
STRIVE INTERNATIONAL, INC.

Financial Statements and Single Audit Reports

For the year ended December 31, 2021
(With comparative totals for 2020)

STRIVE INTERNATIONAL, INC.

Financial Statements

December 31, 2021

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Independent Auditor's Report

To the Board of Directors of
STRIVE International, Inc.

Report on the Audit of the Financial Statements

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of STRIVE International, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of STRIVE International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 schedule of expenditures of federal awards 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 June 15, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of STRIVE International, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering STRIVE International, Inc.'s internal control over financial reporting and compliance.

Report on summarized comparative information

We have previously audited STRIVE International, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

NChing LLP

New York, New York
June 15, 2022

STRIVE INTERNATIONAL, INC.
Statement of Financial Position
As of December 31, 2021
(With comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash	\$ 1,625,693	\$ 1,730,422
Grants receivable	1,482,371	1,755,404
Contributions receivable, net – Note 4	644,448	417,329
Accounts receivable	229,025	172,400
Other receivables	23,863	33,516
Prepaid expenses and deposits	30,301	37,001
Fixed assets, net – Note 5	<u>260,324</u>	<u>388,846</u>
 Total assets	 <u>\$ 4,296,025</u>	 <u>\$ 4,534,918</u>
 <u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 961,350	\$ 934,617
PPP Loans payable – Note 9	-	892,245
Deferred rent payable	241,661	230,791
Deferred revenue	<u>5,000</u>	<u>-</u>
 Total liabilities	 <u>1,208,011</u>	 <u>2,057,653</u>
 <u>Net assets</u>		
Without donor restrictions	2,177,838	1,884,805
With donor restrictions – Note 6	<u>910,176</u>	<u>592,460</u>
 Total net assets	 <u>3,088,014</u>	 <u>2,477,265</u>
 Total liabilities and net assets	 <u>\$ 4,296,025</u>	 <u>\$ 4,534,918</u>

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

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

For the year ended December 31, 2021

(With comparative totals for 2020)

	Without donor restrictions	With donor restrictions	2021 Total	2020 Total
<u>Support and revenue</u>				
Contributions	\$ 2,562,600	\$ 1,095,571	\$ 3,658,171	\$ 2,847,152
Government grants	2,403,593		2,403,593	4,310,686
Program income	125,000		125,000	188,100
Fundraising events	631,840		631,840	470,344
Less: direct expenses	(38,797)		(38,797)	(14,159)
PPP loan and interest forgiveness	1,757,363		1,757,363	-
Interest income	539		539	-
Other	8,947		8,947	9,027
Net assets released from restrictions	777,855	(777,855)	-	-
Total support and revenue	<u>8,228,940</u>	<u>317,716</u>	<u>8,546,656</u>	<u>7,811,150</u>
<u>Expenses</u>				
Program services				
Atlanta service	603,303		603,303	202,842
National service	2,370,398		2,370,398	2,592,085
NYC service	3,442,022		3,442,022	3,514,532
Total program services expenses	<u>6,415,723</u>		<u>6,415,723</u>	<u>6,309,459</u>
Supporting services				
Management and general	1,020,913		1,020,913	1,508,246
Fundraising	499,271		499,271	806,986
Total supporting services expenses	<u>1,520,184</u>		<u>1,520,184</u>	<u>2,315,232</u>
Total expenses	<u>7,935,907</u>		<u>7,935,907</u>	<u>8,624,691</u>
Change in net assets	293,033	317,716	610,749	(813,541)
Net assets, beginning of year	<u>1,884,805</u>	<u>592,460</u>	<u>2,477,265</u>	<u>3,290,806</u>
Net assets, end of year	<u>\$ 2,177,838</u>	<u>\$ 910,176</u>	<u>\$ 3,088,014</u>	<u>\$ 2,477,265</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, 2021
(With comparative totals for 2020)

	Program services				Supporting services			Total program and supporting services	
	Atlanta	National	NYC	Total program service	Management and general	Fund raising	Total	2021	2020
Salaries	\$ 312,380	\$ 599,022	\$ 1,964,387	\$ 2,875,789	\$ 518,138	\$ 361,028	\$ 879,166	\$ 3,754,955	\$ 3,890,366
Fringe benefits	66,299	136,764	461,031	664,094	86,872	69,927	156,799	820,893	865,182
Total personnel costs	378,679	735,786	2,425,418	3,539,883	605,010	430,955	1,035,965	4,575,848	4,755,548
Subawards	-	1,325,938	82	1,326,020	-	-	-	1,326,020	1,372,326
Professional services	3,150	152,491	170,804	326,445	80,779	26,277	107,056	433,501	1,035,424
Occupancy costs	18,723	49,378	275,078	343,179	71,263	24,341	95,604	438,783	413,210
Data management	41,597	50,665	201,084	293,346	11,724	9,112	20,836	314,182	289,101
Equipment rental	-	2,917	16,250	19,167	3,562	1,438	5,000	24,167	24,167
Repairs and maintenance	49,476	4,146	8,638	62,260	1,059	126	1,185	63,445	3,286
Telephone	-	4,840	36,937	41,777	14,658	2,239	16,897	58,674	58,795
Travel	1,858	7,832	322	10,012	1,884	-	1,884	11,896	14,458
Meetings and conferences	2,359	1,817	(901)	3,275	251	30	281	3,556	19,861
Client activities/supplies	79,022	1,645	244,497	325,164	905	-	905	326,069	413,918
Insurance	-	-	-	-	38,475	-	38,475	38,475	33,503
Supplies	5,224	6,592	2,467	14,283	4,460	111	4,571	18,854	23,191
Printing and postage	201	938	-	1,139	20	-	20	1,159	1,216
Interest	-	-	-	-	15,129	-	15,129	15,129	-
Bad debt expense	-	-	21,040	21,040	19,710	-	19,710	40,750	40,700
Other	23,014	25,413	40,306	88,733	23,500	4,642	28,142	116,875	52,583
Depreciation and amortization	-	-	-	-	128,524	-	128,524	128,524	73,404
Total expenses	\$ 603,303	\$ 2,370,398	\$ 3,442,022	\$ 6,415,723	\$ 1,020,913	\$ 499,271	\$ 1,520,184	\$ 7,935,907	\$ 8,624,691

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

STRIVE INTERNATIONAL, INC.**Statement of Cash Flows**

For the year ended December 31, 2021

(With comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 610,749	\$ (813,541)
Adjustments to reconcile changes in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	128,524	73,404
PPP loan forgiveness	(1,742,235)	-
Realized loss on sales of investments	141	-
Donated stock	(12,615)	-
Bad debt expense	40,750	40,700
Amortization of discount	-	(15,258)
Change in grants receivable	273,033	1,057,653
Change in contributions receivable	(267,869)	222,819
Change in accounts receivable	(56,625)	97,918
Change in other receivable	9,653	-
Change in prepaid expenses and deposits	6,700	5,703
Change in accounts and accrued expenses payable	26,731	(572,515)
Change in deferred income	5,000	(1,667)
Change in deferred rent payable	10,870	22,371
Net cash (used in)/provided by operating activities	<u>(967,193)</u>	<u>117,587</u>
Cash flows from investing activities		
Sales of investments	<u>12,474</u>	<u>-</u>
Net cash provided by investing activities	<u>12,474</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from PPP Loan	<u>849,990</u>	<u>892,245</u>
Net cash provided by financing activities	<u>849,990</u>	<u>892,245</u>
Net increase in cash	(104,729)	1,009,832
Cash, beginning of year	<u>1,730,422</u>	<u>720,590</u>
Cash, end of year	<u>\$ 1,625,693</u>	<u>\$ 1,730,422</u>

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

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2021

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, 2021

Note 2 Summary of significant accounting policies – (continued)

Comparative information. The amounts shown for the year ended December 31, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2020 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, 2020, from which the summarized information was derived.

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.

Grants revenue. Support funded by grants is recognized as STRIVE performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

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, 2021, 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, 2021

Note 2 Summary of significant accounting policies – (continued)

Grants receivable. Grants receivable at December 31, 2021 are due from various governmental agencies for grants and contracts. These receivables are stated at the amounts to be collected from the grantors subsequent to the statement of financial position date. Due to the nature of the grants receivable, STRIVE does not consider an allowance for doubtful accounts necessary.

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, 2021, and 2020, management's estimate of total allowance for uncollectible accounts was \$19,710 and \$40,700, 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, 2021

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
Repairs and maintenance	Time and effort
Equipment rental	Time and effort
Supplies	Time and effort
Data management	Time and effort
Subcontractors and professional services	Direct allocation, then time and effort
Client activity/supplies	Direct allocation

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, 2018 and subsequent remain subject to examination by the taxing authorities.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2021

Note 2 Summary of significant accounting policies – (continued)

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 coronavirus and around the imposition or relaxation of protective measures, STRIVE cannot reasonably estimate the impact to future results of operations.

Recently adopted accounting pronouncements.

Contributions received and made. 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. This update provides not-for-profit organizations with new guidance on characterizing grants and similar contracts as either reciprocal or nonreciprocal transactions, and it provides a framework for distinguishing between conditional and unconditional contributions. STRIVE adopted the ASU in 2020, and it has been applied to all periods presented.

Revenue from contracts with customers. In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The principle of the guidance is that an entity should recognize revenue when (or as) it satisfies the performance obligation by transferring 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. STRIVE adopted the ASU in 2020 and it did not have a material impact on STRIVE's financial statements.

New accounting pronouncements. In February 2016, FASB issued ASU 2016-02, Leases. The ASU which becomes effective for the fiscal year ending December 31, 2022, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

STRIVE is in the process of evaluating the impact this standard will have on the future financial statements.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2021

Note 3 Availability and liquidity

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 1,625,693	\$ 1,730,422
Grants receivable	1,482,371	1,755,404
Accounts and contributions receivable	873,473	589,729
Other receivables	<u>23,863</u>	<u>33,516</u>
Total financial assets	<u>4,005,400</u>	<u>4,109,071</u>
Less: net assets with donor restrictions	(910,176)	(592,460)
Add back: time restricted releases expected within a year	<u>-</u>	<u>50,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,095,224</u>	<u>\$ 3,566,611</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. In addition to financial assets available to meet general expenditures over the next 12 months, STRIVE operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 Contributions receivable

Contributions and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate of 1.51% applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

	<u>2021</u>	<u>2020</u>
In one year or less	\$ 518,587	\$ 458,029
Between one and two years	<u>150,000</u>	<u>-</u>
	668,587	458,029
Less: Discount applied	(4,429)	-
Less: Allowance for uncollectible accounts	<u>(19,710)</u>	<u>(40,700)</u>
	<u>\$ 644,448</u>	<u>\$ 417,329</u>

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2021

Note 5 Fixed assets

Fixed assets including capital leases are as follows:

	<u>2021</u>	<u>2020</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>(645,738)</u>	<u>(517,216)</u>
Net fixed assets	<u>\$ 260,324</u>	<u>\$ 388,846</u>

Note 6 Net assets with donor restrictions

Changes in net assets with donor restrictions for the year ended December 31, 2021 are as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balance</u>
Time restricted	\$ 50,000	\$ -	\$ (50,000)	\$ -
<u>Purpose restricted</u>				
Employment and training programs	442,500	1,095,571	(627,895)	910,176
Technical assistance and program development	<u>99,960</u>	<u>-</u>	<u>(99,960)</u>	<u>-</u>
Total purpose restricted	<u>542,460</u>	<u>1,095,571</u>	<u>(727,855)</u>	<u>910,176</u>
Total	<u>\$ 592,460</u>	<u>\$ 1,095,571</u>	<u>\$ (777,855)</u>	<u>\$ 910,176</u>

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>

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2021

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, 2021 and 2020, the contributions to the pension plan amounted to \$56,510 and \$62,718, respectively.

Note 9 PPP Loan payable

During 2020, the Federal government established the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (“SBA”), 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.

In February 2021, STRIVE obtained the second loan in the amount of \$849,990 under the PPP. 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 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. The loan is uncollateralized and may be forgiven if certain requirements are met. On December 28, 2021, the PPP loan was officially forgiven in the full amount of \$849,990.

STRIVE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2021

Note 10 Operating leases

STRIVE occupies office space in New York City under a non-cancellable operating lease expiring on April 30, 2028. During the year ended December 31, 2021, STRIVE entered into a lease agreement for office space in Atlanta effective November 1, 2021 through October 31, 2023. Future minimum annual lease obligations are:

<u>Year ending December 31,</u>	
2022	477,266
2023	481,165
2024	432,605
2025	455,606
2026	467,106
Thereafter	<u>622,808</u>
Total	<u>\$ 2,936,556</u>

Total expenses for leased office space for the years ended December 31, 2021 and 2020 were \$432,771 and \$413,210, respectively.

Note 11 Subsequent events

STRIVE has evaluated events and transactions for potential recognition or disclosure through June 15, 2022, which is the date the financial statements were available to be issued and has concluded that no subsequent events occurred requiring adjustment to or disclosure in the financial statements.

STRIVE INTERNATIONAL, INC.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2021

Federal Grantor/Program or Cluster Title	Federal CFDA #	Pass-through grantor and number	Passed-through to subrecipients	Federal expenditures
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		\$ 64,625
Total Temporary Assistance for Needy Families				<u>64,625</u>
<i>Total U.S. Department of Health and Human Services</i>				<u>64,625</u>
Total TANF Cluster				<u>64,625</u>
Other Programs				
U.S. Department of Labor				
Reintegration of Ex-Offenders	17.270		\$ 1,325,938	1,881,707
<i>Total U.S. Department of Labor</i>			<u>1,325,938</u>	<u>1,881,707</u>
Total Other Programs			<u>1,325,938</u>	<u>1,881,707</u>
Total Expenditures of Federal Awards			<u>\$ 1,325,938</u>	<u>\$ 1,946,332</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, 2021

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, 2021. 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 Auditor's 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 statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2022.

Report on 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) as a basis for designing 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 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. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

NChing LLP

New York, New York
June 15, 2022



Independent Auditor’s 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

Opinion on Each Major Federal Program

We have audited STRIVE International, Inc.’s compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of STRIVE International, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of STRIVE International, Inc.’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to STRIVE International, Inc.’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on STRIVE International, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ABC Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding STRIVE International, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of STRIVE International, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 STRIVE International, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in blue ink that reads "NChang, LLP". The signature is written in a cursive, slightly slanted style.

New York, New York
June 15, 2022

STRIVE INTERNATIONAL, INC.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2021

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, 2021

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, 2021

Financial statement findings

None

Federal award findings and questioned costs

None

STRIVE INTERNATIONAL, INC.
Corrective Action Plan
For the year ended December 31, 2021

None.