Consolidated Financial Statements
June 30, 2019 and 2018

Mesa Developmental Services dba Strive Colorado

EideBailly®

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mesa Developmental Services, dba Strive Colorado, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mesa Developmental Services, dba Strive Colorado, as of June 30, 2019 and 2018, 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.

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

Denver, Colorado
September 24, 2019

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 2,395,349	$ 3,023,699
Accounts receivable		
Fees and grants from governmental agencies, net	1,135,513	1,116,875
Other	127,776	180,597
Promises to give, net	238,164	148,121
Inventory	10,871	11,955
Prepaid expenses and other assets	38,374	39,048
Total current assets	3,946,047	4,520,295
Restricted cash	18,634	236,624
Assets held for sale, net	80,236	-
Earnest money on office building	-	100,000
Property and equipment, net	11,351,072	4,983,750
	$ 15,395,989	$ 9,840,669
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 871,277	$ 703,688
Deferred revenue	6,459	32,749
Bonds payable, current portion	465,070	-
Note payable, current portion	-	115,178
Total current liabilities	1,342,806	851,615
Long-Term Liabilities		
Bonds payable, long-term portion	4,891,166	-
Note payable, long-term portion	-	1,188,207
	4,891,166	1,188,207
Total liabilities	6,233,972	2,039,822
Net Assets		
Without donor restrictions		
Undesignated	2,922,500	3,717,265
Invested in property and equipment, net of related debt	6,075,072	3,680,365
Total without donor restrictions	8,997,572	7,397,630
With donor restrictions	164,445	403,217
Total net assets	9,162,017	7,800,847
	$ 15,395,989	$ 9,840,669

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Fees for services from governmental agencies			
Medicaid	$ 14,127,212	$ -	$ 14,127,212
State of Colorado	914,746	-	914,746
Other	345,386	-	345,386
Grants from governmental agencies			
Mesa County	535,913	-	535,913
State of Colorado	51,832	-	51,832
Total from governmental agencies	15,975,089	-	15,975,089
Residential room and board	989,326	-	989,326
Public support - contributions	265,631	998,684	1,264,315
Retail and service contract	125,550	-	125,550
Private pay and private health insurance	77,354	-	77,354
Other revenue	165,972	-	165,972
Gain on sale of property	355,623	-	355,623
Net assets released from restrictions	1,237,456	(1,237,456)	-
Total revenue, support and gains	19,192,001	(238,772)	18,953,229
Expenses			
Program services	15,848,418	-	15,848,418
Supporting services			
Management and general	1,628,148	-	1,628,148
Public relations and fundraising	115,494	-	115,494
Total expenses	17,592,059	-	17,592,059
Change in Net Assets	1,599,942	(238,772)	1,361,170
Net Assets, Beginning of Year	7,397,630	403,217	7,800,847
Net Assets, End of Year	$ 8,997,572	$ 164,445	$ 9,162,017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Fees for services from governmental agencies			
Medicaid	$ 12,859,102	$ -	$ 12,859,102
State of Colorado	1,143,563	-	1,143,563
Other	238,140	-	238,140
Grants from governmental agencies			
Mesa County	535,913	-	535,913
State of Colorado	500,362	-	500,362
Total from governmental agencies	15,277,080	-	15,277,080
Residential room and board	987,688	-	987,688
Public support - contributions	140,267	413,032	553,299
Retail and service contract	132,400	-	132,400
Private pay and private health insurance	106,399	-	106,399
Other revenue	106,668	-	106,668
Gain on sale of property	219,815	-	219,815
Net assets released from restrictions	69,136	(69,136)	-
Total revenue, support and gains	17,039,453	343,896	17,383,349
Expenses			
Program services	15,757,168	-	15,757,168
Supporting services			
Management and general	1,624,901	-	1,624,901
Public relations and fundraising	86,293	-	86,293
Total expenses	17,468,362	-	17,468,362
Change in Net Assets	(428,909)	343,896	(85,013)
Net Assets, Beginning of Year	7,826,539	59,321	7,885,860
Net Assets, End of Year	$ 7,397,630	$ 403,217	$ 7,800,847

	Program Services							
	Child and Family Services	Employment Related Services	Residential and Supported Living Services	Case Management	Total Program Services	Management and General	Public Relations and Fundraising	Total
Personnel costs								
Salaries and wages	$ 257,161	$ 1,858,862	$ 3,958,440	$ 1,325,473	$ 7,399,936	$ 691,912	$ 63,831	$ 8,155,679
Payroll taxes	24,447	167,990	357,430	116,194	666,061	84,075	5,353	755,489
Employee benefits	16,818	127,923	314,158	225,576	684,475	74,318	423	759,216
Total personnel costs	298,426	2,154,775	4,630,028	1,667,243	8,750,472	850,305	69,607	9,670,384
Expenses								
Host homes	-	-	3,483,840	-	3,483,840	-	-	3,483,840
Professional services	307,490	53,836	101,145	15,958	478,429	641,043	455	1,119,926
Occupancy/Overhead allocation	122,734	206,033	577,135	244,301	1,150,203	(498,992)	4,778	655,989
Medical professional services	435,435	-	172,600	-	608,036	-	-	608,036
Supplies	9,013	128,662	171,362	13,209	322,246	111,921	2,011	436,179
Depreciation	388	55,873	151,130	-	207,390	170,511	-	377,901
Other	11,511	16,956	174,798	1,452	204,717	128,736	36,889	370,342
Food	-	-	174,854	-	174,854	-	-	174,854
Vehicles	-	-	150,843	-	150,843	-	-	150,843
Insurance	1,223	9,908	10,998	-	22,129	83,003	-	105,132
Interest	-	-	-	-	-	96,047	-	96,047
Purchased services	-	-	84,516	-	84,516	-	-	84,516
Training and development	404	-	23,484	38,964	62,852	20,497	150	83,499
Travel	2,765	4,044	34,061	19,932	60,802	5,744	1,156	67,702
Telephone	2,120	8,760	24,008	8,015	42,903	19,332	448	62,683
Assistive tech and modifications	44,022	-	166	-	44,188	-	-	44,188
	937,107	484,072	5,334,937	341,830	7,097,946	777,843	45,887	7,921,675
Total expenses	$ 1,235,533	$ 2,638,847	$ 9,964,965	$ 2,009,073	$ 15,848,418	$ 1,628,148	$ 115,494	$ 17,592,059

	Program Services							
	Child and Family Services	Employment Related Services	Residential and Supported Living Services	Case Management	Total Program Services	Management and General	Public Relations and Fundraising	Total
Salaries and wages	$ 596,233	$ 1,756,251	$ 4,627,925	$ 1,052,120	$ 8,032,530	$ 688,376	$ 30,981	$ 8,751,887
Host home	-	-	2,771,544	-	2,771,544	-	-	2,771,544
Employee benefits	96,878	203,284	551,888	187,756	1,039,806	107,325	944	1,148,075
Professional services	169,331	39,402	167,507	13,249	389,489	606,023	628	996,139
Payroll taxes	52,215	155,381	411,344	91,517	710,457	144,315	2,536	857,308
Occupancy and admin burden	120,689	158,422	549,356	149,682	978,149	(431,202)	9,642	556,590
Medical professional services	304,523	-	132,579	805	437,907	-	-	437,907
Supplies	10,445	134,000	154,917	6,604	305,967	76,702	1,764	384,433
Other	8,808	17,866	170,831	1,472	198,977	115,799	39,078	353,854
Depreciation	1,020	60,111	151,930	-	213,062	138,111	-	351,173
Food	-	-	197,003	-	197,003	-	-	197,003
Vehicles	-	-	189,469	-	189,469	-	-	189,469
Training and development	2,255	25	69,493	1,734	73,507	37,792	50	111,349
Insurance	856	4,206	9,758	-	14,820	67,685	-	82,505
Travel	12,570	4,828	40,443	14,829	72,670	5,521	13	78,204
Telephone	3,609	10,747	30,781	5,769	50,905	20,238	182	71,326
Purchased services	-	-	53,340	-	53,340	-	-	53,340
Interest	-	-	-	-	-	40,820	-	40,820
Assistive tech and modifications	20,376	-	4,082	-	24,458	-	-	24,458
Dues and subscriptions	250	1,545	750	563	3,108	7,395	475	10,978
Inter-program allocations	(4,881)	(53,350)	58,231	-	-	-	-	-
Total expenses included in the expense section on the statement of activities	$ 1,395,177	$ 2,492,719	$ 10,343,170	$ 1,526,101	$ 15,757,168	$ 1,624,901	$ 86,293	$ 17,468,362

	2019	2018
Cash Flows from Operating Activities		
Cash received from services	$ 16,753,439	$ 15,635,397
Cash received from contributions and grants	1,002,833	1,389,524
Cash paid for salaries, benefits and taxes	(9,670,384)	(10,644,375)
Cash paid to vendors	(7,278,380)	(6,517,668)
Cash paid for interest	(96,047)	(39,069)
Net Cash from (used for) Operating Activities	711,461	(176,191)
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,954,542)	(89,057)
Proceeds from sale of property and equipment	278,611	324,953
Cash paid at closing	(450,671)	-
Payment of earnest money	-	(100,000)
Net Cash from (used for) Investing Activities	(2,126,602)	135,896
Cash Flows from Financing Activities		
Collection of contributions restricted for acquisition of property	759,184	51,929
Principal payments on notes payable	(101,502)	(111,553)
Payment of debt issuance costs	(88,881)	-
Net Cash from (used for) Financing Activities	568,801	(59,624)
Net Change	(846,340)	(99,919)
Cash, Cash Equivalents and Restricted Cash		
Beginning of year	3,260,323	3,360,242
End of year	$ 2,413,983	$ 3,260,323
Supplemental Disclosure of Non-cash Activities:		
Building acquired with bond financing	$ 5,488,000	$ -
Debt repaid with sale of building	1,244,766	-

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. The purpose of family support services is to reduce, delay or prevent out of home placement and to decrease stress on the families that often occurs as a result of supporting a family member with a developmental disability in the home. The Parenting Place is a family resource center that strives to strengthen families within Mesa County, offering many different resources to support, educate and develop a strong parent community. Included in this service category are services directed to individuals with autism to help them learn new skills for communicating, problem-solving, social integration and coping. Strive also offers staff and family training and offer workshops and training in emerging autism topics.

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 four 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 twelve supervised group homes, host homes and congregate 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, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position to the sum of the corresponding amounts within the consolidated statements of cash flow:

	2019	2018
Cash and cash equivalents	$ 2,395,349	$ 3,023,699
Restricted cash and cash equivalents	18,634	236,624
	$ 2,413,983	$ 3,260,323

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, 2019 and 2018, the allowance was $22,200 and $25,600, respectively.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded 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 statement of activities. Management determines the allowance for uncollectable 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 uncollectable. At June 30, 2019 and 2018, the allowance was $21,200 and $4,200, respectively.

Inventory

Inventory is comprised of program-related merchandise held for sale in the thrift or gift shop and 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, 2019 and 2018.

Assets Held for Sale

Assets held for sale are carried at net book value as the expected selling price exceeds this amount. If the expected selling price were lower than net book value, the carrying value would be reduced by an impairment charge.

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 is computed using the straight-line method over the estimated useful lives of the assets 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, 2019 and 2018.

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, these net assets are not subject to donor- (or certain grantor-) imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Strive reports 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 classified 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

Revenue is recognized when earned. Program revenue received in advance are deferred to the applicable period in which the related services are performed. These deferred revenues will be recognized in the periods in which the related services are performed. Program revenue consists primarily of funds received from Medicaid and other services, proceeds from mill levies in Mesa County, miscellaneous smaller grants and awards from federal, state and municipal sources.

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 are not recognized until the conditions on which they depend have been substantially met.

Advertising

Advertising costs are expensed as incurred, and totaled $46,629 and $52,892 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018.

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, materials and supplies, and others which are allocated on office or department use, as well as salaries and wages, benefits, payroll taxes, professional services, facilities and equipment rental, dues and subscriptions, information technology, marketing, insurance, 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 under Section 170(b)(1)(A)(ii) and have been determined not to be private foundations under Sections 509(a)(1) and (3) respectively. 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.

Change in Accounting Policy

As of January 1, 2018, Strive adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities.* The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for our donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from our intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess our liquidity and exposure to risk.

The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. Strive has elected not to present comparative liquidity information for these amendments.

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, 2019, comprise the following:

Cash and cash equivalents	$	2,395,349
Accounts receivable, net		1,263,289
Promises to give, net		160,743
	$	3,819,381

In addition to the financial assets listed above, Strive maintains a $1,000,000 line of credit to provide additional liquidity in times of cash need. Additional information on the line of credit can be found in Note 7.

Note 3 - Fees and Grants from Governmental Agencies

Amounts due from governmental agencies are as follows at June 30, 2019 and 2018:

	2019	2018
State of Colorado		
General Fund	$ 165,539	$ 212,971
Medicaid	664,211	600,323
Other	37,807	35,625
	867,557	848,919
Mesa County	267,956	267,956
Total	$ 1,135,513	$ 1,116,875

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2019 and 2018:

	2019	2018
Within one year	$ 160,743	$ 87,461
In one to five years	110,021	73,160
	270,764	160,621
Less discount to net present value at rates ranging from 1% to 5.5%	(11,400)	(8,300)
Less allowance for uncollectable promises to give	(21,200)	(4,200)
	$ 238,164	$ 148,121

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2019 and 2018:

	2019	2018
Land	$ 1,393,326	$ 890,047
Building and improvements	11,731,504	7,503,735
Furniture and equipment	912,184	947,772
Vehicles	1,156,725	1,194,108
Construction in progress	-	3,500
	15,193,739	10,539,162
Less accumulated depreciation	(3,842,667)	(5,555,412)
Total	$ 11,351,072	$ 4,983,750

The net book value of the group home held for sale as of June 30, 2019 has been removed from the above table and no further depreciation will be taken on the property.

Note 6 - Line of Credit

During June 2019, Strive signed an agreement for a $1,000,000 line of credit maturing in June 2020. Interest on any outstanding borrowings is due monthly and calculated at the Wall Street Journal Prime rate plus 1.0%. The agreement requires Strive to maintain its primary banking relationship with at the lender institution and, if this condition is not met, the interest rate on the line increases to the Prime rate plus 1.5%. Use of the line of credit is subject to a borrowing base calculation as defined in the agreement. The agreement contains certain financial covenants that must be maintained as well as limitations on additional outside indebtedness and is secured by property and equipment. No amounts are outstanding on the line of credit as of June 30, 2019.

Note 7 - 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 $3,555,142 as of June 30, 2019.

The Series 2019B Authority Note is 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 is due in five annual payments (see details in table below). The outstanding principal balance was $1,888,000 as of June 30, 2019.

Security for the Authority Notes includes a deed of trust, assignment of any leases and rents and the contents of certain bank accounts maintained at the lending institution. The lending agreement also requires Strive to comply with certain financial and non-financial covenants.

Future maturities of the bonds payable are as follows:

Years Ending June 30,	2019A Authority Note	2019B Authority Note	Amortized debt issuance costs	Total
2020	$ 182,995	$ 288,000	$ (5,925)	$ 465,070
2021	190,437	400,000	(5,925)	584,512
2022	197,805	400,000	(5,925)	591,880
2023	205,458	400,000	(5,925)	599,533
2024	213,130	400,000	(5,925)	607,205
Thereafter	2,565,587	-	(57,551)	2,508,036
	$ 3,555,412	$ 1,888,000	$ (87,176)	$ 5,356,236

Note 8 - Leases

Strive leases building space and residential facilities on a month-to-month basis.

A non-cancelable operating lease is in place for a retail store expiring in 2021. Future minimum lease payments for the non-cancelable operating lease are as follows:

Years ending June 30,	
2020	24,400
2021	6,120
	$ 30,520

Total rent expense for all properties under operating leases totaled $120,239 and $124,400 for the years ended June 30, 2019 and 2018, respectively.

Note 9 - 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 $84,931 and $98,113 for the years ended June 30, 2019 and 2018, respectively.

Note 10 - Self-Insured Employee Health Plan

Strive's employee health benefit coverage consists of a self-insured medical plan. As of June 30, 2019 and 2018 Strive has recorded a liability of approximately $99,000 and $62,000, 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 $90,000 with a $22,000 aggregate stop-loss limit as of June 30, 2019.

Note 11 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Residential services	$ 8,140	$ 8,696
Family support services	18,835	18,527
Parenting Place	6,140	-
Supported employment	3,714	836
Autism services	48,000	73,000
Framing the Future - playground fund	79,616	-
Framing the Future - building fund	-	302,158
	$ 164,445	$ 403,217

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows during the years ended June 30, 2019 and 2018:

	2019	2018
Residential services	$ 6,990	$ 11,841
Family support services	20,643	23,738
Parenting Place	5,260	15,745
Supported employment	20,086	8,952
Autism services	102,600	8,100
Framing the Future - building fund	1,081,877	260
Children's extensive support	-	500
	$ 1,237,456	$ 69,136

Note 12 - 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. 23rd 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 $567,216 and $578,645 at June 30, 2019 and 2018, respectively. If payable, the advance would bear interest at the rate of 6.0% per annum. Accrued interest through June 30, 2019 and 2018 totaling approximately $667,000 and $633,000 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. 23rd 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. 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 $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. If there is a change in use, Strive, its successors and assignees, heirs, grantees or lessees shall be required to repay the State the grant funds attributed to this property. In lieu of repayment, the State may authorize Strive, it 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.

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.

The agreement expires 20 years from the date the equipment came online, which will be July 2032. If Strive terminates the agreement prior to the expiration date, Strive will owe an amount which is equal to the greater of the fair market value of the equipment or a termination cost as stated in the agreement, which declines over time and approximates the option price discussed above. As of June 30, 2019 the termination cost per the agreement is $1,286,010.

Note 13 - Subsequent Events

Strive anticipates entering into an agreement, subsequent to June 30, 2019, to acquire the use of substantially all assets of Alida's Fruits that will provide additional employment opportunities to individuals served. Terms of the agreement are still in negotiation and will be reflected in the financial statements in the year the transaction is executed.

Management has evaluated subsequent events through September 24, 2019, the date the financial statements were available to be issued.

Supplementary Information
June 30, 2019 and 2018

Mesa Developmental Services
dba Strive Colorado

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	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	$ 2,384,487	$ 10,862	$ -	$ 2,395,349
Accounts receivable				
Fees and grants from governmental agencies, net	1,135,513	-	-	1,135,513
Other	163,731	-	(35,955)	127,776
Promises to give, net	238,164	-	-	238,164
Inventory	10,871	-	-	10,871
Prepaid expenses and other assets	38,374	-	-	38,374
Total current assets	3,971,140	10,862	(35,955)	3,946,047
Restricted cash	-	18,634	-	18,634
Assets held for sale, net	80,236	-	-	80,236
Property and equipment, net	10,713,521	637,551	-	11,351,072
	$ 14,764,897	$ 667,047	$ (35,955)	$ 15,395,989
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$ 871,277	$ 35,955	$ (35,955)	$ 871,277
Deferred revenue	6,459	-	-	6,459
Bonds payable, current portion	465,070	-	-	465,070
Total current liabilities	1,342,806	35,955	(35,955)	1,342,806
Long-Term Liabilities				
Bonds payable, long-term portion	4,891,166	-	-	4,891,166
Total liabilities	6,233,972	35,955	(35,955)	6,233,972
Net Assets				
Without donor restrictions				
Undesignated	2,928,959	(6,459)	-	2,922,500
Invested in property and equipment, net of related debt	5,437,521	637,551	-	6,075,072
	8,366,480	631,092	-	8,997,572
With donor restrictions	164,445	-	-	164,445
Total net assets	8,530,925	631,092	-	9,162,017
	$ 14,764,897	$ 667,047	$ (35,955)	$ 15,395,989

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	$ 3,013,655	$ 10,044	$ -	$ 3,023,699
Accounts receivable				
Fees and grants from governmental agencies, net	1,116,875	-	-	1,116,875
Other	226,835	-	(46,238)	180,597
Promises to give, net	148,121	-	-	148,121
Inventory	11,955	-	-	11,955
Prepaid expenses and other assets	39,048	-	-	39,048
Total current assets	4,556,489	10,044	(46,238)	4,520,295
Restricted cash	211,916	24,708	-	236,624
Earnest money on office building	100,000	-	-	100,000
Property and equipment, net	4,322,019	661,731	-	4,983,750
	$ 9,190,424	$ 696,483	$ (46,238)	$ 9,840,669
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$ 703,688	$ 46,238	$ (46,238)	$ 703,688
Deferred revenue	32,749	-	-	32,749
Note payable, current portion	115,178	-	-	115,178
Total current liabilities	851,615	46,238	(46,238)	851,615
Long-Term Liabilities				
Note payable, long-term portion	1,188,207	-	-	1,188,207
Total liabilities	2,039,822	46,238	(46,238)	2,039,822
Net Assets				
Without donor restrictions				
Undesignated	3,728,751	(11,486)	-	3,717,265
Invested in property and equipment, net of related debt	3,018,634	661,731	-	3,680,365
Total without donor restrictions	6,747,385	650,245	-	7,397,630
With donor restrictions	403,217	-	-	403,217
Total net assets	7,150,602	650,245	-	7,800,847
	$ 9,190,424	$ 696,483	$ (46,238)	$ 9,840,669

	Mesa Developmental Services	DD Housing	Eliminations	Consolidated
Revenue, Support and Gains				
Fees for services from governmental agencies				
Medicaid	$ 14,127,212	$ -	$ -	$ 14,127,212
State of Colorado	914,746	-	-	914,746
Other	345,386	-	-	345,386
Grants from governmental agencies				
Mesa County	535,913	-	-	535,913
State of Colorado	51,832	-	-	51,832
Total from governmental agencies	15,975,089	-	-	15,975,089
Residential room and board	917,867	71,459	-	989,326
Public support - contributions	1,264,315	-	-	1,264,315
Retail and service contract	125,550	-	-	125,550
Private pay and private health insurance	77,354	-	-	77,354
Other revenue	165,959	13	-	165,972
Gain on sale of property	355,623	-	-	355,623
Total revenue, support, and gains	18,881,757	71,472	-	18,953,229
Expenses				
Program services	15,757,793	90,625	-	15,848,418
Supporting services				
Management and general	1,628,148	-	-	1,628,148
Public relations and fundraising	115,494	-	-	115,494
Total expenses	17,501,434	90,625	-	17,592,059
Change in Net Assets	1,380,323	(19,153)	-	1,361,170
Net Assets, Beginning of Year	7,150,602	650,245	-	7,800,847
Net Assets, End of Year	$ 8,530,925	$ 631,092	$ -	$ 9,162,017

Mesa Developmental Services
dba Strive Colorado
Consolidating Schedule of Activities
Year Ended June 30, 2018

	Mesa Developmental Services	DD Housing	Eliminations	Consolidated
Revenue, Support and Gains				
Fees for services from governmental agencies				
Medicaid	$ 12,859,102	$ -	$ -	$ 12,859,102
State of Colorado	1,143,563	-	-	1,143,563
Other	238,140			238,140
Grants from governmental agencies				
Mesa County	535,913	-	-	535,913
State of Colorado	500,362	-	-	500,362
Total from governmental agencies	15,277,080	-	-	15,277,080
Residential room and board	910,675	77,013	-	987,688
Public support - contributions	553,299	-	-	553,299
Retail and service contract	132,400	-	-	132,400
Private pay and private health insurance	106,399	-	-	106,399
Other revenue	106,651	17	-	106,668
Gain on sale of property	219,815	-	-	219,815
Total revenue, support, and gains	17,306,319	77,030	-	17,383,349
Expenses				
Program services	15,665,756	91,412	-	15,757,168
Supporting services				
Management and general	1,624,901	-	-	1,624,901
Public relations and fundraising	86,293	-	-	86,293
Total expenses	17,376,950	91,412	-	17,468,362
Change in Net Assets	(70,631)	(14,382)	-	(85,013)
Net Assets, Beginning of Year	7,221,233	664,627	-	7,885,860
Net Assets, End of Year	$ 7,150,602	$ 650,245	$ -	$ 7,800,847