



Consolidated Financial Statements  
June 30, 2022 and 2021

**Mesa Developmental Services  
dba Strive Colorado**

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## Independent Auditor's Report

The Board of Directors  
Mesa Developmental Services, dba Strive Colorado  
Grand Junction, Colorado

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Mesa Developmental Services, dba Strive Colorado (Strive), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Strive as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and our 2022 audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). The 2021 audit was not required to be conducted in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Strive and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 Strive to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities of the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 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 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 Strive'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 Strive'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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 on our consideration of Strive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Strive's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Strive's internal control over financial reporting and compliance.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules on pages 22 to 25 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information on pages 22 to 25 has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Eide Bailly LLP*

Grand Junction, Colorado  
March 24, 2023

Mesa Developmental Services  
dba Strive Colorado  
Consolidated Statements of Financial Position  
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,568,408	\$ 5,777,704
Accounts receivable		
Fees and grants from governmental agencies, net	1,342,289	1,156,612
Employee retention credit	3,157,001	980,335
Other	118,504	156,887
Promises to give, net	240,279	111,200
Inventory	48,271	24,455
Prepaid expenses and other assets	55,216	49,494
Total current assets	9,529,968	8,256,687
Noncurrent Assets		
Restricted cash	27,465	24,523
Property and equipment, net	10,210,379	10,586,526
	\$ 19,767,812	\$ 18,867,736
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 951,383	\$ 1,015,467
Deferred revenue	59,476	30,783
Capital lease, current portion	8,108	31,335
Solar panel purchase, current portion	146,202	-
Bonds payable, current portion	280,653	182,206
Total current liabilities	1,445,822	1,259,791
Long-Term Liabilities		
Capital lease, net of current portion	-	8,108
Bonds payable, net of current portion	4,118,009	4,486,073
Total long-term liabilities	4,118,009	4,494,181
Total liabilities	5,563,831	5,753,972
Net Assets		
Without donor restrictions		
Undesignated	8,157,967	7,156,035
Invested in property and equipment, net of related debt	5,803,609	5,878,804
	13,961,576	13,034,839
With donor restrictions	242,405	78,925
Total net assets	14,203,981	13,113,764
	\$ 19,767,812	\$ 18,867,736

Mesa Developmental Services  
dba Strive Colorado  
Consolidated Statements of Activities  
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support and Gains</b>			
Fees for services from governmental agencies			
Medicaid	\$ 10,982,904	\$ -	\$ 10,982,904
State of Colorado	1,307,682	-	1,307,682
Part C	104,175	-	104,175
Grants from governmental agencies			
Mesa County	578,162	-	578,162
State of Colorado	10,413	-	10,413
City of Grand Junction	50,000	-	50,000
Provider relief funds	112,537	-	112,537
Employee retention credit	2,091,888	-	2,091,888
Total from governmental agencies	15,237,761	-	15,237,761
Residential room and board	707,830	-	707,830
Public support - contributions	609,843	235,195	845,038
Retail and service contract	346,336	-	346,336
Other revenue	292,299	-	292,299
Net assets released from restrictions	71,715	(71,715)	-
Total revenue, support and gains	17,265,784	163,480	17,429,264
<b>Expenses</b>			
Program services	14,290,884	-	14,290,884
Supporting services			
Management and general	1,819,000	-	1,819,000
Public relations and fundraising	137,850	-	137,850
Total expenses	16,247,734	-	16,247,734
Loss on sale of property	91,313	-	91,313
Change in Net Assets	926,737	163,480	1,090,217
Net Assets, Beginning of Year	13,034,839	78,925	13,113,764
Net Assets, End of Year	\$ 13,961,576	\$ 242,405	\$ 14,203,981

Mesa Developmental Services  
dba Strive Colorado  
Consolidated Statements of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Fees for services from governmental agencies			
Medicaid	\$ 11,700,540	\$ -	\$ 11,700,540
State of Colorado	984,645	-	984,645
Part C	400,397	-	400,397
Grants from governmental agencies			
Mesa County	535,796	-	535,796
State of Colorado	20,558	-	20,558
Provider relief funds	315,771	-	315,771
Employee retention credit	980,335	-	980,335
PPP loan forgiveness	1,774,631	-	1,774,631
Total from governmental agencies	16,712,673	-	16,712,673
Residential room and board	797,568	-	797,568
Public support - contributions	252,901	42,612	295,513
Retail and service contract	268,772	-	268,772
Private pay and private health insurance	155,938	-	155,938
Other revenue	174,825	-	174,825
Net assets released from restrictions	27,276	(27,276)	-
Total revenue, support and gains	18,389,953	15,336	18,405,289
Expenses			
Program services	13,850,639	-	13,850,639
Supporting services			
Management and general	1,564,450	-	1,564,450
Public relations and fundraising	68,689	-	68,689
Total expenses	15,483,778	-	15,483,778
Change in Net Assets	2,906,175	15,336	2,921,511
Net Assets, Beginning of Year	10,128,664	63,589	10,192,253
Net Assets, End of Year	\$ 13,034,839	\$ 78,925	\$ 13,113,764



Mesa Developmental Services  
dba Strive Colorado  
Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services							Total
	Child and Family Services	Employment Related Services	Residential and Supported Living Services	Case Management	Total Program Services	Management and General	Public Relations and Fundraising	
Personnel costs								
Salaries and wages	\$ 616,433	\$ 2,139,675	\$ 2,646,763	\$ 1,070,533	\$ 6,473,404	\$ 697,035	\$ 51,491	\$ 7,221,930
Employee benefits	62,416	218,553	334,350	216,347	831,666	108,523	690	940,879
Payroll taxes	48,165	221,045	277,745	82,251	629,206	67,525	3,914	700,645
<b>Total personnel costs</b>	<b>727,014</b>	<b>2,579,273</b>	<b>3,258,858</b>	<b>1,369,131</b>	<b>7,934,276</b>	<b>873,083</b>	<b>56,095</b>	<b>8,863,454</b>
Expenses								
Host homes	-	-	3,086,952	-	3,086,952	-	-	3,086,952
Professional services	257,037	46,837	316,718	79,950	700,542	373,348	47,374	1,121,264
Occupancy/overhead allocation	5,266	211,545	248,505	21,312	486,628	55,825	153	542,606
Supplies	6,499	280,521	154,214	30,224	471,458	40,001	12,876	524,335
Medical professional services	341,691	-	172,650	-	514,341	-	-	514,341
Depreciation and amortization	-	69,743	123,197	-	192,940	276,491	-	469,431
Other	15,560	23,120	196,877	10,615	246,172	106,975	20,565	373,712
Interest	12,327	16,051	60,124	49,883	138,385	52,482	359	191,226
Insurance	5,922	19,125	39,364	23,966	88,377	25,557	172	114,106
Vehicles	-	-	106,213	-	106,213	-	-	106,213
Assistive technology and modifications	72,480	-	15,980	-	88,460	-	-	88,460
Food	-	-	81,496	-	81,496	-	-	81,496
Telephone	4,124	13,997	23,922	12,749	54,792	6,344	168	61,304
Purchased services	-	-	45,978	-	45,978	-	-	45,978
Travel	11,563	2,709	13,876	1,061	29,209	3,846	38	33,093
Training and development	150	722	22,069	1,724	24,665	5,048	50	29,763
	<b>732,619</b>	<b>684,370</b>	<b>4,708,135</b>	<b>231,484</b>	<b>6,356,608</b>	<b>945,917</b>	<b>81,755</b>	<b>7,384,280</b>
<b>Total expenses</b>	<b>\$ 1,459,633</b>	<b>\$ 3,263,643</b>	<b>\$ 7,966,993</b>	<b>\$ 1,600,615</b>	<b>\$ 14,290,884</b>	<b>\$ 1,819,000</b>	<b>\$ 137,850</b>	<b>\$ 16,247,734</b>

Mesa Developmental Services  
dba Strive Colorado  
Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services							Public Relations and Fundraising	Total
	Child and Family Services	Employment Related Services	Residential and Supported Living Services	Case Management	Total Program Services	Management and General			
Personnel costs									
Salaries and wages	\$ 184,946	\$ 1,888,880	\$ 2,812,248	\$ 1,019,640	\$ 5,905,714	\$ 765,183	\$ 23,335	\$ 6,694,232	
Employee benefits	8,328	145,844	269,266	159,464	582,902	78,118	1,014	662,034	
Payroll taxes	17,213	177,441	295,680	123,646	613,980	7,223	2,153	623,356	
<b>Total personnel costs</b>	<b>210,487</b>	<b>2,212,165</b>	<b>3,377,194</b>	<b>1,302,750</b>	<b>7,102,596</b>	<b>850,524</b>	<b>26,502</b>	<b>7,979,622</b>	
Expenses									
Professional services	-	-	3,228,200	-	3,228,200	-	-	3,228,200	
Host homes	322,233	46,853	127,586	19,737	516,409	540,659	20,958	1,078,026	
Staff development	633,531	-	169,153	-	802,684	-	-	802,684	
Staff travel	63,354	219,210	587,922	271,874	1,142,360	(630,297)	3,884	515,947	
Vehicles	-	69,436	131,386	-	200,822	275,348	-	476,170	
Occupancy and admin burden	3,608	154,308	131,168	9,460	298,544	110,549	3,479	412,572	
Depreciation and amortization	7,870	10,655	123,781	2,104	144,410	112,710	13,780	270,900	
Supplies	-	3,075	-	-	3,075	189,778	-	192,853	
Dues and subscriptions	-	-	128,402	-	128,402	-	-	128,402	
Purchased services	-	11,846	11,273	-	23,119	87,071	-	110,190	
Telephone	-	-	94,247	-	94,247	-	-	94,247	
Assistive technology and modifications	58,188	-	326	-	58,514	-	-	58,514	
Insurance	2,073	7,134	16,339	8,449	33,995	17,963	86	52,044	
Other	505	350	29,418	1,133	31,406	6,695	-	38,101	
Food	-	-	29,124	-	29,124	-	-	29,124	
Interest	282	2,671	9,559	220	12,732	3,450	-	16,182	
	<b>1,091,644</b>	<b>525,538</b>	<b>4,817,884</b>	<b>312,977</b>	<b>6,748,043</b>	<b>713,926</b>	<b>42,187</b>	<b>7,504,156</b>	
<b>Total expenses</b>	<b>\$ 1,302,131</b>	<b>\$ 2,737,703</b>	<b>\$ 8,195,078</b>	<b>\$ 1,615,727</b>	<b>\$ 13,850,639</b>	<b>\$ 1,564,450</b>	<b>\$ 68,689</b>	<b>\$ 15,483,778</b>	

Mesa Developmental Services  
dba Strive Colorado  
Consolidated Statements of Cash Flows  
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Cash received from services	\$ 13,622,625	\$ 14,383,371
Cash received from contributions and grants	1,382,293	1,200,102
Cash paid for salaries, benefits and taxes	(8,863,454)	(7,979,622)
Cash paid to vendors	(6,817,245)	(6,701,411)
Cash paid for interest	(191,226)	(192,853)
Net Cash from (used for) Operating Activities	(867,007)	709,587
Investing Activities		
Purchases of property and equipment	(96,695)	(73,772)
Proceeds from sale of property and equipment	58,300	291,220
Net Cash from (used for) Investing Activities	(38,395)	217,448
Financing Activities		
Principal payments on debt	(300,952)	(3,432,964)
Proceeds from loan	-	3,180,067
Net Cash used for Financing Activities	(300,952)	(252,897)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(1,206,354)	674,138
Cash, Cash Equivalents, and Restricted Cash, Beginning of year	5,802,227	5,128,089
Cash, Cash Equivalents, and Restricted Cash, End of year	\$ 4,595,873	\$ 5,802,227
Cash and cash equivalents	4,568,408	5,777,704
Restricted cash	27,465	24,523
Total cash, cash equivalents, and restricted cash	\$ 4,595,873	\$ 5,802,227
Supplemental Disclosure of Non-cash Activities:		
Equipment financed through accounts payable	\$ (146,202)	\$ -

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

Mesa Developmental Services, dba Strive Colorado (Strive) is a nonprofit corporation whose purpose is to operate as a community center board to coordinate programs through interagency cooperation and local agencies to provide services to individuals with developmental disabilities in Mesa County.

DD Housing, Inc. (DDH) is a nonprofit corporation whose purpose is to hold assets purchased and constructed pursuant to grants received from the U.S. Department of Housing and Urban Development (HUD). Under HUD regulations, these assets are required to be held in a separate corporation for a period of not less than forty years.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of Strive and DDH because Strive has both control and an economic interest in DDH. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "Strive."

### **Program Services**

Child and Family Services are designed around the child and family needs, concerns and priorities related to the development of the child. Early intervention serves children ages 0-3 years old and offers services such as occupational therapy, speech therapy, developmental intervention, and physical therapy. Family support services is a program aimed at offering support to households with children with developmental disabilities. Services include respite care, adaptive equipment, medical services, and home modifications.

Employment Related Services include a number of supported community small group opportunities. Pre-vocational skills focus on four main skills including community business, community employment, community integration and life skills. Specialized habilitation services and supports are offered in five distinct settings which enable an individual to attain the maximum functioning level or to be supported in such a manner that allows an individual to gain an increased level of self-sufficiency.

Residential and Supported Living Services offers community-based living arrangements that are catered to the needs of each individual. Options include a supervised group home, host homes and individual apartments. Minimal support staff is also available for clients living independently in homes or apartments. Supported Living Services is for clients 18 years and older and living in their own homes or with their families and support is tailored to promote independence, integration and productivity.

Case Management includes services for each client, assisted by a case manager in a client / family directed system of coordination and accountability regarding individual needs and preferences. Case managers are responsible for coordinating the development and implementation of individual plans, coordinating needed services, monitoring and reviewing a client's progress toward individual program goals and providing continuous support and guidance to client and family.

### **Cash and Cash Equivalents**

All cash and highly liquid financial instruments with original maturities of three months or less are considered to be cash and cash equivalents.

### **Restricted Cash**

Amounts included in restricted cash represent funds required to be set aside for the DD Housing HUD operations.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due from the State of Colorado and Mesa County. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2022 and 2021, the allowance was \$17,300 and \$27,400, respectively.

### **Promises to Give**

Strive records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of operations and changes in net assets. Strive determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2022 and 2021, the allowance was \$0.

### **Inventory**

Inventory is comprised of program-related merchandise held for sale in the thrift or gift shop and inventory held at Alida's Fruit store. Inventory is stated at the lower of cost or net realizable value determined by the first-in first-out method. Management has determined no allowance for inventory obsolescence to be necessary at June 30, 2022 and 2021.

### **Property and Equipment**

Property and equipment additions over \$1,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets or lease term in the case of capital leases ranging from three to thirty years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 or certain grantor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor or grantor 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Strive reports conditional and unconditional contributions restricted by donors or grantors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. 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.

### **Revenue and Revenue Recognition**

Performance obligations are determined based on the nature of the services provided by Strive. Revenue for performance obligations satisfied over time is recognized based on when related services are performed. Program revenue received in advance is deferred to the applicable period in which the related services are performed. Program revenue and residential room and board consists primarily of funds received from Medicaid, State of Colorado, and other payors. Strive believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Receivables consist of \$1,342,289, \$1,156,612, and \$1,221,283 at June 30, 2022 and 2021 and July 1, 2020, respectively.

### **Employee Retention Credit**

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 (collectively the Acts) expanded the availability of the credit and extended the credit through December 31, 2021. The Acts increased the credit to 70% of qualified wages, capped at \$10,000 per quarter, through 2021. As a result of the changes to the credit initiated through the Acts, the maximum credit per employee increased from \$5,000 in 2020 to \$28,000 in 2021. During the year ended June 30, 2022 and 2021, Strive recorded approximately a \$980,000 and \$2,092,000, respectively related to the credit. This is presented as employee retention credit receivable in the consolidated statement of financial position and employee retention credit revenue in the consolidated statement of activities. The Strives's credit filings remain open for potential examination by the IRS through the statute of limitations, which has varying expiration dates extending through 2029. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

### **Provider Relief Funds**

Strive received approximately \$113,000 and \$316,000 for the years ended June 30, 2021 and 2022, respectively of Coronavirus Aid, Relief, and Economic Security (CARES) Act. Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines to incur eligible expenses based on the date funding was received. Any unspent funds, or funds spent for ineligible purposes will be required to be repaid. As of June 30, 2022, Strive has satisfied the conditions for all funding received. Qualifying expenditures and lost revenues in excess of amounts received are allowed to be carried forward to be applied to potential future funding.

### **Debt Issuance Costs**

Debt issuance costs are amortized over the period the related obligation is outstanding using the effective interest method. Debt issuance costs are included within long-term debt in the consolidated statements of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

### **Advertising**

Advertising costs are expensed as incurred, and totaled \$26,199 and \$17,651 for the years ended June 30, 2022 and 2021, respectively.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to Strive's program services, management and general, and public relations and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Strive records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were donated during the years ended June 30, 2022 and 2021.

As of July 1, 2021, we adopted the provisions of Accounting Standards Updated (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this updated on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets

### **Functional Allocation of Expense**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, supplies, and other which are allocated on office or department use, as well as salaries and wages, benefits, payroll taxes, professional services, telephone, travel, training and development, and other, which are allocated on the basis of estimates of time and effort.

### **Income Taxes**

Mesa Developmental Services and DD Housing, Inc. are organized as Colorado nonprofit corporations and have been recognized by the Internal Revenue Services (IRS) as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction and have been determined not to be private foundations. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. Management has determined that neither entity is subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.



Management believes that it has appropriate support for any tax positions taken affecting the annual filing requirements, and as such, does not have uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such penalties and interest are incurred.

### Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### Financial Instruments and Credit Risk

Strive manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, Strive has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and individuals supportive of Strive's mission.

### Subsequent Events

Management has evaluated subsequent events through March 24, 2023, the date the consolidated financial statements were available to be issued.

### Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date of June 30, 2022 and 2021, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 4,568,408	\$ 5,777,704
Fees and grants from governmental agencies, net	1,342,289	1,156,612
Employee retention credit	3,157,001	980,335
Other receivables	118,504	156,887
Promises to give, due within one year	76,434	49,634
	\$ 9,262,636	\$ 8,121,172

Strive operates on a balanced budget and regularly monitors liquidity to meet the operating needs and other contractual commitments while also striving to maximize the investment of available funds.

**Note 3 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30, 2022 and 2021:

	2022	2021
Within one year	\$ 76,434	\$ 49,634
In one to five years	186,666	66,666
	263,100	116,300
Less discount to net present value at 3.25%	(22,821)	(5,100)
	\$ 240,279	\$ 111,200

**Note 4 - Property and Equipment**

Property and equipment consists of the following at June 30, 2022 and 2021:

	2022	2021
Land	\$ 1,398,326	\$ 1,398,326
Building and improvements	11,806,523	11,796,917
Furniture and equipment	753,476	999,930
Vehicles	1,016,002	1,178,733
	14,974,327	15,373,906
Less accumulated depreciation	(4,763,948)	(4,787,380)
Total	\$ 10,210,379	\$ 10,586,526

**Note 5 - Bonds Payable**

In March 2019, the Colorado Housing and Finance Authority (the Authority) issued certain tax-exempt obligations to a lending institution, the proceeds of which were used to make loans to Strive for certain purposes and conditions. The Authority authorized the issuance of a \$3,600,000 promissory note (Series 2019A Authority Note) and a \$1,888,000 promissory note (Series 2019B Authority Note). The purpose of the proceeds was to finance a portion of the costs of the acquisition, construction, improvement and equipping of Strive's new administrative office and medical facility.

The Series 2019A Authority Note is a 15-year note maturing in March 2034. Interest on the outstanding principal balance is calculated at 3.75% per annum (effective rate is 4.87% per annum over the life of the bonds). Principal and interest is due monthly in payments of \$26,281 each. The outstanding principal balance was \$2,984,227 and \$3,182,049 as of June 30, 2022 and 2021, respectively.

Mesa Developmental Services  
dba Strive Colorado  
Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

The Series 2019B Note was a 5-year note maturing in March 2024. Interest on the outstanding principal balance is due monthly and calculated at 3.50% per annum (effective rate is 5.25% per annum over the life of the bonds). Principal was due in five annual payments. Effective March 2021, this note was refinanced. The new note bears interest at a fixed rate of 4.15% with monthly principal and interest payments through maturity of March 2036. The outstanding principal balance was \$1,501,837 and \$1,580,000 as of June 30, 2022 and 2021, respectively.

Security for the Authority Notes includes a deed of trust and assignment of any leases and rents. The lending agreement also requires Strive to comply with certain financial and non-financial covenants. Strive was in compliance with all covenants as of June 30, 2022 and 2021, respectively.

Future maturities of the bonds payable are as follows:

Years Ending June 30,	2019A Authority Note	2019B Note	Unamortized debt issuance costs	Total
2023	\$ 205,458	\$ 82,449	\$ (7,254)	\$ 280,653
2024	213,130	85,827	(7,254)	291,703
2025	221,653	89,667	(7,254)	304,066
2026	230,229	93,514	(7,254)	316,489
2027	239,137	97,525	(7,254)	329,408
Thereafter	1,874,620	1,052,855	(51,132)	2,876,343
	<u>\$ 2,984,227</u>	<u>\$ 1,501,837</u>	<u>\$ (87,402)</u>	<u>\$ 4,398,662</u>

**Note 6 - Leases**

Strive leases building space and residential facilities on a month-to-month basis. Strive also leases the operating assets of Alida's Fruits, which is considered a capital lease. Alida's Fruits will provide employment opportunities to individuals served.

A non-cancelable operating lease is in place for a retail store expiring in 2026, and equipment under capital lease expiring in 2023.

Years Ending June 30,	Capital Leases	Operating Leases
2023	\$ 8,108	\$ 29,700
2024	-	31,500
2025	-	33,300
2026	-	5,600
Total minimum lease payments	<u>\$ 8,108</u>	<u>\$ 100,100</u>

Leased property under capital leases as of June 30, 2022 and 2021 includes the following:

	2022	2021
Equipment	\$ 79,921	\$ 79,921
Less accumulated amortization	(71,041)	(44,401)
	\$ 8,880	\$ 35,520

Total rent expense for all properties under operating leases totaled \$80,998 and \$87,722 for the years ended June 30, 2022 and 2021, respectively.

#### **Note 7 - Retirement Plan**

Strive sponsors a tax deferred annuity plan (the Plan) in which all employees are eligible to participate. The Plan includes mandatory contributions in which Strive matches employee contributions up to 3% of the employee's gross salary after meeting eligibility requirements. The retirement plan expense totaled \$76,047 and \$71,101 for the years ended June 30, 2022 and 2021, respectively.

#### **Note 8 - Self-Insured Employee Health Plan**

Strive's employee health benefit coverage consists of a self-insured medical plan. As of June 30, 2022 and 2021 Strive has recorded a liability of approximately \$121,000 and \$57,000, respectively, which represents the estimated amount of medical claims incurred but not reported as of year-end. This liability is included in accounts payable and accrued liabilities in the consolidated statement of financial position. Claims are filed directly with a third-party administrator (TPA) for processing. The TPA dispenses funds to and on behalf of participants for covered medical claims. Strive carries specific stop-loss insurance coverage for payment of eligible participant claims in excess of certain limits. The individual stop-loss claim deductible per participant is \$105,000 with a \$22,000 aggregate stop-loss limit as of June 30, 2022.

**Note 9 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes:

	2022	2021
Subject to Expenditure for Specified Purpose		
Residential services	\$ 13,245	\$ 7,719
Family support services	15,489	8,774
Supported employment	164,402	3,654
Framing the Future - playground fund	49,269	49,269
Other	-	9,509
	\$ 242,405	\$ 78,925

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows during the years ended June 30, 2022 and 2021:

	2022	2021
Supported employment	\$ 50,279	\$ 580
Residential services	649	1,556
Family support services	11,278	14,109
Framing the Future - building fund	-	8,180
Other	9,509	2,851
	\$ 71,715	\$ 27,276

**Note 10 - Commitments and Contingencies**

U. S. Department of Housing and Urban Development Capital Advance

Strive received a capital advance of \$694,238 from HUD for two group homes (309 Kava Way and 1444 N. 23<sup>rd</sup> Street) under agreements dated May 1, 2001. The terms of the agreements specify that the advance including any interest thereon is not required to be repaid so long as the housing remains available for a period of 40 years to eligible very low-income persons with disabilities in accordance with Section 811 of the National Affordable Housing Act. The capital advance is subject to compliance with a Regulatory Agreement and other requirements and conditions identified in the agreements.

In the event of noncompliance under the provisions of the agreements before the maturity date of February 1, 2042, the capital advance would be payable. The advance is secured by a deed of trust on the property, which has a carrying value of \$694,000 at both June 30, 2022 and 2021. If payable, the advance would bear interest at the rate of 6.0% per annum. Accrued interest through June 30, 2022 and 2021 totaling approximately \$766,311 and \$734,000 respectively, is not recorded as a liability in the financial statements as it is only payable as a penalty in the event of default under the provisions of the agreements.

Colorado Division of Housing Grant

Strive is contingently liable to the State of Colorado, Department of Local Affairs, Division of Housing, for the funding of construction of two group homes (309 Kava Way and 1444 N. 23<sup>rd</sup> Street) in the amount of \$150,000 under an agreement dated May 1, 2001. The grant contract provides that as long as the facilities are used to provide housing for low and moderate-income persons at affordable rents for a period of not less than 40 years from the date of initial occupancy, Strive will not be required to repay any portion of the grant. This requirement ends in the year 2042. If any default occurs, the grant becomes immediately payable in full, but bears no interest.

Colorado Department of Local Affairs Grant

Strive is contingently liable to the Colorado Department of Local Affairs for funding of an addition to the group home at 385 Evergreen Road in the amount of \$39,000 in Home Investment Partnerships Program (HOME) grant funds. The grant agreement provides that, as long as the facility is used to provide housing for people with very low and low incomes for 20 years from the date of contract execution, Strive will not be required to repay any portion of the grant. The usage restriction will end in 2027. If there is a change in use, Strive, its successors and assignees, grantees or lessees shall be required to repay the State the grant funds attributed to this property, unless the State authorizes the transfer of repaid funds to one or more public housing entities or private nonprofit corporations.

Strive is contingently liable to the Colorado Department of Local Affairs for funding of the construction of three group homes (2746 Olson Avenue, 680 29 ½ Road and 2865 Victoria Drive) in the amount of \$307,171 in HOME grant funds. The grant agreement provides that, as long as the facility is used to provide housing for people with very low and low incomes for 30 years from the date of the contract, which was June 2010, Strive will not be required to repay any portion of the grant. The usage restriction will end in 2040.

Strive is contingently liable to the Colorado Department of Local Affairs for funding of the construction of three group homes (2746 Olson Avenue, 680 29 ½ Road and 2865 Victoria Drive) in the amount of \$292,829 in Housing Development Grant (HDG) funds. The grant agreement provides that, as long as the facility is used to provide housing for people with very low, low and moderate-incomes for 30 years from the date of project closeout which was June 2010, Strive will not be required to repay any portion of the grant. The usage restriction will end in 2040. Colorado Department of Local Affairs (DOLA) has stated that Strive can sell the property(ies) at any time without penalty, as long as the sale is to an entity that will use for the intended low-income purpose and is approved by DOLA. The State may authorize Strive, its successors and assignees, heirs, grantees or lessees to retain such funds for other projects or repay the funds to one or more public housing entities or private nonprofit corporations. May 2020, Strive broke out these three contracts separately where each property carries a third of the total. This allowed Strive to negotiate the properties separately.

Clear Energy Group

On October 31, 2011, Strive signed a contract with Clear Energy (a solar energy equipment company) who installed solar energy equipment on approximately 75% of Strive's facilities. Energy generated by Clear Energy equipment is required to be purchased by Strive at varying rates and management expects energy costs to decline as the result of this contract. During the year ended June 30, 2022, Strive negotiated a purchase agreement to buy the panels and also solicited the amount agreed upon as a contribution from Clear Energy. Clear Energy has acknowledged the agreement, but not the contribution solicitation. Strive has recorded a liability of \$146,202, as of June 30, 2022, which is the negotiated purchase amount and will continue to pursue formal acknowledgement of contribution.



Supplementary Information  
June 30, 2022 and 2021

**Mesa Developmental Services  
dba Strive Colorado**



Mesa Developmental Services  
dba Strive Colorado  
Consolidating Schedule of Financial Position  
June 30, 2022

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 4,561,382	\$ 7,026	\$ -	\$ 4,568,408
Accounts receivable				
Fees and grants from governmental agencies, net	1,342,289	-	-	1,342,289
Employee retention credit	3,157,001	-	-	3,157,001
Other	160,147	-	(41,643)	118,504
Promises to give, net	240,279	-	-	240,279
Inventory	48,271	-	-	48,271
Prepaid expenses and other assets	55,216	-	-	55,216
	<u>9,564,585</u>	<u>7,026</u>	<u>(41,643)</u>	<u>9,529,968</u>
<b>Noncurrent Assets</b>				
Restricted cash	-	27,465	-	27,465
Property and equipment, net	9,645,372	565,007	-	10,210,379
	<u>\$ 19,209,957</u>	<u>\$ 599,498</u>	<u>\$ (41,643)</u>	<u>\$ 19,767,812</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 950,805	\$ 42,221	\$ (41,643)	\$ 951,383
Deferred revenue	59,476	-	-	59,476
Capital lease, current portion	8,108	-	-	8,108
Solar panel purchase, current portion	146,202	-	-	146,202
Bonds payable, current portion	280,653	-	-	280,653
	<u>1,445,244</u>	<u>42,221</u>	<u>(41,643)</u>	<u>1,445,822</u>
<b>Long-Term Liabilities</b>				
Bonds payable, net of current portion	4,118,009	-	-	4,118,009
	<u>4,118,009</u>	<u>-</u>	<u>-</u>	<u>4,118,009</u>
Total long-term liabilities	4,118,009	-	-	4,118,009
Total liabilities	<u>5,563,253</u>	<u>42,221</u>	<u>(41,643)</u>	<u>5,563,831</u>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	8,165,697	(7,730)	-	8,157,967
Invested in property and equipment, net of related debt	5,238,602	565,007	-	5,803,609
	<u>13,404,299</u>	<u>557,277</u>	<u>-</u>	<u>13,961,576</u>
<b>With donor restrictions</b>	<u>242,405</u>	<u>-</u>	<u>-</u>	<u>242,405</u>
Total net assets	<u>13,646,704</u>	<u>557,277</u>	<u>-</u>	<u>14,203,981</u>
	<u>\$ 19,209,957</u>	<u>\$ 599,498</u>	<u>\$ (41,643)</u>	<u>\$ 19,767,812</u>

Mesa Developmental Services  
dba Strive Colorado  
Consolidating Schedule of Financial Position  
June 30, 2021

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 5,770,861	\$ 6,843	\$ -	\$ 5,777,704
Accounts receivable				
Fees and grants from governmental agencies, net	1,156,612	-	-	1,156,612
Employee Retention Credit	980,335			980,335
Other	181,005		(26,356)	154,649
Promises to give, net	111,200			111,200
Inventory	24,455			24,455
Prepaid expenses and other assets	49,494			49,494
Total current assets	<u>8,273,962</u>	<u>6,843</u>	<u>(26,356)</u>	<u>8,254,449</u>
<b>Noncurrent Assets</b>				
Restricted cash	-	24,523	-	24,523
Property and equipment, net	9,997,338	589,188	-	10,586,526
	<u>\$ 18,271,300</u>	<u>\$ 620,554</u>	<u>\$ (26,356)</u>	<u>\$ 18,865,498</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,013,229	\$ 26,356	\$ (26,356)	\$ 1,013,229
Deferred revenue	30,783	-	-	30,783
Capital Lease, current portion	31,335	-	-	31,335
Bonds Payable, current portion	182,206	-	-	182,206
Total current liabilities	1,257,553	26,356	(26,356)	1,257,553
<b>Long-Term Liabilities</b>				
Capital Lease, net of current portion	8,108	-	-	8,108
Bonds Payable, net of current portion	4,486,073			4,486,073
Total long-term liabilities	4,494,181	-	-	4,494,181
Total liabilities	<u>5,751,734</u>	<u>26,356</u>	<u>(26,356)</u>	<u>5,751,734</u>
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	7,151,025	5,010	-	7,156,035
Invested in property and equipment, net of related debt	5,289,616	589,188	-	5,878,804
	12,440,641	594,198	-	13,034,839
<b>With donor restrictions</b>	<u>78,925</u>	<u>-</u>	<u>-</u>	<u>78,925</u>
Total net assets	<u>12,519,566</u>	<u>594,198</u>	<u>-</u>	<u>13,113,764</u>
	<u>\$ 18,271,300</u>	<u>\$ 620,554</u>	<u>\$ (26,356)</u>	<u>\$ 18,865,498</u>

Mesa Developmental Services  
dba Strive Colorado  
Consolidating Schedule of Activities  
Year Ended June 30, 2022

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
Revenue, Support and Gains				
Fees for services from governmental agencies				
Medicaid	\$ 10,982,904	\$ -	\$ -	\$ 10,982,904
State of Colorado	1,307,682	-	-	1,307,682
Part C	104,175	-	-	104,175
Grants from governmental agencies				
Mesa County	578,162	-	-	578,162
State of Colorado	10,413	-	-	10,413
City of Grand Junction	50,000	-	-	50,000
Provider relief funds	112,537	-	-	112,537
Employee retention credit	2,091,888	-	-	2,091,888
Total from governmental agencies	15,237,761	-	-	15,237,761
Residential room and board	644,995	62,847	-	707,842
Public support - contributions	845,038	-	-	845,038
Retail and service contract	346,336	-	-	346,336
Other revenue	292,299	-	-	292,299
Total revenue, support, and gains	17,366,429	62,847	-	17,429,276
Expenses				
Program services	14,191,116	99,768	-	14,290,884
Supporting services				
Management and general	1,819,000	-	-	1,819,000
Public relations and fundraising	137,850	-	-	137,850
Total expenses	16,147,966	99,768	-	16,247,734
Loss on sale of property	91,313	-	-	91,313
Change in Net Assets	1,127,150	(36,921)	-	1,090,229
Net Assets, Beginning of Year	12,519,554	594,198	-	13,113,752
Net Assets, End of Year	\$ 13,646,704	\$ 557,277	\$ -	\$ 14,203,981

Mesa Developmental Services  
 dba Strive Colorado  
 Consolidating Schedule of Activities  
 Year Ended June 30, 2021

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
<b>Revenue, Support and Gains</b>				
Fees for services from governmental agencies				
Medicaid	\$ 11,700,540	\$ -	\$ -	\$ 11,700,540
State of Colorado	984,645	-	-	984,645
Part C	400,397			400,397
Grants from governmental agencies				
Mesa County	535,796	-	-	535,796
State of Colorado	20,558	-	-	20,558
Provider relief funds	315,771	-	-	315,771
Employee retention credit	980,335	-	-	980,335
PPP loan forgiveness	1,774,631	-	-	1,774,631
Total from governmental agencies	16,712,673	-	-	16,712,673
Residential room and board	720,723	76,845	-	797,568
Public support - contributions	295,513	-	-	295,513
Retail and service contract	268,772	-	-	268,772
Gain on sale of property	155,938	-	-	155,938
Other revenue	174,825	-	-	174,825
Total revenue, support, and gains	18,328,444	76,845	-	18,405,289
<b>Expenses</b>				
Program services	13,753,841	96,798	-	13,850,639
Supporting services				
Management and general	1,564,450	-	-	1,564,450
Public relations and fundraising	68,689	-	-	68,689
Total expenses	15,386,980	96,798	-	15,483,778
Change in Net Assets	2,941,464	(19,953)	-	2,921,511
Net Assets, Beginning of Year	9,578,099	614,151	-	10,192,250
Net Assets, End of Year	\$ 12,519,563	\$ 594,198	\$ -	\$ 13,113,761