Eva's Village, Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended June 30, 2023
(With Summarized Comparative Financial Information
for the Year Ended June 30, 2022)

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CONTENTS

Independent Auditor's Report

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

Report on the Audit of the Combined Financial Statements

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, 2023, 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, 2023, 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' 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax LLP

Parsippany, New Jersey
December 11, 2023

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Financial Position

June 30, 2023
(With Summarized Comparative Financial Information at June 30, 2022)

	June 30, 2023	June 30, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,465,363	$ 1,019,202
Investments	477,540	412,161
Beneficial interest in assets held by CFNJ	656,842	-
Accounts and grants receivable, net	586,257	402,964
Contributions receivable, net	574,855	625,462
Prepaid expenses and other assets	28,978	27,145
Total current assets	4,789,835	2,486,934
PROPERTY AND EQUIPMENT, NET	11,827,572	12,345,224
OTHER ASSETS		
Restricted investments, at fair market value	464,696	449,226
Long-term portion of contributions receivable, net	390,000	-
Restricted cash - resident trust funds	130,258	100,183
Mortgage receivable, net	4,500,000	4,500,000
Total other assets	5,484,954	5,049,409
TOTAL ASSETS	**$ 22,102,361**	**$ 19,881,567**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 778,880	$ 818,292
Line of credit	-	350,000
Due to government agencies	332,316	172,650
Notes payable, current portion	213,476	81,985
Total current liabilities	1,324,672	1,422,927
OTHER LIABILITIES		
Long-term portion of notes payable	3,011,644	3,224,774
Resident trust funds payable	127,626	100,183
Total other liabilities	3,139,270	3,324,957
NET ASSETS		
Without donor restriction	15,952,669	14,413,466
With donor restriction	1,685,750	720,217
Total net assets	17,638,419	15,133,683
TOTAL LIABILITIES AND NET ASSETS	**$ 22,102,361**	**$ 19,881,567**

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, 2023
(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

	Year Ended June 30, 2023			June 30, 2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Fees for services	$ 4,197,361	$ -	$ 4,197,361	$ 3,625,484
Government grants	3,785,238	-	3,785,238	2,615,217
Contributions and special events (net of expenses of 2023 and 2022 of $510,425 and $447,782, respectively)	5,118,499	1,808,250	6,926,749	4,787,762
In-kind contributions	81,000	-	81,000	103,204
Miscellaneous revenue	210,383	-	210,383	132,386
Net assets released from restrictions	842,717	(842,717)	-	-
Total revenue	14,235,198	965,533	15,200,731	11,264,053
EXPENSES				
Program services	12,969,565	-	12,969,565	11,560,436
Supporting services				
Management and general	1,223,853	-	1,223,853	992,059
Fundraising	706,517	-	706,517	579,689
Total supporting services	1,930,370	-	1,930,370	1,571,748
Total expenses	14,899,935	-	14,899,935	13,132,184
Decrease in net assets from operations	**(664,737)**	**965,533**	**300,796**	**(1,868,131)**
OTHER INCOME (EXPENSE)				
Investment income	27,173	-	27,173	1,567
Realized and unrealized gain (loss) on investments	69,376	-	69,376	(16,605)
Beneficial interest change in value	61,722	-	61,722	-
Employee retention credit	1,976,694	-	1,976,694	-
Paycheck Protection Program ("PPP") loan forgiveness	-	-	-	1,512,770
Bad debt recovery	68,975	-	68,975	-
Total other income	2,203,940	-	2,203,940	1,497,732
Change in net assets	**1,539,203**	**965,533**	**2,504,736**	**(370,399)**
NET ASSETS, ***beginning of year***	14,413,466	720,217	15,133,683	15,504,082
NET ASSETS, ***end of year***	**$ 15,952,669**	**$ 1,685,750**	**$ 17,638,419**	**$ 15,133,683**

See accompanying Notes to Consolidated Financial Statements.

Eva’s Village, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023
(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

	Behavioral Health, Peer Recovery, and Medical Services				Food, Shelter, Education, and Training Services						Supporting Services				
	Behavioral Health	Peer Recovery	Medical Clinic	Total	Emergency Shelter	Apartments	Community Kitchen	Culinary School	Total	Total Program Expense	Administration	Fundraising	Total Supporting Services	2023	2022
Salaries	$ 3,683,658	$ 452,037	$ 335,089	$ 4,470,784	$ 978,520	$ 69,900	$ 490,329	$ 671	$ 1,539,420	$ 6,010,204	$ 590,187	$ 458,646	$ 1,048,833	$ 7,059,037	$ 6,706,485
Employee health and retirement benefits	636,656	89,543	21,514	747,713	141,988	14,967	67,109	703	224,767	972,480	39,254	44,177	83,431	1,055,911	1,102,931
Payroll taxes	354,887	44,645	30,891	430,423	97,639	6,816	47,623	68	152,146	582,569	33,803	41,794	75,597	658,166	612,438
Total salaries and fringe	4,675,201	586,225	387,494	5,648,920	1,218,147	91,683	605,061	1,442	1,916,333	7,565,253	663,244	544,617	1,207,861	8,773,114	8,421,854
Food	164,050	7,682	1,449	173,181	50,520	30	1,177,580	1,391	1,229,521	1,402,702	3,994	6,056	10,050	1,412,752	422,718
Donated professional services and rent	-	100	10,000	10,100	-	-	42,000	-	42,000	52,100	29,000	-	29,000	81,100	61,205
Professional fees	705,853	75,961	79,058	860,872	96,745	38	66,143	18,429	181,355	1,042,227	141,405	15,941	157,346	1,199,573	1,227,426
Supplies	474,956	15,318	25,901	516,175	83,441	821	59,684	10,327	154,273	670,448	60,545	28,417	88,962	759,410	441,217
Occupancy and utilities	345,948	18,758	16,097	380,803	62,358	20,901	71,154	40,430	194,843	575,646	50,386	2,480	52,866	628,512	651,788
Fundraising expense	-	-	-	-	-	-	-	-	-	-	-	555,213	555,213	555,213	517,926
Telephone and internet	148,524	11,896	4,419	164,839	30,858	3	27,901	9,672	68,434	233,273	16,491	34	16,525	249,798	263,511
Interest and bank fees	147,559	4,569	6,092	158,220	15,229	-	15,317	4,569	35,115	193,335	28,935	-	28,935	222,270	181,153
Insurance	120,098	6,183	19,140	145,421	23,733	7,627	25,432	6,542	63,334	208,755	8,722	-	8,722	217,477	213,130
Repairs and maintenance	95,069	8,161	1,264	104,494	16,464	4,372	40,861	17,917	79,614	184,108	14,121	-	14,121	198,229	218,912
All other	164,787	15,695	12,358	192,840	36,859	514	34,964	9,738	82,075	274,915	39,395	59,315	98,710	373,625	223,639
Bad debt expense	-	-	-	-	-	-	-	-	-	-	33,269	-	33,269	33,269	22,000
Total	2,366,844	164,323	175,778	2,706,945	416,207	34,306	1,561,036	119,015	2,130,564	4,837,509	426,263	667,456	1,093,719	5,931,228	4,444,625
Depreciation expense	362,586	17,075	31,333	410,994	67,952	-	69,513	18,344	155,809	566,803	134,346	4,869	139,215	706,018	713,488
Total functional expenses	7,404,631	767,623	594,605	8,766,859	1,702,306	125,989	2,235,610	138,801	4,202,706	12,969,565	1,223,853	1,216,942	2,440,795	15,410,360	13,579,967
Less donor received benefits	-	-	-	-	-	-	-	-	-	-	-	(510,425)	(510,425)	(510,425)	(447,782)
Net functional expenses	$ 7,404,631	$ 767,623	$ 594,605	$ 8,766,859	$ 1,702,306	$ 125,989	$ 2,235,610	$ 138,801	$ 4,202,706	$ 12,969,565	$ 1,223,853	$ 706,517	$ 1,930,370	$ 14,899,935	$ 13,132,185

See accompanying Notes to Consolidated Financial Statements.

Eva's Village, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended June 30, 2023
(With Summarized Comparative Financial Information for the Year Ended June 30, 2022)

	Years Ended June 30, 2023	Years Ended June 30, 2022
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets	$ 2,504,736	$ (370,399)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
PPP loan forgiveness	-	(1,512,770)
Depreciation	706,018	713,488
Realized and unrealized (gains) losses on investments	(131,098)	16,605
Beneficial interest in assets held by CFNJ	(656,842)	-
Discount on contributions receivable	(46,818)	(16,902)
Bad debt expense	22,000	22,000
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts and grants receivable	(205,293)	(154,915)
Contributions receivable	(292,575)	312,525
Prepaid expenses and other assets	(1,833)	21,732
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(39,412)	54,521
Due to government agencies	159,666	27,782
Tenant trust funds payable	27,443	(10,554)
	2,045,992	**(896,887)**
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of investments	50,249	(56,962)
Proceeds from sale of investments	-	153,545
Purchases of property and equipment	(188,366)	(191,055)
	(138,117)	**(94,472)**
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Repayments of line of credit	(350,000)	(300,000)
Repayments of notes payable	(81,639)	(81,027)
	(431,639)	**(381,027)**
Change in cash, cash equivalents, and restricted cash	**1,476,236**	**(1,372,386)**
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, ***beginning of year***	1,119,385	2,491,771
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, ***end of year***	**$ 2,595,621**	**$ 1,119,385**
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	**$ 222,270**	**$ 181,153**
NON-CASH INVESTING ACTIVITIES		
Deferred interest on mortgage receivable	**$ 202,440**	**$ 196,543**

See accompanying Notes to Consolidated Financial Statements.

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

As of July 1, 2022 the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. If practical expedient is elected leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The adoption of this policy does not have a material impact on the financial statements with no changes made to the presentation of the statements.

c. Nature of Activities

Eva’s Village, Inc. has been providing care to the Paterson community since 1982. 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 from a soup kitchen to a complex three-block operation offering 20+ services including Substance Use Treatment; Peer Support and Outreach; Medical, Mental Health, 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.

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 2023 and 2022.

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, 2022, 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 Accounting Standards Codification (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 at the time the services are performed.

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 at the time the fundraising event occurs.

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 are stated at fair value. Eva's marketable securities consist entirely of money market funds, individual stocks, mutual funds and a pooled fund. 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. Money market funds are recorded at net asset value ("NAV") of $1.00 per share as the underlying asset is cash or cash equivalents. Individual stocks are actively traded on the U.S. stock market exchange and have their NAV published daily. Mutual funds held by Eva's are open ended mutual funds that are registered with the Securities and Exchange Commission ("SEC"). These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by Eva's are deemed to be actively traded. Pooled funds are an aggregate of several types of funds which are actively traded on the U.S. and foreign stock markets. The pooled funds are recorded at NAV based on the underlying assets being marketable securities. All realized and unrealized gains and losses are included in the statement of activities. Investments in marketable securities that are donated are recorded at fair value on the date of donation.

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 $0- and $15,287 as of June 30, 2023 and 2022, respectively.

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, salaries, food, professional services, supplies, occupancy, utilities, utilities, insurance, repairs and maintenance, interest and bank fees have been allocated among the programs and supporting services based on management's best estimates of time and effort. Fundraising and bad debt are allocated using the direct method. Depreciation expenses is allocated based off square footage. Payroll taxes and employee benefit 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 $39,000 and $61,204 for the years ended June 30, 2023 and 2022, respectively. These donated services have been valued at the standard market rates that would have been incurred by the Organization to obtain them. 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, 2023 and 2022. The rent value was estimated based on local rental market conditions at that time. 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.

Note 1 - Summary of Significant Accounting Policies - Continued

l. In-kind Contributions

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, 2023 or 2022. 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.

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. Uncertain Tax Positions

As of June 30, 2023, 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.

o. 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,	
	2023	2022
Cash and cash equivalents	$ 2,465,363	$ 1,019,202
Restricted cash - resident trust funds	130,258	100,183
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$ 2,595,621	$ 1,119,385

p. Subsequent Events

The Organization has evaluated subsequent events for recognition or disclosure through December 11, 2023, the date the consolidated financial statements were available to be issued.

Note 1 - Summary of Significant Accounting Policies - Continued

q. Pending Pronouncements

In June 2016, FASB issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326). The new ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit-loss estimates. The update requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. For private companies and not-for-profit organizations, the update is effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

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.

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, 2023	June 30, 2022
Cash and cash equivalents	$ 2,465,363	$ 1,019,202
Investments	477,540	412,161
Accounts and grants receivable	586,257	402,964
Contributions receivable	574,855	625,462
	4,104,015	2,459,789
Less amounts not available for general expenditures within one year		
Due to government agencies	332,316	172,650
Net assets with donor restriction	1,685,750	720,217
	2,018,066	892,867
Current assets available for use on general expenditures within one year	$ 2,085,949	$ 1,566,922

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 $0- and $350,000 as of June 30, 2023 and 2022, 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 3.32% and 1.81% for years ended June 30, 2023 and 2022, respectively. Contributions are expected to be collected as follows at June 30:

	June 30, 2023	June 30, 2022
One year or less	$ 974,855	$ 629,050
Long-term pledge	975,000	1,083,749
	1,949,855	1,712,799
Less allowance for doubtful pledges receivable	950,000	1,005,519
Less discount on contributions receivable	35,000	81,818
	$ 964,855	$ 625,462

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,	
	2023	2022
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.	$ 772,243	$ 749,752
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.	6,178,189	5,998,240
	6,950,432	6,747,992
Less deferred interest	2,450,432	2,247,992
	$ 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.

Note 6 - Investments

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

	June 30, 2023 Amortized cost	June 30, 2023 Fair value	June 30, 2022 Amortized cost	June 30, 2022 Fair value
Cash fund	$ 470,320	$ 470,319	$ 453,063	$ 453,063
Stocks	54,861	111,510	53,238	89,154
Mutual funds	242,156	360,407	224,052	319,170
	$ 767,337	$ 942,236	$ 730,353	$ 861,387

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, 2023		
	Without Donor Restriction	With Donor Restriction	Total
Interest from cash and cash equivalents	$ 27,173	$ -	$ 27,173
Realized and unrealized (gains) losses	69,376		69,376
	$ 96,549	$ -	$ 96,549

	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)
	$ (16,279)	$ 1,241	$ (15,038)

Note 7 - Beneficial Interest in Assets Held by Community Foundation of NJ

A donor contributed a fund held by the Community Foundation of NJ (CFNJ) for the sole benefit of Eva's to be paid out over the next several years ending September 30, 2032. The fund is held and invested by the CFNJ for the trust's benefit with Eva's as the beneficiary to the trust and is reported at fair value in the statement of financial position, with distributions and changed in fair value recognized in the statement of activities.

Note 8 - 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.

Note 8 - 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.

Beneficial interest in assets held by CFNJ: valued at the beneficial interest in assets held at the fair value of the Organization's share of the investment pool as of the measurement date. The investment pool is based on quoted net asset values of underlying investments held by the investment pool adjusted by an asset charge. The underlying investments held in the investment pool are composed of approximately 35% bonds, 48% stocks, 15% alternative investments and 2% short-term reserves.

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

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash fund	$ 470,319	$ -	$ -	$ 470,319
Stock	111,510	-	-	111,510
Mutual funds	360,407	-	-	360,407
Beneficial interest in assets held by CFNJ	-	-	656,842	656,842
	$ 942,236	$ -	$ 656,842	$ 1,599,078

	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
	$ 861,387	$ -	$ -	$ 861,387

Note 9 - Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2023	2022
Land, building, and building improvements	$ 19,678,283	$ 19,641,302
Furniture and fixtures	741,143	741,143
Office equipment	48,539	48,539
Equipment	1,020,841	890,597
Vehicles	306,390	306,390
Computer equipment	756,275	756,275
	22,551,471	22,384,246
Less accumulated depreciation	11,334,534	10,628,515
	11,216,937	11,755,731
Construction in progress	610,635	589,493
	$ 11,827,572	$ 12,345,224

Depreciation expense was $706,018 and $713,488 for the years ended June 30, 2023 and 2022, respectively.

Note 10 - 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 $0- and $350,000 as of June 30, 2023 and 2022, respectively. The line of credit maturity date was extended to December 1, 2023. In accordance with the agreement, Eva’s is required to maintain certain financial covenants. As of June 30, 2023, 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, 2023 and 2022. The line of credit maturity date was extended to December 1, 2023. In accordance with the agreement, Eva’s is required to maintain certain financial covenants. As of June 30, 2023, 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, 2023 and 2022. The line of credit maturity date was extended to December 1, 2023. In accordance with the agreement, Eva’s is required to maintain certain financial covenants. As of June 30, 2023, the Organization was in compliance with the covenants.

Note 11 - Notes and Mortgages Payable

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

	June 30, 2023	June 30, 2022
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.	-	3,287
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.	150,464	168,938
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.	166,269	173,743
Balance forward	$ 316,733	$ 345,968

Note 11 - Notes and Mortgages Payable - Continued

	June 30, 2023	June 30, 2022
Balance forwarded	$ 316,733	$ 345,968
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 120 equal payments of $8,612 up until the rates reset. 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.	$ 1,501,102	$ 1,528,149
In June 2019, Eva's obtained a commercial mortgage note in the amount of $1,500,000 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 $8,074 until the rates reset. 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.	1,407,285	1,432,642
Total notes payable	3,225,120	3,306,759
Current portion	213,476	81,985
Long-term portion	$ 3,011,644	$ 3,224,774

Note 11 - Notes and Mortgages Payable - Continued

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

Years ending June 30,	
2024	$ 213,476
2025	66,449
2026	69,845
2027	73,415
2028	73,758
2029 and thereafter	2,728,177
	$ 3,225,120

Note 12 - Loan Payable - Paycheck Protection Program ("PPP")

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 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.

Note 13 - Net Assets with Donor Restrictions

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

	June 30,	
	2023	2022
Childcare and education	$ -	$ 20,000
Gala	-	50,000
Hope Residence	71,850	-
Community kitchen	-	10,701
Endowment	431,000	431,000
The Culinary School	1,182,900	208,516
	$ 1,685,750	$ 720,217

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

	June 30,	
	2023	2022
Donor restricted net assets, beginning of the year	$ 720,217	$ 1,209,016
Contributions and investment returns received during the year	1,808,250	157,647
Releases satisfying donor restrictions during the year	(842,717)	(646,446)
Donor restricted net assets, end of year	$ 1,685,750	$ 720,217

Note 13 - Net Assets with Donor Restrictions - Continued

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

	June 30, 2023	June 30, 2022
Community kitchen	$ 323,701	$ 102,504
Hope Residence	89,000	-
ECO - Housing	-	42,000
Eva's Apartments	50,000	25,000
Gala	50,000	50,000
Medical clinic	35,000	8,000
Shelter for women with children	-	17,659
Shelter, men's overnight	45,000	7,500
Shelter, women's overnight	50,000	7,500
Childcare and education	79,400	-
The Culinary School	120,616	386,283
	$ 842,717	$ 646,446

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.

Note 13 - Net Assets with Donor Restrictions - Continued

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

	June 30, 2023	June 30, 2022
John Crimi Endowment Fund	$ 111,000	$ 111,000
Eleanor M. Weisbrod Endowment Fund	320,000	320,000
	$ 431,000	$ 431,000

Note 14 - 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 $82,262 and $81,969 for the years ended June 30, 2023 and 2022, 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.

Note 15 - Special Events Support

Special events support for the years ended June 30, 2023 and 2022 consisted of the following:

	Year Ended June 30, 2023		
Event	Gross Support	Expenses	Net Support
Dinner gala	$ 1,277,968	$ 144,661	$ 1,133,307
Chef's tasting dinner	162,494	56,117	106,377
Golf outing	359,331	137,235	222,096
LA dinner	76,121	25,109	51,012
Fashion show	259,345	77,437	181,908
Casino night	149,467	69,866	79,601
Total	$ 2,284,726	$ 510,425	$ 1,774,301

	Year Ended June 30, 2022		
Event	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	$ 1,895,834	$ 447,782	$ 1,448,052

Note 16 - Employee Retention Credit

The Organization applied for and received the Employee Retention Credit for wages paid during the second and third quarters of 2021. The Employee Retention Credit is a refundable Federal tax credit against certain Federal employment taxes equal to 50% of the qualified wages an eligible employer pays to employees in 2020 and 70% in 2021. The credits were made available under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. Under this legislation, eligible employers were able to get immediate access to the credit by reducing employment tax deposits they are otherwise required to make. For 2023, the Company received $1,976,694. This amount has been recorded as employee retention income in Other Income (Expense).

Note 17 - Significant Source of Support

Eva's received approximately 35% and 42% of its revenue from the state of New Jersey during the fiscal years ended June 30, 2023 and 2022, respectively. The New Jersey Department of Human Services Division of Mental Health and Addiction Services comprised 30% and 33% of Eva's total support and revenue for the years ended June 30, 2023 and 2022, respectively.

Note 18 - Related Parties

For the year ended June 30, 2023 and 2022, the Organization received contributions for operating purposes from members of the Board of Directors (the "Board") totaling approximately $550,798 and $84,000, respectively, representing 12% and 3% of total contribution revenues.