

Eva's Village, Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended June 30, 2021

(with Summarized Comparative Financial Information for the Year Ended June 30, 2020)

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C O N T E N T S

	Page
Independent Auditor's Report	1-2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-25



Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eva's Village, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2021, 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 (collectively, the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eva's Village, Inc. and Subsidiaries as of June 30, 2021, the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Eva's Village, Inc. and Subsidiaries' 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax LLP

Parsippany, New Jersey
March 28, 2022

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Financial Position

Year Ended June 30, 2021

(with Summarized Comparative Financial Information at June 30, 2020)

	June 30,	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,381,034	\$ 2,965,719
Investments	423,105	264,930
Accounts and grants receivable, net	270,049	737,624
Contributions receivable, net	552,197	562,253
Prepaid expenses and other assets	48,877	120,476
Total current assets	3,675,262	4,651,002
PROPERTY AND EQUIPMENT, NET	12,867,657	13,486,142
OTHER ASSETS		
Restricted investments, at fair market value	551,470	438,865
Long-term portion of contributions receivable, net	368,888	1,416,804
Restricted cash - tenant trust funds	110,737	86,855
Mortgage receivable, net	4,500,000	4,500,000
Total other assets	5,531,095	6,442,524
TOTAL ASSETS	\$ 22,074,014	\$ 24,579,668
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 763,771	\$ 1,906,964
Line of credit	650,000	1,600,000
Due to government agencies	144,868	126,678
Notes payable, current portion	81,040	76,873
Total current liabilities	1,639,679	3,710,515
OTHER LIABILITIES		
Loan payable - Paycheck Protection Program ("PPP")	1,512,770	1,686,737
Long-term portion of notes payable	3,306,746	3,387,781
Tenant trust funds payable	110,737	86,855
Total other liabilities	4,930,253	5,161,373
NET ASSETS		
Without donor restriction	14,295,066	13,702,276
With donor restriction	1,209,016	2,005,504
Total net assets	15,504,082	15,707,780
TOTAL LIABILITIES AND NET ASSETS	\$ 22,074,014	\$ 24,579,668

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, 2021

(with Summarized Comparative Financial Information for the Year Ended June 30, 2020)

	June 30, 2021			June 30, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Government grants	\$ 3,389,245	\$ -	\$ 3,389,245	\$ 3,853,370
Fees for services	3,576,316	-	3,576,316	4,118,415
Total grants and fees for services	6,965,561	-	6,965,561	7,971,785
Contributions and special events (net of expenses of 2021 and 2020 of \$345,980 and \$261,065, respectively)	4,329,819	276,000	4,605,819	4,842,158
In-kind contributions	92,000	-	92,000	112,000
Estates and trust bequests	187,680	-	187,680	112,299
Rent, tenants	30,525	-	30,525	8,272
Food stamps	43,696	-	43,696	81,596
Miscellaneous income	126,115	-	126,115	114,312
Net assets released from restrictions	1,072,124	(1,072,124)	-	-
Total revenue	12,847,520	(796,124)	12,051,396	13,242,422
EXPENSES				
Program services	11,069,987	-	11,069,987	13,285,851
Supporting services				
Management and general	2,317,773	-	2,317,773	919,655
Fundraising	701,656	-	701,656	1,084,562
Total supporting services	3,019,429	-	3,019,429	2,004,217
Total operating expenses	14,089,416	-	14,089,416	15,290,068
Decrease in net assets from operations	(1,241,896)	(796,124)	(2,038,020)	(2,047,646)
OTHER INCOME (EXPENSE)				
Investment income	2,839	340	3,179	29,496
Realized and unrealized gain (loss) on investments	145,110	(704)	144,406	(34,198)
PPP loan forgiveness	1,686,737	-	1,686,737	-
Total other income (expense)	1,834,686	(364)	1,834,322	(4,702)
Increase (decrease) in net assets	592,790	(796,488)	(203,698)	(2,052,348)
NET ASSETS, beginning of year	13,702,276	2,005,504	15,707,780	17,760,128
NET ASSETS, end of year	\$ 14,295,066	\$ 1,209,016	\$ 15,504,082	\$ 15,707,780

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

(with Summarized Comparative Financial Information for the Year Ended June 30, 2020)

	Behavioral Health, Peer Recovery, and Medical Services				Food, Shelter, Education, and Training Services					Supporting Services			2021	2020	
	Behavioral Health	Peer Recovery	Medical & Dental Clinic	Total	Shelter	Apartments	Community Kitchen	Culinary School	Total	Total Program Expense	Administration	Fundraising			Total Supporting Services
Salaries	\$ 3,817,931	\$ 359,700	\$ 227,329	\$ 4,404,960	\$ 756,315	\$ 50,331	\$ 410,612	\$ 125,267	\$ 1,342,525	\$ 5,747,485	\$ 349,766	\$ 327,010	\$ 676,776	\$ 6,424,261	\$ 8,072,580
Employee health and retirement benefits	748,462	63,131	44,760	856,353	74,139	12,027	61,265	11,550	158,981	1,015,334	39,558	68,469	108,027	1,123,361	1,260,970
Payroll taxes	355,254	34,835	21,291	411,380	72,315	4,630	37,074	11,480	125,499	536,879	32,226	30,682	62,908	599,787	726,890
Total salaries and fringe	<u>4,921,647</u>	<u>457,666</u>	<u>293,380</u>	<u>5,672,693</u>	<u>902,769</u>	<u>66,988</u>	<u>508,951</u>	<u>148,297</u>	<u>1,627,005</u>	<u>7,299,698</u>	<u>421,550</u>	<u>426,161</u>	<u>847,711</u>	<u>8,147,409</u>	<u>10,060,440</u>
Professional fees	318,333	90,914	361,496	770,743	67,690	988	49,658	37,558	155,894	926,637	461,600	78,144	539,744	1,466,381	1,398,940
Donated professional services	-	-	10,000	10,000	-	-	-	-	-	10,000	40,000	-	40,000	50,000	70,000
Food	141,211	4,745	68	146,024	41,362	1	162,173	12,006	215,542	361,566	107	771	878	362,444	550,320
Supplies	195,474	13,959	33,619	243,052	58,630	284	47,991	7,442	114,347	357,399	24,936	43,734	68,670	426,069	540,560
Training	3,622	221	827	4,670	491	5	502	133	1,131	5,801	1,020	-	1,020	6,821	19,760
Travel	3,492	1,748	262	5,502	374	4	688	101	1,167	6,669	775	171	946	7,615	27,250
Occupancy and utilities	352,568	33,644	39,028	425,240	51,000	9,031	101,782	32,116	193,929	619,169	17,175	2,555	19,730	638,899	621,691
Telephone and internet	163,216	15,338	10,207	188,761	34,796	201	19,420	9,171	63,588	252,349	23,480	8,473	31,953	284,302	365,110
Repairs and maintenance	76,466	2,749	1,986	81,201	18,696	8,150	15,884	13,564	56,294	137,495	66,183	478	66,661	204,156	306,370
Property taxes	20,833	1,232	1,260	23,325	8,635	25	2,796	738	12,194	35,519	7,238	-	7,238	42,757	40,230
Event expense	-	-	-	-	-	-	-	-	-	-	-	458,434	458,434	458,434	320,110
Interest and bank fees	162,254	7,376	7,545	177,175	16,363	151	18,044	4,417	38,975	216,150	33,994	-	33,994	250,144	195,610
Other taxes, permits, and fees	16,780	657	2,856	20,293	2,547	275	1,538	728	5,088	25,381	1,959	1,523	3,482	28,863	24,100
Bank charges	5,261	396	276	5,933	893	85	612	252	1,842	7,775	828	20,243	21,071	28,846	32,160
Insurance	90,216	11,949	19,451	121,616	16,005	115	13,829	14,854	44,803	166,419	5,432	1,844	7,276	173,695	166,670
Bad debt expense	-	-	-	-	-	-	-	-	-	-	1,041,041	-	1,041,041	1,041,041	7,297
Miscellaneous	61,577	4,857	2,875	69,309	15,456	57	6,474	1,862	23,849	93,158	14,543	425	14,968	108,126	99,779
Total	<u>1,611,303</u>	<u>189,785</u>	<u>491,756</u>	<u>2,292,844</u>	<u>332,938</u>	<u>19,372</u>	<u>441,391</u>	<u>134,942</u>	<u>928,643</u>	<u>3,221,487</u>	<u>1,740,311</u>	<u>616,795</u>	<u>2,357,106</u>	<u>5,578,593</u>	<u>4,785,957</u>
Depreciation expense	328,577	35,332	30,113	394,022	68,740	604	67,806	17,630	154,780	548,802	155,912	4,680	160,592	709,394	704,736
Total functional expenses	6,861,527	682,783	815,249	8,359,559	1,304,447	86,964	1,018,148	300,869	2,710,428	11,069,987	2,317,773	1,047,636	3,365,409	14,435,396	15,551,133
Less donor received benefits	-	-	-	-	-	-	-	-	-	-	-	(345,980)	(345,980)	(345,980)	(261,065)
Net functional expenses	<u>\$ 6,861,527</u>	<u>\$ 682,783</u>	<u>\$ 815,249</u>	<u>\$ 8,359,559</u>	<u>\$ 1,304,447</u>	<u>\$ 86,964</u>	<u>\$ 1,018,148</u>	<u>\$ 300,869</u>	<u>\$ 2,710,428</u>	<u>\$ 11,069,987</u>	<u>\$ 2,317,773</u>	<u>\$ 701,656</u>	<u>\$ 3,019,429</u>	<u>\$ 14,089,416</u>	<u>\$ 15,290,068</u>

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended June 30, 2021

(with Summarized Comparative Financial Information for the Year Ended June 30, 2020)

	Years Ended June 30,	
	2021	2020
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Decrease in net assets	\$ (203,698)	\$ (2,052,348)
Adjustments to reconcile decrease in net assets to net cash provided by (used for) operating activities		
PPP loan forgiveness	(1,686,737)	-
Depreciation	709,394	704,736
Amortization of bond premium	-	6,551
Realized and unrealized losses on investments	(144,406)	34,198
Discount on contributions receivable	(11,243)	(42,074)
Bad debt expense	1,041,041	-
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts and grants receivable	467,575	(31,253)
Contributions receivable	28,174	339,961
Prepaid expenses and other assets	71,599	(31,936)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(1,143,193)	515,112
Due to government agencies	18,190	(50,139)
Tenant trust funds payable	23,882	(33,505)
	(829,422)	(640,697)
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of investments	(130,253)	(87,285)
Proceeds from sale of investments	3,879	18,273
Purchases of property and equipment	(90,909)	(430,143)
Proceeds from sale of property and equipment	-	38,642
	(217,283)	(460,513)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Proceeds from loan payable - PPP	1,512,770	1,686,737
Proceeds (repayments) from line of credit	(950,000)	1,600,000
Repayments of notes payable	(76,868)	(68,601)
	485,902	3,218,136
Net increase (decrease) in cash, cash equivalents, and restricted cash	(560,803)	2,116,926
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	3,052,574	935,648
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	\$ 2,491,771	\$ 3,052,574
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 250,145	\$ 195,612
NON-CASH INVESTING ACTIVITIES		
Deferred interest on mortgage receivable	\$ 190,819	\$ 185,261

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

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

On July 1, 2020, the Organization adopted ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), an accounting pronouncement issued by the FASB, as well as subsequently issued clarifying Accounting Standard Updates ("ASUs"), which clarify guidance on revenue recognition. This guidance includes the required steps to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Organization adopted this pronouncement on a modified retrospective basis for all ongoing customer contracts. The results of operations for the reported periods after July 1, 2020 are presented under this amended guidance, while prior period amounts are not adjusted and continue to be reported in accordance with historical accounting guidance. The adoption of this pronouncement had no impact on net assets and results of operations but resulted in required additional disclosures. ASC 606 does not apply to all revenue recognized by the Organization. See footnotes for further details.

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 Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies - Continued

c. Nature of Activities - Continued

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 2021 and 2020.

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 2 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, 2020, 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.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies - Continued

e. Revenue Recognition - Continued

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.

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 \$2,385 and \$-0- as of June 30, 2021 and 2020, respectively.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies - Continued

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.

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 \$50,000 and \$70,000 for the years ended June 30, 2021 and 2020, 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 each of the years ended June 30, 2021 and 2020. 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, 2021 or 2020. 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.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies - Continued

l. Uncertain Tax Positions

As of June 30, 2021, 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 2017 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.

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,	
	2021	2020
Cash and cash equivalents	\$ 2,381,034	\$ 2,965,719
Restricted cash - tenant trust funds	110,737	86,855
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 2,491,771</u>	<u>\$ 3,052,574</u>

o. Pending Accounting Pronouncements

In 2016 the FASB issued 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. 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.

In 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed non-financial assets. The ASU is effective for annual periods beginning after June 15, 2021.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies - Continued

p. Subsequent Events

The Organization has evaluated subsequent events for recognition or disclosure through March 28, 2022, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Eva's Village, Inc. and Subsidiaries' financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 2,381,034	\$ 2,965,719
Investments	423,105	264,930
Accounts and grants receivable	270,049	737,624
Contributions receivable	552,197	562,253
	<u>3,626,385</u>	<u>4,530,526</u>
Less amounts not available for general expenditures within one year		
Due to government agencies	144,868	126,678
Net assets with donor restriction	670,094	466,582
	<u>814,962</u>	<u>593,260</u>
Current assets available for use on general expenditures within one year	<u>\$ 2,811,423</u>	<u>\$ 3,937,266</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 Village, Inc. and Subsidiaries has available lines of credit in the amount of \$2,500,000, of which the Organization has drawn \$650,000 as of June 30, 2021.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 3 - 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.

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 2.49% for years ended June 30, 2021 and 2020, respectively. Contributions are expected to be collected as follows at June 30:

	June 30,	
	2021	2020
One year or less	\$ 552,197	\$ 562,253
Long-term pledge	1,496,249	1,526,767
	<u>2,048,446</u>	<u>2,089,020</u>
Less discount on contributions receivable	98,720	109,963
Less allowance for doubtful pledges receivable	1,028,641	-
	<u>\$ 921,085</u>	<u>\$ 1,979,057</u>

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

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,	
	<u>2021</u>	<u>2020</u>
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.	\$ 727,916	\$ 706,716
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 is due on December 31, 2040.	<u>5,823,533</u>	<u>5,653,914</u>
	6,551,449	6,360,630
Less deferred interest	<u>2,051,449</u>	<u>1,860,630</u>
	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>

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, 2021 and 2020

Note 6 - Investments

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

	June 30,		June 30,	
	2021	2021	2020	2020
	Amortized cost	Fair value	Amortized cost	Fair value
Cash fund	\$ 528,400	\$ 528,400	\$ 104,198	\$ 104,198
U.S. treasury bonds	-	-	320,000	335,274
Stocks	62,943	97,071	44,018	54,853
Mutual funds	210,606	349,104	188,689	209,470
	<u>\$ 801,949</u>	<u>\$ 974,575</u>	<u>\$ 656,905</u>	<u>\$ 703,795</u>

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

	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>
	June 30, 2020		
	Without Donor Restriction	With Donor Restriction	Total
Interest from cash and cash equivalents	\$ 3,284	\$ -	\$ 3,284
Dividends and interest	6,597	19,615	26,212
Realized and unrealized losses	(25,284)	(8,914)	(34,198)
	<u>\$ (15,403)</u>	<u>\$ 10,701</u>	<u>\$ (4,702)</u>

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

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.

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, 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>

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash fund	\$ 104,198	\$ -	\$ -	\$ 104,198
U.S. treasury bonds	335,274	-	-	335,274
Stock	54,853	-	-	54,853
Mutual funds	209,470	-	-	209,470
	<u>\$ 703,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,795</u>

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 8 - Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2021	2020
Land, building, and building improvements	\$ 19,568,407	\$ 19,568,407
Furniture and fixtures	738,043	734,943
Office equipment	48,539	48,539
Equipment	797,991	765,633
Vehicles	306,390	352,956
Computer equipment	733,821	678,373
	<u>22,193,191</u>	<u>22,148,851</u>
Less accumulated depreciation	<u>9,915,027</u>	<u>9,252,202</u>
	12,278,164	12,896,649
Construction in progress	<u>589,493</u>	<u>589,493</u>
	<u>\$ 12,867,657</u>	<u>\$ 13,486,142</u>

Depreciation expense was \$709,394 and \$704,736 for the years ended June 30, 2021 and 2020, 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 \$650,000 and \$1,600,000 as of June 30, 2021 and 2020, respectively. The line of credit maturity date was extended to June 15, 2022. In accordance with the agreement, Eva's is required to maintain certain financial covenants. As of June 30, 2021, the Organization was not 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, 2021 and 2020. The line of credit maturity date was extended to June 15, 2022. In accordance with the agreement, Eva's is required to maintain certain financial covenants. As of June 30, 2021, the Organization was not in compliance with the covenants.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 9 - Lines of Credit - Continued

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, 2021 and 2020. The line of credit maturity date was extended to June 15, 2022. In accordance with the agreement, Eva's is required to maintain certain financial covenants. As of June 30, 2021, the Organization was not in compliance with the covenants.

Note 10 - Notes and Mortgages Payable

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

	June 30,	
	2021	2020
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 \$8,612.10. 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 \$1,305,660.25 upon maturity date.	\$ 1,554,084	\$ 1,578,751
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 \$1,272.52 up to July 15, 2023 and \$1,294.16 thereafter. The loan maturity date is July 15, 2028. All outstanding principal, interest, and any other sums outstanding will be due at maturity.	180,907	187,753
Balance forward	\$ 1,734,991	\$ 1,766,504

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 10 - Notes and Mortgages Payable - Continued

	June 30,	
	2021	2020
Balance forwarded	\$ 1,734,991	\$ 1,766,504
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.	186,479	203,233
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 \$565.00.	9,361	14,836
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 \$8,073.85. 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 \$1,224,056.27 due upon maturity date.	1,456,955	1,480,081
Total notes payable	3,387,786	3,464,654
Current portion	81,040	76,873
Long-term portion	\$ 3,306,746	\$ 3,387,781

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

Years ending June 30,	
2022	\$ 81,040
2023	81,986
2024	213,399
2025	66,449
2026	69,845
2027 and thereafter	2,875,067
	\$ 3,387,786

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 11 - Loan Payable - Paycheck Protection Program

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 Village, Inc. and Subsidiaries 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 has 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 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.

Section 311 of the Economic Aid Act authorizes the U.S. Small Business Administration ("SBA") to guarantee PPP 2 loans under generally the same terms and conditions available under the original PPP First Draw. The loan is in the form of a note dated February 17, 2021 issued by the borrower, matures on February 17, 2026, and bears interest at a rate of 1% per annum. Funds from the PPP 2 loan may only be used for qualified expenses which include payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, interest on other debt obligations incurred before February 15, 2020, covered operation expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures. In accordance with the CARES Act and the PPP 2, if the loan proceeds are fully utilized to pay for qualified expenses, the full principal amount of the loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on termination of full-time employees or decrease in salaries during the covered period.

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*. Although the Organization anticipates forgiveness of the entire amount of the PPP loan, no assurances can be provided that the Organization will obtain forgiveness in whole or in part. Therefore, the Organization has 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, 2021 and 2020

Note 12 - Net Assets with Donor Restrictions

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

	June 30,	
	2021	2020
Playground	\$ -	\$ 12,319
Childcare and education	20,000	-
Shelter for women with children	10,543	1,835
Shelter, men's overnight	7,500	-
Shelter, women's overnight	7,500	-
Gala	100,000	-
ECO - Housing	42,000	-
Medical and Dental Clinic	8,000	-
Community kitchen	18,551	21,428
Endowment	431,000	431,000
Eva's Apartments	25,000	-
The Culinary School	538,922	1,538,922
	\$ 1,209,016	\$ 2,005,504

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

	June 30,	
	2021	2020
Donor restricted net assets, beginning of the year	\$ 2,005,504	\$ 2,351,288
Contributions and investment returns received during the year	276,000	378,512
Releases satisfying donor restrictions during the year	(1,072,488)	(724,296)
Donor restricted net assets, end of year	\$ 1,209,016	\$ 2,005,504

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

	June 30,	
	2021	2020
Community kitchen	\$ 2,877	\$ 206,963
ECO - Housing	42,000	-
Medical and Dental Clinic	12,000	-
Shelter for women with children	3,292	148,286
Childcare and education	12,319	2,461
The Culinary School	1,000,000	366,586
	\$ 1,072,488	\$ 724,296

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

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,	
	2021	2020
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, 2021 and 2020

Note 12 - Net Assets with Donor Restrictions - Continued

Changes in endowment net assets are as follows:

	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	\$ 7,518	\$ 431,000	\$ 438,518
	June 30, 2020		
	Without Donor Restriction	Donor Restricted	Total
Endowment net assets, beginning of year	\$ (2,819)	\$ 431,000	\$ 428,181
Investment return			
Investment income	19,615	-	19,615
Net realized and unrealized loss	(8,914)	-	(8,914)
Total investment return	10,701		10,701
Endowment net assets, end of year	\$ 7,882	\$ 431,000	\$ 438,882

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 \$74,521 and \$78,402 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020

Note 14 - Special Events Support

Special events support for the years ended June 30, 2021 and 2020 consisted of the following:

Event	Year Ended June 30, 2021		
	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)
	\$ 1,490,650	\$ 345,980	\$ 1,144,670
Total			

Event	Year Ended June 30, 2020		
	Gross Support	Expenses	Net Support
Dinner gala	\$ 1,163,925	\$ 99,788	\$ 1,064,137
Lawyers' and accountants' dinner	198,573	81,161	117,412
Golf outing	16,375	2,262	14,113
Fashion show	193,986	77,024	116,962
Casino night	23,170	830	22,340
	\$ 1,596,029	\$ 261,065	\$ 1,334,964
Total			

Note 15 - Commitments

Minimum annual rental commitments for the remaining term of Eva's noncancellable operating lease are as follows:

Years ending June 30	
2022	\$ 70,559
2023	70,559
2024	70,559
	\$ 211,677

Note 16 - Significant Source of Support

Eva's received approximately 42% and 53% of its revenue from the state of New Jersey during the fiscal years ended June 30, 2021 and 2020, respectively. The New Jersey Department of Human Services Division of Mental Health and Addition Services comprised 31% and 38% of Eva's total support and revenue for the years ended June 30, 2021 and 2020, respectively.

Eva's Village, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

Note 17 - Related Parties

During the years ended June 30, 2021 and 2020, Eva's paid \$48,243 and \$318,343, respectively, for construction services to a company owned by a member of the Board of Directors. The Organization also received a contribution in the amount of \$84,000 from a member of the Board of Directors.

Note 18 - Risk and Uncertainty

COVID-19 impact - The Organization's continuing operations have been affected by the recent and ongoing outbreak of the coronavirus ("COVID-19") which was declared a pandemic by the World Health Organization in March 2020. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The COVID-19 and the actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical location in which the Organization operates.

While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization is experiencing a decrease in revenue due to programs closing and an increase in expenses to keep staff and clients safe. A large percentage of the Organization's workforce is working remotely. The Organization continues to monitor the impact the COVID-19 outbreak may have on the Organization in the future.