



*The Savila Collaborative
Dba Centro Savila*

Financial Statements and Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022

Schlenker &

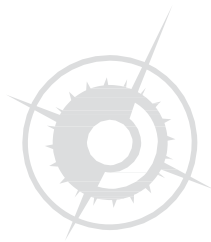
Cantwell, P.A.

8830 Horizon Blvd NE

Albuquerque, NM 87113

TABLE OF CONTENTS

Independent Auditors' Report.....	3-4
Statements of Financial Position.....	5
Statements of Activities and Changes in Net Assets	6-7
Statements of Cash Flows.....	8
Statements of Functional Expenses	9-10
Notes to the Financial Statements.....	11-19



SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Savila Collaborative dba Centro Savila
Albuquerque, New Mexico

Opinion

We have audited the accompanying financial statements of The Savila Collaborative dba Centro Savila (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023, and 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Savila Collaborative dba Centro Savila as of June 30, 2023, and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Schlenker & Cantwell, P.A.

SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

April 22, 2024
Albuquerque, New Mexico

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Statements of Financial Position

June 30, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 607,895	\$ 181,231
Accounts receivable	487,109	935,276
Prepaid expenses	<u>16,997</u>	<u>16,935</u>
Total current assets	1,112,001	1,133,442
Property and equipment, net	<u>51,793</u>	<u>57,802</u>
Total assets	<u><u>\$ 1,163,794</u></u>	<u><u>\$ 1,191,244</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 80,772	\$ 159,860
Accrued liabilities	<u>86,006</u>	<u>92,415</u>
Total current liabilities	166,778	252,275
Total liabilities	166,778	252,275
Net assets		
Without donor restrictions	847,016	598,969
With donor restrictions	<u>150,000</u>	<u>340,000</u>
Total net assets	<u>997,016</u>	<u>938,969</u>
Total liabilities and net assets	<u><u>\$ 1,163,794</u></u>	<u><u>\$ 1,191,244</u></u>

See independent auditors' report and notes to the financial statements

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Government support	\$ 2,379,066	\$ -	\$ 2,379,066
Grant revenue	345,000	-	345,000
In-kind support	23,731	-	23,731
Donations	53,717	-	53,717
Other income	10,937	-	10,937
Net assets released from restriction	<u>190,000</u>	<u>(190,000)</u>	<u>-</u>
Total revenue and support	3,002,451	(190,000)	2,812,451
Expenses			
Program services	2,251,844	-	2,251,844
Management and general	499,491	-	499,491
Fundraising	<u>3,069</u>	<u>-</u>	<u>3,069</u>
Total expenses	<u>2,754,404</u>	<u>-</u>	<u>2,754,404</u>
Changes in net assets	248,047	(190,000)	58,047
Net assets, beginning of year	<u>598,969</u>	<u>340,000</u>	<u>938,969</u>
Net assets, end of year	<u>\$ 847,016</u>	<u>\$ 150,000</u>	<u>\$ 997,016</u>

See independent auditors' report and notes to the financial statements

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Government support	\$ 2,262,598	\$ -	\$ 2,262,598
Grant revenue	246,500	340,000	586,500
In-kind support	57,817	-	57,817
Donations	38,332	-	38,332
Other income	228,399	-	228,399
Net assets released from restriction	<u>118,000</u>	<u>(118,000)</u>	<u>-</u>
Total revenue and support	2,951,646	222,000	3,173,646
Expenses			
Program services	2,266,373	-	2,266,373
Management and general	521,166	-	521,166
Fundraising	<u>3,808</u>	<u>-</u>	<u>3,808</u>
Total expenses	<u>2,791,347</u>	<u>-</u>	<u>2,791,347</u>
Changes in net assets	160,299	222,000	382,299
Net assets, beginning of year, as restated	<u>438,670</u>	<u>118,000</u>	<u>556,670</u>
Net assets, end of year	<u>\$ 598,969</u>	<u>\$ 340,000</u>	<u>\$ 938,969</u>

See independent auditors' report and notes to the financial statements

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Statements of Cash Flows

For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Changes in net assets	\$ 58,047	\$ 382,299
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	7,560	7,400
Decrease (increase) in operating assets:		
Accounts receivable	448,167	(416,515)
Prepaid expenses	(62)	(2,483)
(Decrease) increase in operating liabilities:		
Accounts payable	(79,088)	61,516
Refundable advance - Paycheck Protection Program	-	(201,420)
Payroll related payables	<u>(6,409)</u>	<u>(48,314)</u>
Net cash provided (used) by operating activities	428,215	(217,517)
Cash flows from investing activities		
Purchases of property and equipment	<u>(1,551)</u>	<u>(5,250)</u>
Net cash used by investing activities	<u>(1,551)</u>	<u>(5,250)</u>
Net increase (decrease) in cash	426,664	(222,767)
Cash, beginning of year	<u>181,231</u>	<u>403,998</u>
Cash, end of year	<u>\$ 607,895</u>	<u>\$ 181,231</u>

See independent auditors' report and notes to the financial statements

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Statement of Functional Expenses

For the year ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation expenses				
Salaries and wages	\$ 1,387,335	\$ 244,824	\$ -	\$ 1,632,159
Fringe benefits	215,472	38,025	-	253,497
Payroll taxes	106,343	18,767	-	125,110
Total compensation expenses	<u>1,709,150</u>	<u>301,616</u>	<u>-</u>	<u>2,010,766</u>
Operating expenses				
Program expenses	357,805	-	-	357,805
Professional fees	58,637	30,671	902	90,210
IT systems and software	10,520	68,786	1,619	80,925
Lease expense	3,142	49,228	-	52,370
Equipment	33,043	334	-	33,377
Insurance	15,195	16,461	-	31,656
Office expenses	12,772	12,516	255	25,543
Telephone and internet	7,337	4,013	115	11,465
Dues and subscriptions	10,198	-	103	10,301
Travel	1,720	3,773	55	5,548
Fees and charges	4,685	-	-	4,685
Utilities	-	3,328	-	3,328
Printing, postage, and copying	2,426	-	-	2,426
Repairs and maintenance	751	1,205	20	1,976
Meals and entertainment	732	-	-	732
Total operating expenses	<u>518,963</u>	<u>190,315</u>	<u>3,069</u>	<u>712,347</u>
Non-cash expenses				
In-kind expenses	23,731	-	-	23,731
Depreciation	-	7,560	-	7,560
Total expenses	<u>\$ 2,251,844</u>	<u>\$ 499,491</u>	<u>\$ 3,069</u>	<u>\$ 2,754,404</u>

See independent auditors' report and notes to the financial statements

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Statement of Functional Expenses

For the year ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation expenses				
Salaries and wages	\$ 1,318,664	\$ 232,706	\$ -	\$ 1,551,370
Fringe benefits	214,639	37,878	-	252,517
Payroll taxes	100,695	17,770	-	118,465
Total compensation expenses	<u>1,633,998</u>	<u>288,354</u>	-	<u>1,922,352</u>
Operating expenses				
Program expenses	384,717	-	-	384,717
Professional fees	61,993	32,427	954	95,374
IT systems and software	13,570	88,731	2,088	104,389
Lease expense	3,208	50,260	-	53,468
Equipment	52,352	529	-	52,881
Insurance	14,184	15,366	-	29,550
Office expenses	16,682	16,349	334	33,365
Telephone and internet	7,122	3,894	111	11,127
Dues and subscriptions	8,271	-	84	8,355
Travel	2,044	4,484	66	6,594
Fees and charges	3,834	-	-	3,834
Utilities	-	2,923	-	2,923
Printing, postage, and copying	71	-	-	71
Repairs and maintenance	6,510	10,449	171	17,130
Total operating expenses	<u>574,558</u>	<u>225,412</u>	<u>3,808</u>	<u>803,778</u>
Non-cash expenses				
In-kind expenses	57,817	-	-	57,817
Depreciation	-	7,400	-	7,400
Total expenses	<u>\$ 2,266,373</u>	<u>\$ 521,166</u>	<u>\$ 3,808</u>	<u>\$ 2,791,347</u>

See independent auditors' report and notes to the financial statements

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 1 - NATURE OF ORGANIZATION

The Savila Collaborative dba Centro Savila (the Organization), is a New Mexico nonprofit organization devoted to the recovery and healing of individuals, families, and communities suffering from emotional and psychological distress. The comprehensive model of care works to decrease health disparities in Bernalillo County by providing: outpatient mental health services, case management, Free Health Insurance Enrollment Assistance for Medicaid and the NM Health Insurance Exchange, school-based restorative justice programs, food security support, drug and alcohol counseling, recovery support, and supervision, training and research opportunities for students and health professionals.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The Organization's financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 2016-14, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Organization is required to present a statement of cash flows and a statement of functional expenses.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Adoption of New Accounting Standards - Leases

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases* (ASC 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standards - Contributed Nonfinancial Assets

In September 2020, FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type, and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The Organization adopted ASU 2020-07 for the year ending June 30, 2023. Total in-kind professional services were \$23,371 and \$57,817 for the years ended June 30, 2023, and 2022, respectively.

Revenue Recognition

The Organization's financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASC 2014-09, the Organization is required to recognize revenue to transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Revenue recognition for the Organization is as follows:

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Received and Contributions Made

The Organization adopted FASB ASU No. 2018-08 – *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Major estimates of the Organization include depreciable lives and estimated residual value of property and equipment.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks with original maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Revenue is recognized when costs related to the grant or contract have been incurred. Receivables as of year-end consist of contract receivables from state agencies. Management has deemed all receivable balances to be fully collectible as of June 30, 2023, and 2022. As such, no allowance for doubtful accounts has been established.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets – operating and lease liability – operating, and finance leases are included in right-of-use (“ROU”) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. There were no leases that met the requirements of capitalization for ASC-842.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property is recorded at the estimated fair value at the date of donation. Assets are capitalized that have a cost in excess of \$2,000. Maintenance, repairs, and renewals, which neither materially add to the value nor appreciably prolong its life, are expensed. Depreciation is computed using primarily the straight-line method over the estimated useful life of the assets as follows:

Computers and equipment	3-5 years
Furniture and fixtures	5-7 years

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Leave

The Organization's full-time employees earn paid time off in accordance with the Organization's policy. When applicable, the Organization records a liability for accrued vacation leave earned by employees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of providing the fundraising activities, various programs, and support services have been allocated to functions based on payroll hours and/or actual expenses incurred in the statement of functional expenses. Accordingly, certain costs have been allocated among the fundraising activities, programs, and supporting services benefited.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. There was zero advertising expense incurred for the years ended June 30, 2023, and 2022.

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code (IRC). In addition, the Organization qualifies for charitable contribution deductions under IRC section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2). The Organization is also exempt from New Mexico state income tax under 1978 New Mexico Statutes Chapter 7, Section 2-4(B).

The Organization has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions and has evaluated its tax positions taken for all open tax years. The Organization is not currently under audit. Management believes that the activities of the Organization are within its tax-exempt purpose and that there are no uncertain tax positions.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 53,087	\$ 53,087
Furniture and fixtures	5,415	3,864
Equipment	<u>18,420</u>	<u>18,420</u>
Total property and equipment	76,922	75,371
Accumulated depreciation	<u>(25,129)</u>	<u>(17,569)</u>
Property and equipment, net	<u><u>\$ 51,793</u></u>	<u><u>\$ 57,802</u></u>

Depreciation expense totaled \$7,560 and \$7,400 for the years ended June 30, 2023, and 2022, respectively.

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Restricted for time	\$ 150,000	\$ 340,000
Total net assets with donor restrictions	<u>\$ 150,000</u>	<u>\$ 340,000</u>

NOTE 5 - LEASE COMMITMENTS

The Organization leases office space from the Executive Director under an operating lease that is month to month, with monthly payments of \$1,800. The Organization also leases two other office spaces are now month to month. The lease expense was \$52,370 and \$53,468 for the years ended June 30, 2023, and 2022, respectively.

NOTE 6 - RETIREMENT PLAN

The Organization maintains a defined contribution plan covering substantially all employees. Employees are eligible for participation after 60 days of service and age 20. Under the plan, the Organization will match up to 3% of the employee's salary.

The expense related to this plan for the years ended June 30, 2023, and 2022 was \$45,248 and \$43,226, respectively, and is included in "fringe benefits" in the accompanying statement of functional expenses.

NOTE 7 - FISCAL SPONSORSHIP

The Organization complies with FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or a Charitable Trust that Raises or Holds Contributions for Others*. The Statement requires the recognition of liability by the recipient organization for a transfer of assets when the resource provider specifies itself or an affiliate as the beneficiary. During the year, the Organization received a total of \$25,000 and disbursed \$22,500 on behalf of the agency.

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 8 - CONCENTRATION

The Organization receives a substantial amount of support from grants and contracts. There were two agencies and donors that provided 58% of all revenue recorded during 2023, and three agencies that provided 60% of all revenue recorded during 2022. From these agencies, there was a receivable balance of \$233,262 and \$611,637 as of June 30, 2023, and 2022, respectively.

NOTE 9 - CONTINGENCIES

Grants received from outside agencies expended by the Organization are subject to fiscal and/or program compliance audits by the grantors, which may result in disallowed expenditures. As of June 30, 2023, and 2022, there were no material claims pending for disallowed expenditures that have not been recorded in the financial statements.

NOTE 10 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

The Organization was not under obligation to pay interest or income taxes for the years ended June 30, 2023, and 2022. The Organization did not have non-cash transaction activity for the years ended June 30, 2023, and 2022.

NOTE 11 - LIQUIDITY AND AVAILABILITY

The Organization receives significant government support, grants, and program revenue without donor restrictions. Such support represented approximately 92% and 79% of annual program funding in 2023 and 2022, respectively.

As part of the Organization's liquidity management, it ensures its financial assets are available as its general expenditures, liabilities and other obligations come due.

As of June 30, 2023, and 2022, the Organization had working capital of approximately \$973,952 and \$931,167 and average days cash on hand of 80 days and 24 days, respectively.

THE SAVILA COLLABORATIVE DBA CENTRO SAVILA

Notes to the Financial Statements

June 30, 2023 and 2022

NOTE 11 - LIQUIDITY AND AVAILABILITY (continued)

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

Financial assets available for general expenditures within one year as of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets as of year end:		
Cash	\$ 607,895	\$ 181,231
Accounts receivable	<u>487,109</u>	<u>935,276</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,095,004</u>	<u>\$ 1,116,507</u>

NOTE 12 - SUBSEQUENT EVENTS

We evaluated subsequent events after the statement of financial position date of June 30, 2023, through April 22, 2024 which was the date the financial statements were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2023. Management has concluded that there were no material subsequent events that require adjustment or disclosure.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During 2023, it was noted that a grant receivable was over stated for the year ended June 30, 2021. As such, beginning balance accounts receivable in 2022 was reduced by \$50,000 and beginning net assets were reduced by \$50,000.