanying consolidated financial statements.

l. Uncertain Tax Positions

As of June 30, 2022, management believes that based on an evaluation of Eva's tax positions that any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in tax law, and new authoritative rulings to assist in evaluating Eva's tax positions. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of the income tax position. Income tax returns are filed in the U.S. federal jurisdiction and state jurisdictions. U.S. federal and state income tax returns prior to fiscal year 2019 are closed.

m. Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies - Continued

n. Cash Flow Presentation of Restricted Cash

Cash and restricted cash are presented in more than one-line item within the consolidated statements of financial position. The following provides a reconciliation of cash and restricted cash as shown in the consolidated statements of cash flows:

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 1,019,202	\$ 2,381,034
Restricted cash - tenant trust funds	100,183	110,737
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 1,119,385</u>	<u>\$ 2,491,771</u>

o. Pending Accounting Pronouncements

In 2016 the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and changes in net assets. The new standard and all subsequent related standards are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

p. Subsequent Events

The Organization has evaluated subsequent events for recognition or disclosure through December 9, 2022, the date the consolidated financial statements were available to be issued.

Note 2 - Financial Instruments

Financial instruments that potentially subject Eva's to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts and grants receivable, contributions receivable, and mortgage receivable. Eva's maintain their cash in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Cash and cash equivalents are maintained at financial institutions. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions. Investments are exposed to various risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements. Risk relating to accounts and grants receivable is limited due to the fact that the receivables are mainly derived from governmental agencies and have short payment terms. Concentration of credit risk with respect to contributions receivable is reduced due to the fact that the receivables are primarily from board members, not for profit organizations and other local philanthropists, and with regards to the mortgage receivable, by the contractual obligations of the mortgagee.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 3 - Liquidity and Availability

Eva's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 1,019,202	\$ 2,381,034
Investments	412,161	423,105
Accounts and grants receivable	402,964	270,049
Contributions receivable	625,462	552,197
	<u>2,459,789</u>	<u>3,626,385</u>
Less amounts not available for general expenditures within one year		
Due to government agencies	172,650	144,868
Net assets with donor restriction	511,701	670,094
	<u>684,351</u>	<u>814,962</u>
Current assets available for use on general expenditures within one year	<u>\$ 1,775,438</u>	<u>\$ 2,811,423</u>

As part of Eva's Village liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization is heavily funded by cost reimbursement and fee for service government contracts and does a substantial amount of fundraising to fund programs. To help manage unanticipated liquidity needs, Eva's has available lines of credit in the amount of \$3,000,000, of which the Organization has drawn \$350,000 and \$650,000 as of June 30, 2022 and 2021, respectively.

Note 4 - Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates averaging 1.81% and 1.81% for years ended June 30, 2022 and 2021, respectively. Contributions are expected to be collected as follows at June 30:

	June 30,	
	2022	2021
One year or less	\$ 629,050	\$ 552,197
Long-term pledge	1,083,749	1,496,249
	<u>1,712,799</u>	<u>2,048,446</u>
Less discount on contributions receivable	81,818	98,720
Less allowance for doubtful pledges receivable	1,001,931	1,028,641
	<u>\$ 629,050</u>	<u>\$ 921,085</u>

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 5 - Mortgage Receivable

Eva's Village Apartments, LP ("EVALP") is a for profit entity owned 99.99% by 481 Enterprise Affordable Housing Fund I, LLLP ("481"), 0.005% by Slater Street Development, Inc. ("SSDI"), and 0.005% by Eva's Village Apartments GP, Inc. ("EAGP"). SSDI and EAGP are general partners and 481 is a limited partner. EAGP is wholly owned by Eva's Village, Inc. Mortgage receivables consist of the following at June 30:

	June 30,													
	2022	2021												
<p>Eva's Village, Inc. entered into two separate promissory notes and mortgage agreements with EVALP, in which it loaned \$100,000 and \$400,000. The mortgages have a stated interest of 3% compounded annually with interest and principal payments payable out of the available cash flow of EVALP. The mortgages are secured by the property. The entire balances of the mortgages are due and payable on December 31, 2040. The funds for the mortgages were provided from grants received from Housing Opportunities for Persons with AIDS and the United States Department of Housing and Urban Development, respectively, for this project.</p>	\$ 749,752	\$ 727,916												
<p>Eva's Village, Inc. entered into a \$4,000,000 Grant and Deed Restriction and Regulatory Agreement with the New Jersey Housing and Mortgage Finance Agency (the "Agreement"). Under the Agreement, Eva's will loan the grant funds to EVALP, and EVALP agreed to comply with terms of the Agreement. Advances under the Agreement will be made based upon the submission of approved requisitions. The borrowings by EVALP are evidenced by a note and a mortgage. The note has a stated interest of 3% compounded annually and is secured by the property. The entire balance and accrued interest are due on December 31, 2040.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">5,998,240</td> <td style="border-top: 1px solid black;">5,823,533</td> </tr> <tr> <td>6,747,992</td> <td>6,551,449</td> </tr> <tr> <td style="border-top: 1px solid black;">2,247,992</td> <td style="border-top: 1px solid black;">2,051,449</td> </tr> </table>	5,998,240	5,823,533	6,747,992	6,551,449	2,247,992	2,051,449	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">5,998,240</td> <td style="border-top: 1px solid black;">5,823,533</td> </tr> <tr> <td>6,747,992</td> <td>6,551,449</td> </tr> <tr> <td style="border-top: 1px solid black;">2,247,992</td> <td style="border-top: 1px solid black;">2,051,449</td> </tr> </table>	5,998,240	5,823,533	6,747,992	6,551,449	2,247,992	2,051,449
5,998,240	5,823,533													
6,747,992	6,551,449													
2,247,992	2,051,449													
5,998,240	5,823,533													
6,747,992	6,551,449													
2,247,992	2,051,449													
<p>Less deferred interest</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">\$ 4,500,000</td> <td style="border-top: 1px solid black;">\$ 4,500,000</td> </tr> </table>	\$ 4,500,000	\$ 4,500,000	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">\$ 4,500,000</td> <td style="border-top: 1px solid black;">\$ 4,500,000</td> </tr> </table>	\$ 4,500,000	\$ 4,500,000								
\$ 4,500,000	\$ 4,500,000													
\$ 4,500,000	\$ 4,500,000													

Eva's has deferred the interest on the above mortgages receivable until the due date of December 31, 2040.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 6 - Investments

Investment securities are stated at fair value and are summarized as follows:

	June 30,		June 30,	
	2022	2022	2021	2021
	Amortized cost	Fair value	Amortized cost	Fair value
Cash fund	\$ 453,063	\$ 453,063	\$ 528,400	\$ 528,400
Stocks	53,238	89,154	62,943	97,071
Mutual funds	224,052	319,170	210,606	349,104
	<u>\$ 730,353</u>	<u>\$ 861,387</u>	<u>\$ 801,949</u>	<u>\$ 974,575</u>

The following schedule summarizes the investment return and its classification in the consolidated statements of activities and changes in net assets for the years ended June 30:

	June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Interest from cash and cash equivalents	\$ 1,567	\$ -	\$ 1,567
Realized and unrealized gains (losses)	(17,846)	1,241	(16,605)
	<u>\$ (16,279)</u>	<u>\$ 1,241</u>	<u>\$ (15,038)</u>
	June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Interest from cash and cash equivalents	\$ 3,179	\$ -	\$ 3,179
Dividends and interest	-	340	340
Realized and unrealized (gains) losses	145,110	(704)	144,406
	<u>\$ 148,289</u>	<u>\$ (364)</u>	<u>\$ 147,925</u>

Note 7 - Fair Value Measurements

The Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Eva's has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active; and

Level 3 - Inputs that are unobservable.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 7 - Fair Value Measurements - Continued

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by Eva's. Eva's considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to Eva's perceived risk of that investment.

The classification of Eva's investment securities at fair value are as follows:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash fund	\$ 453,063	\$ -	\$ -	\$ 453,063
Stock	89,154	-	-	89,154
Mutual funds	319,170	-	-	319,170
	<u>\$ 861,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,387</u>

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash fund	\$ 528,400	\$ -	\$ -	\$ 528,400
Stock	97,071	-	-	97,071
Mutual funds	349,104	-	-	349,104
	<u>\$ 974,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,575</u>

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 8 - Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2022	2021
Land, building, and building improvements	\$ 19,641,302	\$ 19,568,407
Furniture and fixtures	741,143	738,043
Office equipment	48,539	48,539
Equipment	890,597	797,991
Vehicles	306,390	306,390
Computer equipment	756,275	733,821
	22,384,246	22,193,191
Less accumulated depreciation	10,628,515	9,915,027
	11,755,731	12,278,164
Construction in progress	589,493	589,493
	\$ 12,345,224	\$ 12,867,657

Depreciation expense was \$713,488 and \$709,393 for the years ended June 30, 2022 and 2021, respectively.

Note 9 - Lines of Credit

Eva's has a secured line of credit for \$2,000,000 to fund working capital requirements. The line of credit is collateralized by Eva's inventory, chattel paper, accounts receivable, equipment and general intangibles, and all fixtures located at 393-397 Main Street and 18-20 Jackson Street. The line of credit bears interest on outstanding balances at the prime rate as published in the Wall Street Journal with a floor of 5.50%. The balance outstanding was \$350,000 and \$650,000 as of June 30, 2022 and 2021, respectively. The line of credit maturity date was extended to October 15, 2022. In accordance with the agreement, Eva's is required to maintain certain financial covenants. As of June 30, 2022, the Organization was in compliance with the covenants.

Eva's has a second secured line of credit for \$500,000 to fund project costs relative to housing and programs provided to low-income individuals. The line of credit is collateralized by a lien on business assets, two mortgage liens, two fixture filings, and two Assignments of Leases and Rents. The line of credit bears interest on outstanding balances at the prime rate as published in the Wall Street Journal with a floor of 5.50%. There was no balance outstanding as of June 30, 2022 and 2021. The line of credit maturity date was extended to October 15, 2022. In accordance with the agreement, Eva's is required to maintain certain financial covenants. As of June 30, 2022, the Organization was in compliance with the covenants.

Eva's has a third line of credit for \$500,000 for working capital. \$52,000 is being held against the line of credit as collateral for business credit cards, and \$448,000 is the undisbursed funds for which the Organization may use via their business credit cards. The line of credit is collateralized by a lien on business assets, two mortgage liens, two UCC fixture filings, and two Assignments of Leases and Rents. The line of credit bears interest on outstanding balances at the prime rate as published in the Wall Street Journal with a floor of 5.50%. There was no balance outstanding as of June 30, 2022 and 2021. The line of credit maturity date was extended to October 15, 2022. In accordance with the agreement, Eva's is required to maintain certain financial covenants. As of June 30, 2022, the Organization was in compliance with the covenants.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 10 - Notes and Mortgages Payable

Notes and mortgages payable consist of the following at June 30:

	June 30,	
	<u>2022</u>	<u>2021</u>
<p>In June 2019, Eva's obtained a commercial mortgage note in the amount of \$1,600,000 to finance property at 393-397 Main Street. The note, which is collateralized by the property, bears interest at an initial rate of 4.95% until July 15, 2024 where it will be reset to a rate equal to the five-year Federal Home Loan Bank of New York Fixed advance rate plus 2.375% to be fixed 30 days prior to the adjustment date, rounded up to the next highest .125%. The loan is payable in 60 equal payments of \$8,612. Principal and interest are based on the initial loan amount, the initial rate, and a 30-year amortization schedule. The loan matures on July 15, 2029 with a principal payment amount of \$1,305,660 upon maturity date.</p>	\$ 1,528,149	\$ 1,554,084
<p>In June 2018, Eva's obtained a long-term note in the amount of \$200,000 to acquire property located at 26 Spring Street. The note which is collateralized by the land and buildings, bears a fixed interest of 4.5% for the first five years and then an adjustment is made for a five-year term thereafter equal to the Federal Home Loan Bank of NY fixed advanced rate plus 150 basis points. The loan is payable in monthly principal installments of \$1,273 up to July 15, 2023 and \$1,294 thereafter. The loan maturity date is July 15, 2028. All outstanding principal, interest, and any other sums outstanding will be due at maturity.</p>	<u>173,743</u>	<u>180,907</u>
Balance forward	<u>\$ 1,701,892</u>	<u>\$ 1,734,991</u>

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 10 - Notes and Mortgages Payable - Continued

	June 30,	
	2022	2021
Balance forwarded	\$ 1,701,892	\$ 1,734,991
<p>In April 2018, Eva's obtained a business loan in the amount of \$237,179 to be used in business operations. The loan, which is secured by a lien on all business equipment and ancillaries listed on the agreement, will be amortized over six years with a fixed interest rate of 4.5%, and monthly payments of \$2,141.</p>	168,938	186,479
<p>In January 2018, Eva's obtained a business loan in the amount of \$26,200 to finance the purchase of equipment. The loan, which is collateralized by the equipment purchased, will be amortized over four years with a fixed interest rate of 10.64%, and monthly payments of \$565.</p>	3,287	9,361
<p>In June 2019, Eva's obtained a commercial mortgage note in the amount of \$1,600,000 to finance property at 18-20 Jackson Street. The note, which is collateralized by the property, bears interest at an initial rate of 4.95% until July 15, 2024 where it will be reset to a rate equal to the five-year Federal Home Loan Bank of New York fixed advance rate plus 2.375% to be fixed 30 days prior to the adjustment date, rounded up to the next highest .125%. The loan is payable in 60 equal payments of \$8,074. Principal and interest are based on the initial loan amount, the initial rate, and a 30-year amortization schedule. The loan matures on July 15, 2029 with a principal payment amount of \$1,224,056 due upon maturity date.</p>	1,432,642	1,456,955
Total notes payable	3,306,759	3,387,786
Current portion	81,985	81,040
Long-term portion	\$ 3,224,774	\$ 3,306,746

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 10 - Notes and Mortgages Payable - Continued

Annual principal payments due on the aforementioned borrowings are as follows:

Years ending June 30,	
2023	\$ 81,985
2024	213,399
2025	66,449
2026	69,845
2027 and thereafter	2,875,081
	<u>\$ 3,306,759</u>

Note 11 - Loan Payable - Paycheck Protection Program ("PPP")

In April 2020, the Organization obtained funding through Columbia Bank in the total amount of \$1,686,737, pursuant to the PPP (the "PPP 1") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted March 27, 2020. The loan is eligible for forgiveness if Eva's adheres to the terms of the program which were to spend at minimum 60% of funds on payroll costs and expend all funds within 24 weeks of funding by the bank. Under the terms of the PPP 1, certain amounts of the loan may be forgiven if they are used for qualifying expenses.

The Organization submitted the PPP 1 loan forgiveness application and subsequent to year end, on July 30, 2021 the PPP 1 loan was fully forgiven. The PPP 1 loan is reflected as other income in the statement of activities and changes in net assets for the year ended June 30, 2021.

In February 2021, the Company was granted a loan from Columbia Bank in the aggregate amount of \$1,512,770, pursuant to the PPP Second Draw (the "PPP 2") under Section 311 of the Economic Aid to Hard-Hit Small Businesses Act (the "Economic Aid Act") which was signed into law on December 27, 2020 and is part of the original CARES Act.

The Organization submitted the PPP 2 loan forgiveness application and subsequent to year end, on July 11, 2022 the PPP 2 loan was fully forgiven. The PPP 2 loan is reflected as other income in the statement of activities and changes in net assets for the year ended June 30, 2022.

The AICPA, in conjunction with the FASB, issued a Technical Question and Answer ("TQA") in order to clarify how to account for loans received from the PPP. In accordance with the TQA, the Organization may account for the PPP loans under ASC 470 - *Debt* or, if the Company expects the PPP loan to be forgiven, may account for the loan under IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance*. The Organization elected to account for the PPP 2 loan as debt as of June 30, 2021.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions were held for the following purposes at June 30:

	June 30,	
	2022	2021
Childcare and education	\$ 20,000	\$ 20,000
Shelter for women with children	-	10,543
Shelter, men's overnight	-	7,500
Shelter, women's overnight	-	7,500
Gala	50,000	100,000
ECO - Housing	-	42,000
Medical and dental clinic	-	8,000
Community kitchen	10,701	18,551
Endowment	431,000	431,000
Eva's Apartments	-	25,000
The Culinary School	208,516	538,922
	\$ 720,217	\$ 1,209,016

The following is a summary of the changes in net assets with donor restrictions for the years ended June 30:

	June 30,	
	2022	2021
Donor restricted net assets, beginning of the year	\$ 1,209,016	\$ 2,005,504
Contributions and investment returns received during the year	157,647	276,000
Releases satisfying donor restrictions during the year	(646,446)	(1,072,488)
Donor restricted net assets, end of year	\$ 720,217	\$ 1,209,016

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows during the years ended June 30:

	June 30,	
	2022	2021
Community kitchen	\$ 102,504	\$ 2,877
ECO - Housing	42,000	42,000
Eva's Apartments	25,000	-
Gala	50,000	-
Medical and dental clinic	8,000	12,000
Shelter for women with children	17,659	3,292
Shelter, men's overnight	7,500	-
Shelter, women's overnight	7,500	-
Childcare and education	-	12,319
The Culinary School	386,283	1,000,000
	\$ 646,446	\$ 1,072,488

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 12 - Net Assets with Donor Restrictions - Continued

The net assets with donor restrictions consist of two donor-restricted endowment funds.

The Board of Directors of Eva's is responsible for the long-term investment policies for donor-restricted endowment funds, unless otherwise specified by the donor. The Board of Directors has established a policy whereby 100% of average earnings on donor-restricted endowment funds are to be distributed each year to fund specific programs of Eva's. No such distribution shall be made to the extent it would reduce the value below the endowed corpus.

Eva's interprets the UPMIFA of the state of New Jersey, requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Eva's classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Eva's in a manner consistent with the standard of prudence prescribed by UPMIFA.

Eva's donor restricted net assets (endowments) consist of the following at June 30:

	June 30,	
	2022	2021
John Crimi Endowment Fund	\$ 111,000	\$ 111,000
Eleanor M. Weisbrod Endowment Fund	320,000	320,000
	<u>\$ 431,000</u>	<u>\$ 431,000</u>

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 12 - Net Assets with Donor Restrictions - Continued

Changes in endowment net assets are as follows:

	June 30, 2022		
	Without Donor Restriction	Donor Restricted	Total
Endowment net assets, beginning of year	\$ 7,518	\$ 431,000	\$ 438,518
Investment return			
Net realized and unrealized gain	1,241	-	1,241
Total investment return	1,241	-	1,241
Endowment net assets, end of year	<u>\$ 8,759</u>	<u>\$ 431,000</u>	<u>\$ 439,759</u>
	June 30, 2021		
	Without Donor Restriction	Donor Restricted	Total
Endowment net assets, beginning of year	\$ 7,882	\$ 431,000	\$ 438,882
Investment return			
Investment income	340	-	340
Net realized and unrealized loss	(704)	-	(704)
Total investment return	(364)	-	(364)
Endowment net assets, end of year	<u>\$ 7,518</u>	<u>\$ 431,000</u>	<u>\$ 438,518</u>

Note 13 - Pension and Cafeteria Plans

Eva's sponsors a tax deferred annuity program under IRC 403(b) for eligible employees. The plan includes provisions for mandatory employer contributions amounting to 2% of the eligible employee's salary. Pension expense under the plan amounted to \$81,969 and \$74,521 for the years ended June 30, 2022 and 2021, respectively. It is Eva's policy to fund the pension cost as incurred.

Eva's also maintains a Section 125 Cafeteria Plan allowing employees to use pretax dollars to pay eligible medical premiums and expenses.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

Note 14 - Special Events Support

Special events support for the years ended June 30, 2022 and 2021 consisted of the following:

Event	Year Ended June 30, 2022		
	Gross Support	Expenses	Net Support
Dinner gala	\$ 1,010,937	\$ 136,514	\$ 874,423
Chef's tasting dinner	-	5,153	(5,153)
Golf outing	403,596	133,558	270,038
LA dinner	112,833	24,604	88,229
Fashion show	233,542	84,476	149,066
Casino night	134,926	63,477	71,449
Total	<u>\$ 1,895,834</u>	<u>\$ 447,782</u>	<u>\$ 1,448,052</u>
	Year Ended June 30, 2021		
Event	Gross Support	Expenses	Net Support
Dinner gala	\$ 786,637	\$ 59,314	\$ 727,323
Chef's tasting dinner	50	40	10
Golf outing	698,963	278,082	420,881
Fashion show	-	3,108	(3,108)
Casino night	5,000	5,436	(436)
Total	<u>\$ 1,490,650</u>	<u>\$ 345,980</u>	<u>\$ 1,144,670</u>

Note 15 - Commitments

In July 2019, Eva's entered into a noncancellable lease expiring June 2024. Minimum annual rental commitments for the remaining term of Eva's noncancellable operating lease are as follows:

Years ending June 30	
2023	\$ 70,559
2024	70,559
	<u>\$ 141,118</u>

Note 16 - Significant Source of Support

Eva's received approximately 42% and 38% of its revenue from the state of New Jersey during the fiscal years ended June 30, 2022 and 2021, respectively. The New Jersey Department of Human Services Division of Mental Health and Addiction Services comprised 33% and 31% of Eva's total support and revenue for the years ended June 30, 2022 and 2021, respectively.

Note 17 - Related Parties

During the years ended June 30, 2022 and 2021, Eva's paid \$0 and \$48,243, respectively, for construction services to a company owned by a member of the Board of Directors. During the year ended June 30, 2021, the Organization also received a contribution in the amount of \$84,000 from a member of the Board of Directors.