



Consolidated Financial Statements
June 30, 2021 and 2020

**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 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, 2021 and 2020, 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, 2021 and 2020, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Grand Junction, Colorado
October 5, 2021

Mesa Developmental Services
dba Strive Colorado
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,777,704	\$ 5,106,509
Accounts receivable		
Fees and grants from governmental agencies, net	1,156,612	1,221,283
Employee retention credit	980,335	-
Other	156,887	142,265
Promises to give, net	111,200	143,664
Inventory	24,455	27,819
Prepaid expenses and other assets	49,494	56,956
Total current assets	8,256,687	6,698,496
Noncurrent Assets		
Restricted cash	24,523	21,580
Property and equipment, net	10,586,526	11,124,206
	\$ 18,867,736	\$ 17,844,282
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,015,467	\$ 892,571
Deferred revenue	30,783	24,208
Capital lease, current portion	31,335	29,659
Paycheck Protection Program, current portion	-	788,725
Bonds payable, current portion	182,206	509,457
Total current liabilities	1,259,791	2,244,620
Long-Term Liabilities		
Capital lease, net of current portion	8,108	39,443
Paycheck Protection Program, net of current portion	-	985,906
Bonds payable, net of current portion	4,486,073	4,382,060
Total long-term liabilities	4,494,181	5,407,409
Total liabilities	5,753,972	7,652,029
Net Assets		
Without donor restrictions		
Undesignated	7,156,035	3,965,077
Invested in property and equipment, net of related debt	5,878,804	6,163,587
	13,034,839	10,128,664
With donor restrictions	78,925	63,589
Total net assets	13,113,764	10,192,253
	\$ 18,867,736	\$ 17,844,282

Mesa Developmental Services
dba Strive Colorado
Consolidated Statement 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	<u>16,712,673</u>	<u>-</u>	<u>16,712,673</u>
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
Gain on sale of property	155,938	-	155,938
Other revenue	174,825	-	174,825
Net assets released from restrictions	27,276	(27,276)	-
Total revenue, support and gains	<u>18,389,953</u>	<u>15,336</u>	<u>18,405,289</u>
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	<u>15,483,778</u>	<u>-</u>	<u>15,483,778</u>
Change in Net Assets	2,906,175	15,336	2,921,511
Net Assets, Beginning of Year	<u>10,128,664</u>	<u>63,589</u>	<u>10,192,253</u>
Net Assets, End of Year	<u>\$ 13,034,839</u>	<u>\$ 78,925</u>	<u>\$ 13,113,764</u>

Mesa Developmental Services
dba Strive Colorado
Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Fees for services from governmental agencies			
Medicaid	\$ 14,586,190	\$ -	\$ 14,586,190
State of Colorado	987,319	-	987,319
Part C	469,512	-	469,512
Other	240,826	-	240,826
Grants from governmental agencies			
Mesa County	535,796	-	535,796
State of Colorado	17,500	-	17,500
Total from governmental agencies	16,837,143	-	16,837,143
Residential room and board	943,029	-	943,029
Public support - contributions	362,949	73,726	436,675
Retail and service contract	210,911	-	210,911
Private pay and private health insurance	59,205	-	59,205
Other revenue	159,025	-	159,025
Net assets released from restrictions	174,582	(174,582)	-
Total revenue, support and gains	18,746,844	(100,856)	18,645,988
Expenses			
Program services	15,975,378	-	15,975,378
Supporting services			
Management and general	1,555,536	-	1,555,536
Public relations and fundraising	84,838	-	84,838
Total expenses	17,615,752	-	17,615,752
Change in Net Assets	1,131,092	(100,856)	1,030,236
Net Assets, Beginning of Year	8,997,572	164,445	9,162,017
Net Assets, End of Year	\$ 10,128,664	\$ 63,589	\$ 10,192,253

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

Mesa Developmental Services
dba Strive Colorado
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services					Management and General	Public Relations and Fundraising	Total
	Child and Family Services	Employment Related Services	Residential and Supported Living Services	Case Management	Total Program Services			
Personnel costs								
Salaries and wages	\$ 184,519	\$ 2,064,481	\$ 3,335,169	\$ 1,309,982	\$ 6,894,151	\$ 706,277	\$ 42,479	\$ 7,642,907
Payroll taxes	18,539	211,199	327,179	128,151	685,068	90,087	4,281	779,436
Employee benefits	10,794	135,471	241,164	185,879	573,308	68,457	1,481	643,246
Total personnel costs	<u>213,852</u>	<u>2,411,151</u>	<u>3,903,512</u>	<u>1,624,012</u>	<u>8,152,527</u>	<u>864,821</u>	<u>48,241</u>	<u>9,065,589</u>
Expenses								
Host homes	-	-	4,049,712	-	4,049,712	-	-	4,049,712
Professional services	395,364	41,929	101,382	6,874	545,549	563,867	9,688	1,119,104
Medical professional services	661,748	-	161,368	-	823,117	-	-	823,117
Occupancy/overhead allocation	75,835	236,711	546,991	311,794	1,171,331	(666,546)	7,713	512,499
Depreciation and amortization	-	64,985	144,280	-	209,265	285,320	-	494,585
Supplies	5,085	159,080	100,486	9,406	274,057	76,998	910	351,965
Other	13,318	16,870	146,435	2,727	179,350	105,662	16,541	301,553
Interest	-	2,931	52	-	2,983	203,551	-	206,534
Food	-	-	142,162	-	142,162	-	-	142,162
Vehicles	-	-	140,896	-	140,896	25	-	140,920
Insurance	-	10,924	10,881	-	21,805	89,247	-	111,052
Purchased services	-	-	80,920	-	80,920	-	-	80,920
Assistive technology and modifi	53,755	-	16,829	-	70,584	-	-	70,584
Telephone	2,595	7,285	18,239	9,111	37,230	18,615	297	56,141
Travel	1,507	5,093	19,031	17,445	43,076	6,591	660	50,328
Training and development	696	700	27,358	2,059	30,813	7,385	789	38,986
	<u>1,209,904</u>	<u>546,508</u>	<u>5,707,024</u>	<u>359,414</u>	<u>7,822,850</u>	<u>690,715</u>	<u>36,597</u>	<u>8,550,162</u>
Total expenses	<u>\$ 1,423,756</u>	<u>\$ 2,957,659</u>	<u>\$ 9,610,536</u>	<u>\$ 1,983,426</u>	<u>\$ 15,975,378</u>	<u>\$ 1,555,536</u>	<u>\$ 84,838</u>	<u>\$ 17,615,751</u>

Mesa Developmental Services
dba Strive Colorado
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Cash received from services	\$ 14,383,371	\$ 17,574,078
Cash received from contributions and grants	1,200,102	1,084,471
Proceeds from Paycheck Protection Program	-	1,774,631
Cash paid for salaries, benefits and taxes	(7,979,622)	(9,065,589)
Cash paid to vendors	(6,701,411)	(7,863,280)
Cash paid for interest	(192,853)	(206,534)
Net Cash from (used for) Operating Activities	709,587	3,297,777
Investing Activities		
Purchases of property and equipment	(73,772)	(97,833)
Proceeds from sale of property and equipment	291,220	500
Net Cash from (used for) Investing Activities	217,448	(97,333)
Financing Activities		
Principal payments on debt	(3,432,964)	(486,338)
Proceeds from loan	3,180,067	-
Net Cash from (used for) Financing Activities	(252,897)	(486,338)
Net Change in Cash, Cash Equivalents, and Restricted Cash	674,138	2,714,106
Cash, Cash Equivalents, and Restricted Cash, Beginning of year	5,128,089	2,413,983
Cash, Cash Equivalents, and Restricted Cash, End of year	\$ 5,802,227	\$ 5,128,089
Cash and cash equivalents	5,777,704	5,106,509
Restricted cash	24,523	21,580
	\$ 5,802,227	\$ 5,128,089
Supplemental Disclosure of Non-cash Activities:		
Equipment financed through capital lease	\$ -	\$ 90,721

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 five supervised group homes, 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, 2021 and 2020, the allowance was \$27,400 and \$17,600, respectively.

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, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020, the allowance was \$0.

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 \$2,293,834, \$1,507,212, and \$1,263,289 at June 30, 2021 and 2020 and July 1, 2019, respectively.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention credit (the Credit) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020.

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, 2021, Strive recorded approximately a \$980,000 benefit related to the credit related to the first quarter of calendar year 2021 which 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.

Provider Relief Funds

Strive received approximately \$316,000 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, ranging from June 30, 2021 to December 31, 2022. Based on the date Strive received funding to date, the deadline to incur eligible expenses is December 31, 2021. Strive is required to report use of funds by March 31, 2022. Any unspent funds, or funds spent for ineligible purposes will be required to be repaid. As of June 30, 2021, 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.

Advertising

Advertising costs are expensed as incurred, and totaled \$17,651 and \$23,187 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020.

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.

COVID-19 Pandemic

Beginning in 2020, the world-wide coronavirus pandemic impacted national and global economies. Strive is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these consolidated financial statements, the current and future full impact to Strive is not known.

Subsequent Events

Management has evaluated subsequent events through October 5, 2021, 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, 2021, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,777,704	\$ 5,106,509
Fees and grants from governmental agencies, net	1,156,612	1,221,283
Employee retention credit	980,335	-
Other	156,887	142,265
Promises to give, due within one year	<u>49,634</u>	<u>82,098</u>
	<u>\$ 8,121,172</u>	<u>\$ 6,552,155</u>

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 49,634	\$ 82,098
In one to five years	<u>66,666</u>	<u>66,666</u>
	116,300	148,764
Less discount to net present value at 3.25%	<u>(5,100)</u>	<u>(5,100)</u>
	<u>\$ 111,200</u>	<u>\$ 143,664</u>

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 1,398,326	\$ 1,408,328
Building and improvements	11,796,917	12,004,150
Furniture and equipment	999,930	983,513
Vehicles	1,178,733	1,166,959
	15,373,906	15,562,950
Less accumulated depreciation	(4,787,380)	(4,438,744)
Total	\$ 10,586,526	\$ 11,124,206

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 \$3,182,049 and \$3,372,496 as of June 30, 2021 and 2020, respectively.

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 \$1,580,000 and \$1,600,000 as of June 30, 2021 and 2020, 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, 2021 and 2020, respectively.

Future maturities of the bonds payable are as follows:

Years Ending June 30,	2019A Authority Note	2019B Note	Unamortized debt issuance costs	Total
2022	\$ 109,406	\$ 79,057	\$ (6,257)	\$ 182,206
2023	205,458	82,449	(6,257)	281,650
2024	213,130	85,827	(6,257)	292,700
2025	221,653	89,667	(6,257)	305,063
2026	211,149	93,514	(5,925)	298,738
Thereafter	2,221,253	1,150,372	(63,703)	3,307,922
	<u>\$ 3,182,049</u>	<u>\$ 1,580,886</u>	<u>\$ (94,656)</u>	<u>\$ 4,668,279</u>

Note 6 - Paycheck Protection Program (PPP) Loan

Strive was granted a \$1,774,631 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. Strive has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. Strive initially recorded the loan as a refundable advance when received in 2020 and subsequently recognized contribution revenue in 2021 in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. Strive has received forgiveness and recognized \$1,774,631 as contribution revenue during the year ended June 30, 2021.

Note 7 - 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
2022	\$ 31,335	\$ 27,900
2023	8,108	29,700
2024	-	31,500
2025	-	33,300
2026	-	5,600
Total minimum lease payments	<u>\$ 39,443</u>	<u>\$ 128,000</u>

Leased property under capital leases at June 30, 2021 and 2020 includes the following:

	2021	2020
Equipment	\$ 79,921	\$ 79,921
Less accumulated amortization	<u>(27,297)</u>	<u>(11,330)</u>
	<u>\$ 52,624</u>	<u>\$ 68,591</u>

Total rent expense for all properties under operating leases totaled \$87,722 and \$68,342 for the years ended June 30, 2021 and 2020, respectively.

Note 8 - 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 \$71,101 and \$80,100 for the years ended June 30, 2021 and 2020, respectively.

Note 9 - Self-Insured Employee Health Plan

Strive's employee health benefit coverage consists of a self-insured medical plan. As of June 30, 2021 and 2020 Strive has recorded a liability of approximately \$57,000 and \$59,000, 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 \$95,000 with a \$22,000 aggregate stop-loss limit as of June 30, 2021.

Note 10 - Net Assets With Donor Restrictions

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

	2021	2020
Subject to Expenditure for Specified Purpose		
Residential services	\$ 7,719	\$ 8,625
Family support services	8,774	9,297
Supported employment	3,654	3,218
Framing the Future - playground fund	49,269	42,449
Other	9,509	-
	\$ 78,925	\$ 63,589

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows during the years ended June 30, 2021 and 2020:

	2021	2020
Residential services	\$ 1,556	\$ 1,741
Family support services	14,109	23,855
Parenting Place	-	6,140
Supported employment	580	6,679
Autism services	-	49,000
Framing the Future - building fund	8,180	87,167
Other	2,851	-
	\$ 27,276	\$ 174,582

Note 11 - 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 \$694,000 at both June 30, 2021 and 2020. If payable, the advance would bear interest at the rate of 6.0% per annum. Accrued interest through June 30, 2021 and 2020 totaling approximately \$734,000 and \$701,000 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.

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.

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, 2021 the termination cost per the agreement is \$1,071,675 and the buy cost per agreement is \$1,000,230.



Supplementary Information
June 30, 2021 and 2020

**Mesa Developmental Services
dba Strive Colorado**

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

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
Assets				
Current Assets				
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	183,243	-	(26,356)	156,887
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>8,276,200</u>	<u>6,843</u>	<u>(26,356)</u>	<u>8,256,687</u>
Noncurrent Assets				
Restricted cash	-	24,523	-	24,523
Property and equipment, net	9,997,338	589,188	-	10,586,526
	<u>\$ 18,273,538</u>	<u>\$ 620,554</u>	<u>\$ (26,356)</u>	<u>\$ 18,867,736</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 1,015,467	\$ 26,356	\$ (26,356)	\$ 1,015,467
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	<u>1,259,791</u>	<u>26,356</u>	<u>(26,356)</u>	<u>1,259,791</u>
Long-Term Liabilities				
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	<u>4,494,181</u>	<u>-</u>	<u>-</u>	<u>4,494,181</u>
Total liabilities	<u>5,753,972</u>	<u>26,356</u>	<u>(26,356)</u>	<u>5,753,972</u>
Net Assets				
Without donor restrictions				
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
	<u>12,440,641</u>	<u>594,198</u>	<u>-</u>	<u>13,034,839</u>
With donor restrictions				
	<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>\$ 18,273,538</u>	<u>\$ 620,554</u>	<u>\$ (26,356)</u>	<u>\$ 18,867,736</u>

Mesa Developmental Services
dba Strive Colorado
Consolidating Schedule of Financial Position
June 30, 2020

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,100,900	\$ 5,609	\$ -	\$ 5,106,509
Accounts receivable				
Fees and grants from governmental agencies, net	1,221,283	-	-	1,221,283
Other	168,672	-	(26,407)	142,265
Promises to give, net	143,664	-	-	143,664
Inventory	27,819	-	-	27,819
Prepaid expenses and other assets	56,956	-	-	56,956
Total current assets	<u>6,719,294</u>	<u>5,609</u>	<u>(26,407)</u>	<u>6,698,496</u>
Noncurrent Assets				
Restricted cash	-	21,580	-	21,580
Property and equipment, net	10,510,836	613,370	-	11,124,206
	<u>\$ 17,230,130</u>	<u>\$ 640,559</u>	<u>\$ (26,407)</u>	<u>\$ 17,844,282</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 892,571	\$ 26,407	\$ (26,407)	\$ 892,571
Deferred revenue	24,208	-	-	24,208
Capital Lease, current portion	29,659	-	-	29,659
Paycheck Protection Program, current portion	788,725	-	-	788,725
Bonds Payable, current portion	509,457	-	-	509,457
Total current liabilities	<u>2,244,620</u>	<u>26,407</u>	<u>(26,407)</u>	<u>2,244,620</u>
Long-Term Liabilities				
Capital Lease, net of current portion	39,443	-	-	39,443
Paycheck Protection Program, net of current portion	985,906	-	-	985,906
Bonds Payable, net of current portion	4,382,060	-	-	4,382,060
Total long-term liabilities	<u>5,407,409</u>	<u>-</u>	<u>-</u>	<u>5,407,409</u>
Total liabilities	<u>7,652,029</u>	<u>26,407</u>	<u>(26,407)</u>	<u>7,652,029</u>
Net Assets				
Without donor restrictions				
Undesignated	3,964,295	782	-	3,965,077
Invested in property and equipment, net of related debt	5,550,217	613,370	-	6,163,587
	<u>9,514,512</u>	<u>614,152</u>	<u>-</u>	<u>10,128,664</u>
With donor restrictions				
	<u>63,589</u>	<u>-</u>	<u>-</u>	<u>63,589</u>
Total net assets	<u>9,578,101</u>	<u>614,152</u>	<u>-</u>	<u>10,192,253</u>
	<u>\$ 17,230,130</u>	<u>\$ 640,559</u>	<u>\$ (26,407)</u>	<u>\$ 17,844,282</u>

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

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
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 forgiveness	1,774,631	-	-	1,774,631
Total from governmental agencies	<u>16,712,673</u>	<u>-</u>	<u>-</u>	<u>16,712,673</u>
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	<u>18,328,444</u>	<u>76,845</u>	<u>-</u>	<u>18,405,289</u>
Expenses				
Program services	13,753,840	96,799	-	13,850,639
Supporting services				
Management and general	1,564,450	-	-	1,564,450
Public relations and fundraising	68,689	-	-	68,689
Total expenses	<u>15,386,979</u>	<u>96,799</u>	<u>-</u>	<u>15,483,778</u>
Change in Net Assets	2,941,465	(19,954)	-	2,921,511
Net Assets, Beginning of Year	<u>9,578,101</u>	<u>614,152</u>	<u>-</u>	<u>10,192,253</u>
Net Assets, End of Year	<u>\$ 12,519,566</u>	<u>\$ 594,198</u>	<u>\$ -</u>	<u>\$ 13,113,764</u>

Mesa Developmental Services
 dba Strive Colorado
 Consolidating Schedule of Activities
 Year Ended June 30, 2020

	Mesa Developmental Services	DD Housing, Inc.	Eliminations	Consolidated
Revenue, Support and Gains				
Fees for services from governmental agencies				
Medicaid	\$ 14,586,190	\$ -	\$ -	\$ 14,586,190
State of Colorado	987,319	-	-	987,319
Part C	469,512			469,512
Other	240,826			240,826
Grants from governmental agencies				
Mesa County	535,796	-	-	535,796
State of Colorado	17,500	-	-	17,500
Total from governmental agencies	<u>16,837,143</u>	<u>-</u>	<u>-</u>	<u>16,837,143</u>
Residential room and board	872,390	70,639	-	943,029
Public support - contributions	436,675	-	-	436,675
Retail and service contract	210,911	-	-	210,911
Private pay and private health insurance	59,205	-	-	59,205
Other revenue	159,012	11	-	159,023
Total revenue, support, and gains	<u>18,575,336</u>	<u>70,650</u>	<u>-</u>	<u>18,645,986</u>
Expenses				
Program services	15,887,789	87,589	-	15,975,378
Supporting services				
Management and general	1,555,536	-	-	1,555,536
Public relations and fundraising	84,838	-	-	84,838
Total expenses	<u>17,528,162</u>	<u>87,589</u>	<u>-</u>	<u>17,615,751</u>
Change in Net Assets	1,047,174	(16,939)	-	1,030,235
Net Assets, Beginning of Year	<u>8,530,927</u>	<u>631,091</u>	<u>-</u>	<u>9,162,018</u>
Net Assets, End of Year	<u>\$ 9,578,101</u>	<u>\$ 614,152</u>	<u>\$ -</u>	<u>\$ 10,192,253</u>