
STRIVE INTERNATIONAL, INC.

Financial Statements and Single Audit Reports

For the years ended December 31, 2020
(With comparative totals for 2019)

STRIVE INTERNATIONAL, INC.

Financial Statements

December 31, 2020

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Independent Auditors' Report

To the Board of Directors of
STRIVE International, Inc.

Report on the financial statements

We have audited the accompanying financial statements of STRIVE International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of STRIVE International, Inc., as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional 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 financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021 on our consideration of STRIVE International, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering STRIVE International, Inc.'s internal control over financial reporting and compliance.

Report on summarized comparative information

We have previously audited STRIVE International, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

New York, New York
September 10, 2021

NChing LLP



STRIVE INTERNATIONAL, INC.
Statement of Financial Position
As of December 31, 2020
(With comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ 1,730,422	\$ 720,590
Accounts receivable, net of allowance of \$0 for 2020 and \$51,568 for 2019	1,927,804	3,031,807
Contributions receivable, net – Note 4	417,329	717,158
Other receivable	33,516	33,516
Prepaid expenses and deposits	37,001	42,705
Fixed assets, net – Note 5	<u>388,846</u>	<u>462,250</u>
Total assets	<u>\$ 4,534,918</u>	<u>\$ 5,008,026</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 934,617	\$ 1,507,133
Loans payable – Note 9	892,245	-
Deferred rent payable	230,791	208,420
Deferred revenue	<u>-</u>	<u>1,667</u>
Total liabilities	<u>2,057,653</u>	<u>1,717,220</u>
<u>Net assets</u>		
Without donor restrictions	1,884,805	1,676,127
With donor restrictions – Note 6	<u>592,460</u>	<u>1,614,679</u>
Total net assets	<u>2,477,265</u>	<u>3,290,806</u>
Total liabilities and net assets	<u>\$ 4,534,918</u>	<u>\$ 5,008,026</u>

See accompanying notes are an integral part of these financial statements.

STRIVE INTERNATIONAL, INC.**Statement of Activities**

For the year ended December 31, 2020

(With comparative totals for 2019)

	Without donor restrictions	With donor restrictions	2020 Total	2019 Total
<u>Support and revenue</u>				
Contributions	\$ 2,162,192	\$ 684,960	\$ 2,847,152	\$ 2,363,475
Government grants	4,310,686		4,310,686	6,506,484
Program income	188,100		188,100	199,125
Special events	470,344		470,344	1,263,674
Less: direct expenses	(14,159)		(14,159)	(146,330)
Investment loss	-		-	(200)
Other	9,027		9,027	521
Net assets released from restrictions	<u>1,707,179</u>	<u>(1,707,179)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>8,833,369</u>	<u>(1,022,219)</u>	<u>7,811,150</u>	<u>10,186,749</u>
<u>Expenses</u>				
<u>Program services</u>				
Atlanta service	202,842		202,842	-
National service	2,592,085		2,592,085	3,754,508
NYC service	<u>3,514,532</u>		<u>3,514,532</u>	<u>4,175,781</u>
Total program services expenses	<u>6,309,459</u>		<u>6,309,459</u>	<u>7,930,289</u>
<u>Supporting services</u>				
Management and general	1,508,246		1,508,246	1,304,178
Fundraising	<u>806,986</u>		<u>806,986</u>	<u>709,333</u>
Total supporting services expenses	<u>2,315,232</u>		<u>2,315,232</u>	<u>2,013,511</u>
Total expenses	<u>8,624,691</u>		<u>8,624,691</u>	<u>9,943,800</u>
Change in net assets	208,678	(1,022,219)	(813,541)	242,949
Net assets, beginning of year	<u>1,676,127</u>	<u>1,614,679</u>	<u>3,290,806</u>	<u>3,047,857</u>
Net assets, end of year	<u>\$ 1,884,805</u>	<u>\$ 592,460</u>	<u>\$ 2,477,265</u>	<u>\$ 3,290,806</u>

See accompanying notes are an integral part of these financial statements.

STRIVE INTERNATIONAL, INC.
Statement of Functional Expenses
For the year ended December 31, 2020
(With comparative totals for 2019)

	Program services				Supporting services			Total program and supporting services	
	Atlanta	National	NYC	Total program service	Management and general	Fund raising	Total	2020	2019
Salaries	\$ 135,394	\$ 515,232	\$ 1,943,898	\$ 2,594,524	\$ 808,365	\$ 487,477	\$ 1,295,842	\$ 3,890,366	\$ 4,097,728
Fringe benefits	16,018	118,344	470,705	605,067	169,358	90,757	260,115	865,182	842,740
Total personnel costs	151,412	633,576	2,414,603	3,199,591	977,723	578,234	1,555,957	4,755,548	4,940,468
Subawards	-	1,372,326	-	1,372,326	-	-	-	1,372,326	2,523,539
Professional services	-	442,064	239,750	681,814	185,361	168,249	353,610	1,035,424	961,813
Occupancy costs	-	46,931	262,125	309,056	81,023	23,131	104,154	413,210	410,159
Data management	20,410	46,356	153,572	220,338	51,148	17,615	68,763	289,101	148,075
Equipment rental	-	2,917	16,291	19,208	3,521	1,438	4,959	24,167	24,207
Repairs and maintenance	-	234	1,305	1,539	1,632	115	1,747	3,286	4,522
Telephone	-	5,541	28,655	34,196	22,077	2,522	24,599	58,795	41,195
Travel	3,771	10,107	261	14,139	319	-	319	14,458	80,239
Meetings and conferences	-	16,535	2,520	19,055	84	722	806	19,861	36,221
Client activities/supplies	24,448	7,444	364,715	396,607	13,740	3,571	17,311	413,918	254,031
Insurance	-	-	-	-	33,503	-	33,503	33,503	28,207
Supplies	2,685	3,083	13,801	19,569	2,951	671	3,622	23,191	53,174
Printing and postage	26	251	708	985	176	55	231	1,216	20,386
Bad debt expense	-	-	-	-	40,700	-	40,700	40,700	259,795
Other	90	4,720	16,226	21,036	20,884	10,663	31,547	52,583	73,296
Depreciation and amortization	-	-	-	-	73,404	-	73,404	73,404	84,473
Total expenses	\$ 202,842	\$ 2,592,085	\$ 3,514,532	\$ 6,309,459	\$ 1,508,246	\$ 806,986	\$ 2,315,232	\$ 8,624,691	\$ 9,943,800

See accompanying notes are an integral part of these financial statements.

STRIVE INTERNATIONAL, INC.
Statements of Cash Flows
For the years ended December 31,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Changes in net assets	\$ (813,541)	\$ 242,949
Adjustments to reconcile changes in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	73,404	84,473
Realized and unrealized losses	-	200
Donated stock	-	(19,777)
Bad debt expense	40,700	259,795
Amortization of discount	(15,258)	(20,368)
Change in accounts receivable	1,155,571	(351,773)
Change in contributions receivable	222,819	574,362
Change in other receivable	-	(6,919)
Change in prepaid expenses and deposits	5,703	6,093
Change in accounts and accrued expenses payable	(572,515)	123,082
Change in deferred income	(1,667)	1,667
Change in deferred rent payable	22,371	45,372
Net cash provided by/(used in) operating activities	<u>117,587</u>	<u>939,156</u>
Cash flows from investing activities		
Purchases of fixed assets	-	(16,499)
Sale of investments	-	19,577
Net cash provided by investing activities	<u>-</u>	<u>3,078</u>
Cash flows from financing activities		
Proceeds from PPP Loan	892,245	-
Payments on loans	-	(378,000)
Net cash (used in) financing activities	<u>892,245</u>	<u>(378,000)</u>
Net increase in cash	1,009,832	564,234
Cash, beginning of year	<u>720,590</u>	<u>156,356</u>
Cash, end of year	<u>\$ 1,730,422</u>	<u>\$ 720,590</u>

See accompanying notes are an integral part of these financial statements.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 1 Organization and nature of activities

STRIVE International, Inc. (“STRIVE”) was incorporated in 1984 in New York State. STRIVE’s mission is to help people acquire the life-changing skills and attitudes needed to overcome challenging circumstances, find sustained employment, and become valuable contributors to their families, their employers, and their communities. Its programs have helped transform the lives of numerous individuals and their families by equipping them with the skills and attitudes needed to attain meaningful work and productive careers. STRIVE’s programs provide comprehensive training, career development and supportive services for individuals with tremendous challenges. With affiliates around the United States and overseas, STRIVE has an unparalleled record of giving clients the skills and resources to attain living wage jobs and hope for a brighter future. During 2020, STRIVE launched a second site in Atlanta, GA to expand its operations.

STRIVE’s affiliates.

Headquartered in New York City, STRIVE program has been replicated in cities across the U.S. Each of the affiliates is a separate nonprofit organization that implements STRIVE service model, tailored to best meet local needs and labor market demands. Our affiliates are located in various parts of the U.S., such as Baltimore, MD, Boston, MA, Connecticut, Washington DC, New Orleans, LA, New Rochelle, NY, San Diego, CA, and Westchester county.

STRIVE is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Note 2 Summary of significant accounting policies

Basis of accounting. The financial statements of STRIVE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statements presentation. STRIVE reports information regarding its financial statements of financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of STRIVE.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of STRIVE or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 2 Summary of significant accounting policies – (continued)

Comparative information. The amounts shown for the year ended December 31, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with STRIVE's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Reclassifications. Certain prior year balances have been reclassified to be consistent with the current year financial statements presentation. The reclassifications have no effect in net assets or the operating results of the prior year.

Revenue recognition. Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded as net assets with donor restrictions or without donor restrictions when received depending on the existence and/or nature of any donor restrictions. When a 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. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Revenue from non-exchange transactions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments or release from obligations. STRIVE receives grants which may be conditional non-exchange transactions and fall under the scope of Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Donated investments are recorded as contributions at their estimated fair value on the date of donation.

Revenue from cost reimbursement governmental grants is recognized as the expenditures for each grant are incurred. Revenue from fee for service programs is recognized when earned.

Concentrations of credit risk. Financial instruments, which potentially subject STRIVE to concentrations of credit risk include cash and accounts receivable. STRIVE maintains its cash in bank deposit accounts which, at times, may exceed the current insured amount under the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020, STRIVE's cash balance exceeded the current amount insured under FDIC. STRIVE has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 2 Summary of significant accounting policies – (continued)

Contributions receivable. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue.

Allowance for uncollectible accounts. STRIVE determines whether an allowance of uncollectible accounts should be provided for grants, contributions and accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables and other sources, current economic conditions and historical information. Grants, contributions and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of December 31, 2020, and 2019, management's estimate of total allowance for uncollectible accounts was \$40,700 and \$259,795, respectively.

Fair value measurements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the least priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that STRIVE has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the assets or liabilities;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 2 Summary of significant accounting policies – (continued)

Fixed assets. Equipment and software, furniture and fixtures, leasehold improvements are recorded at cost, less accumulated depreciation or amortization computed on a straight-line basis. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. The estimated useful lives are as follows:

	<u>Estimated life</u>
Equipment and software	5 years
Furniture and fixtures	5 years
Leasehold improvements	related lease term

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated assets. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. Donated investments are promptly sold after receipt.

Functional allocation of expenses. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salary and benefits	Time and effort
Occupancy	Time and effort
Subawards	Program
Data management	Time and effort
Client activity/supplies	Program

Income taxes. STRIVE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. STRIVE has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. STRIVE does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending December 31, 2017 and subsequent remain subject to examination by the taxing authorities.

Operating risk. The coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the corona virus and around the imposition or relaxation of protective measures, STRIVE cannot reasonably estimate the impact to future results of operations.

Note 2 Summary of significant accounting policies – (continued)

Recently adopted accounting pronouncements.

- **Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958).** In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether STRIVE follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the entity serves as the resource recipient. The ASU has been adopted for the year ended December 31, 2020. There was no significant impact on the financial statements.
- **Revenue from Contracts with Customers (Topic 606).** In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2020-05, which deferred the effective date for NMF until annual periods beginning after December 15, 2019. This ASU is required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. STRIVE adopted ASC 606 and all related amendments using the modified retrospective transition method. STRIVE concluded that the adoption of the new standard did not require an adjustment to the opening net assets balance as there was no significant impact on the financial statements.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 3 Availability and liquidity

The following represents STRIVE's financial assets at December 31,:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 1,730,422	\$ 720,590
Accounts and contributions receivable	2,345,133	3,748,965
Other receivables	<u>33,516</u>	<u>33,516</u>
Total financial assets	<u>4,109,071</u>	<u>4,503,071</u>
Less: net assets with donor restrictions	(592,460)	(1,614,679)
Add back: time restricted releases expected within a year	<u>50,000</u>	<u>411,898</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,566,611</u>	<u>\$ 3,300,290</u>

As part of STRIVE's liquidity management, STRIVE has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, STRIVE is working on securing a line of credit with a financial institution, from which it could draw upon. STRIVE has certain donor-restricted net assets that are available for general expenditures within one year, because the restrictions on the net assets are expected to be met by the passage of time in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Note 4 Contributions receivable

Contributions receivable are recorded as support when pledged unless designated otherwise. A discount rate of 1.93% has been used to calculate present value of future collections of contributions receivable at the time the related pledges were made.

	<u>2020</u>	<u>2019</u>
In one year or less	\$ 458,029	\$ 940,643
Less: Discount applied	-	(15,258)
Less: Allowance for uncollectible accounts	<u>(40,700)</u>	<u>(208,227)</u>
	<u>\$ 417,329</u>	<u>\$ 717,158</u>

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 5 Fixed assets

Fixed assets including capital leases are as follows:

	<u>2020</u>	<u>2019</u>
Equipment and software	\$ 170,987	\$ 170,987
Computers and equipment	130,336	130,336
Furniture and fixtures	322,914	322,914
Leasehold improvements	<u>281,825</u>	<u>281,825</u>
Total fixed assets	906,062	906,062
Less: accumulated depreciation	<u>(517,216)</u>	<u>(443,812)</u>
Net fixed assets	<u>\$ 388,846</u>	<u>\$ 462,250</u>

Note 6 Net assets with donor restrictions

Changes in net assets with donor restrictions for the year ended December 31, 2020 are as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balance</u>
Time restricted	\$ 411,898	\$ 50,000	\$ (411,898)	\$ 50,000
<u>Purpose restricted</u>				
Employment and training programs	536,281	535,000	(628,781)	442,500
Technical assistance and program development	<u>666,500</u>	<u>99,960</u>	<u>(666,500)</u>	<u>99,960</u>
Total purpose restricted	<u>1,202,781</u>	<u>634,960</u>	<u>(1,295,281)</u>	<u>542,460</u>
Total	<u>\$ 1,614,679</u>	<u>\$ 684,960</u>	<u>\$ (1,707,179)</u>	<u>\$ 592,460</u>

Changes in net assets with donor restrictions for the year ended December 31, 2019 are as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balance</u>
Time restricted	\$ 709,398	\$ 125,000	\$ (422,500)	\$ 411,898
<u>Purpose restricted</u>				
Employment and training programs	907,040	477,500	(848,259)	536,281
Technical assistance and program development	<u>-</u>	<u>830,000</u>	<u>(163,500)</u>	<u>666,500</u>
Total purpose restricted	<u>907,040</u>	<u>1,307,500</u>	<u>(1,011,759)</u>	<u>1,202,781</u>
Total	<u>\$ 1,616,438</u>	<u>\$ 1,432,500</u>	<u>\$ (1,434,259)</u>	<u>\$ 1,614,679</u>

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 7 Commitments and contingencies

STRIVE participates in several federal, state and city programs. These programs require that STRIVE complies with certain laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government grants and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

From time to time, STRIVE is party to various legal proceedings incidental to their activities. Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against STRIVE. In the opinion of management and legal counsel, all such matters are without merit or are of such kind or involve such amounts that would not have a significant effect on the financial position or results of operations of STRIVE, if disposed of unfavorably.

Note 8 Employee benefit plan

STRIVE has a defined contribution salary deferral 403(b) plan covering eligible employees. STRIVE may make a discretionary contribution as employer match as determined by management on an annual basis. For the years ended December 31, 2020 and 2019, the contributions to the pension plan amounted to \$62,718 and \$55,311, respectively.

Note 9 PPP Loan payable

During 2020, the Federal government established the Paycheck Protection Program (“PPP”) administered by the Small Business Administration, to provide relief to nonprofits and other small businesses with certain qualified expenses pursuant to the Coronavirus Aid Relief and Economic Security Act (“CARES Act”). In April 2020, STRIVE obtained a \$892,245 loan under the PPP. The loan accrues interest at 1% per annum and matures on April 23, 2022. Payments are not required for the first six months after the funding of the loan. The loan is uncollateralized and may be forgiven if certain requirements are met.

On March 10, 2021, the PPP loan was officially forgiven in the full amount of \$892,245.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020

Note 10 Operating lease

STRIVE occupies office space in New York City under a non-cancellable operating lease expiring on April 30, 2028. Future minimum annual lease obligations are:

<u>Year ending December 31,</u>	
2020	398,104
2021	421,104
2022	432,605
2023	432,605
2024	455,606
Thereafter	<u>1,089,914</u>
Total	<u>\$ 3,229,938</u>

Total expenses for leased office space for the years ended December 31, 2020 and 2019 were \$413,210 and \$410,159, respectively.

Note 11 Subsequent events

STRIVE has evaluated events and transactions for potential recognition or disclosure through September 10, 2021, which is the date the financial statements were available to be issued and has concluded that, except as set forth below, no subsequent events occurred requiring adjustment to or disclosure in the financial statements.

In February 2021, STRIVE obtained the second loan under the Paycheck Protection Program (“PPP”) in the amount of \$849,990. The loan accrues interest at 1% and matures on February 26, 2026. Payments are not required during the initial deferment period until (i) the date on which the amount of forgiveness determined under the Applicable Laws and Regulations is remitted by Small Business Administration (“SBA”) to the Lender, or (ii) if no application for forgiveness is received by Lender, ten (10) months after the expiration of the covered period, as defined by the SBA. Interest will continue to accrue during the deferment period. STRIVE is eligible for loan forgiveness of up to 100% of the loan provided certain requirements are met. The loan is guaranteed in full by the Federal government.

STRIVE INTERNATIONAL, INC.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA #</u>	<u>Pass-through grantor and number</u>	<u>Passed through to subrecipients</u>	<u>Federal expenditures</u>
TANF Cluster				
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families	93.558	NYS Office of Temporary & Disability Assistance, TDA01-C00250GG-3410000		\$ 119,000
Total Temporary Assistance for Needy Families				<u>119,000</u>
Total U.S. Department of Health and Human Services – cluster				<u>119,000</u>
Total TANF Cluster				<u>119,000</u>
Other Programs				
U.S. Department of Health and Human Services				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Structured Employment Economic Development Corporation, 90FK0071 Research Foundation of CUNY, CM00004553		291,065
Child Support Enforcement	93.563			<u>37,204</u>
Total U.S. Department of Health and Human Services – other programs				<u>328,269</u>
U.S. Department of Labor				
Reintegration of Ex-Offenders	17.270		\$ 1,372,326	2,626,819
Total U.S. Department of Labor – other programs			<u>1,372,326</u>	<u>2,626,819</u>
Total Other Programs				<u>2,955,088</u>
Total Expenditures of Federal Awards			<u>\$ 1,372,326</u>	<u>\$ 3,074,088</u>

The accompanying notes are an integral part of this schedule.

STRIVE INTERNATIONAL, INC.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

Note 1 Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of STRIVE International, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of STRIVE International, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of STRIVE International, Inc.

Note 2 Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 Indirect cost rate

STRIVE International, Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
STRIVE International, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of STRIVE International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2021.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered STRIVE International, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of STRIVE International, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of STRIVE International, Inc.'s internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether STRIVE International, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

NCheng LLP

New York, New York
September 10, 2021



Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
STRIVE International, Inc.

Report on compliance for each major federal program

We have audited STRIVE International, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of STRIVE International, Inc.'s major federal programs for the year ended December 31, 2020. STRIVE International, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of STRIVE International, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about STRIVE International, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of STRIVE International, Inc.'s compliance.

Opinion on each major federal program

In our opinion, STRIVE International, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on internal control over compliance

Management of STRIVE International, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered STRIVE International, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of STRIVE International, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

NC King LLP

New York, New York
September 10, 2021



STRIVE INTERNATIONAL, INC.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2020

Section I – Summary of auditor’s results

Financial statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes no
 yes none reported

Noncompliance material to financial statements noted?

yes no

Federal awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

yes no
 yes none reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

CFDA number(s) Name of federal program or cluster

17.270 Reintegration of Ex-Offenders

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

STRIVE INTERNATIONAL, INC.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2020

Section II – Financial statement findings

None

Section III - Federal award findings and questioned costs

None

STRIVE INTERNATIONAL, INC.
Summary Schedule of Prior Audit Findings
For the year ended December 31, 2020

Financial statement findings

None

Federal award findings and questioned costs

None

STRIVE INTERNATIONAL, INC.
Corrective Action Plan
For the year ended December 31, 2020

None.