

Financial Report

Strive Incorporated

June 30, 2020



Financial Report

Strive Incorporated

June 30, 2020

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New Orleans, Louisiana

June 30, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Strive Incorporated,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of Strive Incorporated ("Strive") (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 auditor's 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 Incorporated as of June 30, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information (on Schedules 1 and 2) is presented for the purposes of additional analysis and the information on Schedule 2 is required by Louisiana Revised Statute 24:513(A)(3); the information on the schedules is not a required part of the basic 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 Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of Strive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with 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's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 1, 2020.

STATEMENT OF FINANCIAL POSITION**Strive Incorporated**
New Orleans, Louisiana

June 30, 2020

ASSETS**Assets**

Cash and cash equivalents	\$1,616,824
Accounts and other receivables	47,740
Prepaid expenses	10,421
Investments	364,891
Funds held by Greater New Orleans Foundation	155,457
Property and equipment, net of accumulated depreciation	706,240
	<hr/>
Total assets	<u>\$2,901,573</u>

LIABILITIES AND NET ASSETS**Liabilities**

Accounts payable	\$ 8,212
Accrued salaries and leave	79,238
Other liabilities	15,061
Loan payable	240,400
	<hr/>
Total liabilities	<u>342,911</u>

Net Assets

Without donor restrictions	2,403,205
With donor restrictions	155,457
	<hr/>
Total net assets	<u>2,558,662</u>
	<hr/>
Total liabilities and net assets	<u>\$2,901,573</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Strive Incorporated**
New Orleans, Louisiana

For the year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenues and Other Support			
Contracts for services - Miller Manor	\$ 428,177	\$ -	\$ 428,177
Contracts for services - Project Strive	527,005	-	527,005
Contracts for services - Supported Independent Living	834,468	-	834,468
Other	31,569	-	31,569
Workshop income	7,923	-	7,923
Investment income	11,077	-	11,077
Investment income on funds held by Greater New Orleans Foundation:			
Interest income	-	1,658	1,658
Realized and unrealized gains, net	-	1,207	1,207
	<u>1,840,219</u>	<u>2,865</u>	<u>1,843,084</u>
Net Assets Released From Restrictions			
Satisfaction of purpose restrictions	<u>7,477</u>	<u>(7,477)</u>	<u>-</u>
Total revenues, other support, and net assets released from restrictions	<u>1,847,696</u>	<u>(4,612)</u>	<u>1,843,084</u>
Expenses			
Program services:			
Miller Manor	301,125	-	301,125
Project Strive	599,758	-	599,758
Supported Independent Living	662,923	-	662,923
Management and general	<u>248,417</u>	<u>-</u>	<u>248,417</u>
Total expenses	<u>1,812,223</u>	<u>-</u>	<u>1,812,223</u>
Change in Net Assets	35,473	(4,612)	30,861
Net Assets			
Beginning of year	<u>2,367,732</u>	<u>160,069</u>	<u>2,527,801</u>
End of year	<u>\$2,403,205</u>	<u>\$155,457</u>	<u>\$2,558,662</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Strive Incorporated**
New Orleans, Louisiana

For the year ended June 30, 2020

	Program Services			Totals	Management And General	Totals
	Community Housing (Miller Manor)	Daycare And Workshop (Project Strive)	Separate Housing (Supported Independent Living)			
Bed fees	\$ 35,465	\$ -	\$ -	\$ 35,465	\$ -	\$ 35,465
Employee benefits	661	2,470	1,825	4,956	1,573	6,529
Insurance	25,891	74,609	30,336	130,836	12,745	143,581
Maintenance and repairs	11,137	48,010	4,134	63,281	118	63,399
Meals	10,810	2,670	72	13,552	98	13,650
Other expenses	3,531	2,994	1,425	7,950	4,044	11,994
Payroll taxes	11,172	25,963	44,573	81,708	7,615	89,323
Professional fees and contract services	6,297	4,073	-	10,370	106,169	116,539
Project costs	1,360	14,360	-	15,720	309	16,029
Salaries	142,243	319,830	559,540	1,021,613	99,768	1,121,381
Staff training	123	318	188	629	652	1,281
Supplies	5,254	8,934	6,555	20,743	6,401	27,144
Transportation	610	8,143	20	8,773	191	8,964
Utilities and telephone	15,177	49,123	4,525	68,825	6,755	75,580
Workshop expense	25,500	-	-	25,500	-	25,500
Total expenses before depreciation	295,231	561,497	653,193	1,509,921	246,438	1,756,359
Depreciation of property and equipment	5,894	38,261	9,730	53,885	1,979	55,864
Total expenses	<u>\$301,125</u>	<u>\$599,758</u>	<u>\$662,923</u>	<u>\$1,563,806</u>	<u>\$248,417</u>	<u>\$1,812,223</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**Strive Incorporated**
New Orleans, Louisiana

For the year ended June 30, 2020

Cash Flows From Operating Activities	
Change in net assets	\$ 30,861
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gain on investments, net	(2,996)
Depreciation	55,864
Investment gains on funds held at Greater New Orleans Foundation, net of withdrawals and other activities	4,612
Decrease in accounts and other receivables	59,036
Decrease in inventory	1,718
Increase in prepaid expenses	(4,821)
Decrease in accounts payable, accrued salaries, leave, and other	<u>(13,995)</u>
Net cash provided by operating activities	<u>130,279</u>
Cash Flows From Investing Activities	
Purchases of property and equipment	(15,951)
Purchases of investments	<u>(6,074)</u>
Net cash used in investing activities	<u>(22,025)</u>
Cash Flows From Financing Activities	
Proceeds from loan payable	<u>240,400</u>
Net Increase In Cash and Cash Equivalents	348,654
Cash and Cash Equivalents	
Beginning of year	<u>1,268,170</u>
End of year	<u><u>\$ 1,616,824</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Strive Incorporated
New Orleans, Louisiana

June 30, 2020

Note 1 - NATURE OF ACTIVITIES

Strive Incorporated ("Strive"), formerly Sophie L. Gumbel Guild, is a voluntary health and welfare organization providing housing, training, and recreational services to adults with developmental disabilities. Strive provides housing for adults in Miller Manor and Supervised Independent Living, day care and training for adults through Project Strive. The majority of Strive's revenue is derived from contracts for services with the State of Louisiana and private contracts with businesses in the New Orleans metropolitan area.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

Strive is a nonprofit corporation organized under the laws of the State of Louisiana in 1964. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

b. Basis of Accounting

The financial statements of Strive are prepared on the accrual basis of accounting.

c. Financial Statement Presentation

Net assets, revenues, and expenses are based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Strive and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that will be met either by action of Strive and/or the passage of time, or net assets subject to donor-imposed stipulations that are maintained in perpetuity.

d. 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. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

For purposes of reporting cash flows, Strive considers all highly liquid investments in money market funds and investments available for current use with initial maturities of three months or less to be cash equivalents.

f. Contributions and Revenue Recognition

Contributions are recorded as support with donor restrictions or support without donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as support without donor restrictions.

g. Allowance For Uncollectible Accounts

Services rendered to clients are paid through third parties. A receivable is recorded for third-party reimbursements which have not been collected. An allowance for doubtful accounts is recorded based on management's estimate and includes all receivables over one year old. As of June 30, 2020, all accounts over one year old have been written off and there is no allowance as management deems all accounts to be collectible.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Inventory

Inventory is stated at lower of cost (first-in, first-out method) or net realizable value.

i. Investments

Strive records investments in certificates of deposit, collateralized mortgage obligations, and mutual funds at fair market value in the Statement of Financial Position. Unrealized gains and losses on investments are included in the change in net assets in the accompanying Statement of Activities. Unrealized gains and losses on investments are recorded as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Interest earned on investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary results in a charge to the change in net assets, and the establishment of a new cost basis for the investment.

Pooled accounts managed by the Greater New Orleans Foundation are reported at fair market value, including any pro rata gains and losses.

j. Property and Equipment

Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Only items greater than \$1,500 are considered for capitalization. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

k. Methods Used For Allocation of Expenses

Most of the expenses can be directly allocated to one of the programs or supporting function. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy (insurance, repairs, utilities, depreciation, etc.), which is allocated based on square footage used for each program or supporting function. Salaries and related expenses are allocated on the basis of estimates of time and effort.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Tax Matters

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2020, management of Strive believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2017 and later remain subject to examination by the taxing authorities.

m. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 1, 2020, which is the date the financial statements were available to be issued.

n. Recently Issued Accounting Standards

Statement of Cash Flows

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, "*Statement of Cash Flows*" (Topic 230). ASU No. 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU No. 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018. Strive has adopted the provisions of this standard to the financial statements as of and for the year ended June 30, 2020.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recently Issued Accounting Standards (Continued)

Contributions Received and Contributions Made

During the year, Strive adopted the provisions of FASB ASU No. 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*" (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU No. 2018-08 clarifies how an organization determines whether a resource provider does receive commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU No. 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU No. 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending June 30, 2020 are presented under FASB ASU No. 2018-08. There was no material impact to the financial statements as a result of the adoption of this standard.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Strive is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Recently Issued Accounting Standards (Continued)

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU No. 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The revenue standards is now effective for reporting periods beginning after December 15, 2019, with certain early adoption provisions available. Strive has adopted the provisions of this standard as of and for the year ended June 30, 2020.

Note 3 - CONCENTRATION OF CREDIT RISK

Strive maintains its cash and investment accounts in various financial institutions where the accounts are insured by Federal Deposit Insurance Corporation up to \$250,000 per financial institution. As of June 30, 2020, approximately \$978,000 was in excess of the insured limits.

Note 4 - INVESTMENTS

Investments are stated at fair market value as of June 30, 2020 and consist of the following:

Description	Cost	Market Value	Excess of Cost Over Market
Certificates of deposit	\$ 50,865	\$ 50,865	\$ -
Fixed income securities:			
GNMA collateralized mortgage obligation	498	475	(23)
Mutual funds	321,332	313,551	(7,781)
Totals	<u>\$372,695</u>	<u>\$364,891</u>	<u>\$ (7,804)</u>

Note 4 - INVESTMENTS (Continued)

	Cost	Market Value	Excess of Cost Over Market
Balances as of June 30, 2020	<u>\$372,695</u>	<u>\$364,891</u>	\$ (7,804)
Balances as of June 30, 2019	<u>\$365,684</u>	<u>\$355,821</u>	<u>(9,863)</u>
Decrease in unrealized depreciation			2,059
Realized gain			937
Dividend income			7,914
Interest			<u>167</u>
Investment income			<u>\$11,077</u>

Note 5 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements 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 asset or liability; and/or
- 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.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

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

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

- *Certificates of Deposit*: Valued at cost which approximates the market price.
- *Fixed Income Securities - GNMA Collateralized Mortgage Obligation*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual Funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by Strive are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Strive are deemed to be actively traded.
- *Pooled Accounts managed by Greater New Orleans Foundation (GNOF)*: Valued at the NAV of the units of the pooled account. The NAV, as provided by GNOF, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the pooled account less its liabilities.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Strive believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2020, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Fair Value as of June 30, 2020	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of deposit	\$ 50,865	\$ 50,865	\$ -	\$ -
Fixed income securities:				
GNMA collateralized mortgage obligation	475	475	-	-
Mutual funds:				
Bond funds	313,551	313,551	-	-
Pooled accounts managed by Greater New Orleans Foundation	<u>155,457</u>	<u>-</u>	<u>155,457</u>	<u>-</u>
Totals	<u>\$520,348</u>	<u>\$364,891</u>	<u>\$155,457</u>	<u>\$ -</u>

As of June 30, 2020, there were no assets measured at fair value on a non-recurring basis.

Note 6 - PROPERTY AND EQUIPMENT

As of June 30, 2020, the details of property and equipment were as follows:

Land	\$ 190,630
Buildings and improvements	1,946,270
Furniture and equipment	53,900
Automotive equipment	<u>126,960</u>
	2,317,760
Less accumulated depreciation	<u>(1,611,520)</u>
Net property and equipment	<u>\$ 706,240</u>

Depreciation expense for the year ended June 30, 2020 was \$55,864.

Note 7 - LOAN PAYABLE

The Company received a \$240,400 loan from Hancock Whitney Bank under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA) in April 2020. Interest on the loan is 1%. Management expects that this loan will be repaid by SBA within 12 months and that all expenditures paid from the loan proceeds will be approved as eligible under the requirements of the PPP. Any amount not repaid by SBA (forgiven) would be amortized over two years.

Note 8 - BANK LINE OF CREDIT

Strive has a line of credit up to \$50,000 with a local financial institution with an interest rate of 2.75% per annum. The line of credit is secured by a \$50,865 certificate of deposit held by the same institution, and expires on November 19, 2023. As of June 30, 2020, Strive had no outstanding borrowings under the line of credit and the full amount of the line of credit was available to Strive. This line of credit was required by the funding source.

Note 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 are restricted for the following purpose:

Subject to expenditure for specified purpose:	
Financial assistance for Strive	
to support those with special needs	<u>\$155,457</u>

Note 10 - RISKS AND UNCERTAINTIES

In general, investment securities are exposed to various risks, such as interest rate, currency, credit, and market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investments will occur in the near term and would materially affect the market value of investments held by Strive.

Note 11 - AVAILABILITY OF FINANCIAL ASSETS

The following table represents financial assets available for general expenditures within one year as of June 30, 2020:

Financial assets as of June 30, 2020:	
Cash and cash equivalents	\$1,616,824
Accounts receivable and other receivables	47,740
Investments	364,891
Funds held by Greater New Orleans Foundation	<u>155,457</u>
Total financial assets, as of June 30, 2020	2,184,912
Less amounts unavailable for general expenditures within one year, due to contractual or donor imposed restrictions:	
Purpose or time restricted net assets	<u>(155,457)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,029,455</u>

Note 12 - SIGNIFICANT CONTRACTS

For the year ended June 30, 2020, approximately \$1,572,000 of contract revenue was from the Louisiana Medical Assistance Program. The State provides annual contracts to Strive which grant the State the right to audit program accounts and activities. Management believes that Strive is in compliance with the provisions of these contracts and that the findings of an audit, if any, would not have a material impact on the financial statements.

Note 13 - RISK MANAGEMENT

Strive is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2020.

Note 14 - ECONOMIC DEPENDENCY

Strive receives federal and state funding on a per diem per client/unit basis. Federal and state funds from the Department of Health and Human Services, which pass through the Louisiana State Department of Health and Hospitals Office of Family Security, Medical Assistance Program - Medicaid/Title XIX, are on a per diem basis. These payments, reported as residential and habilitation services, are considered payments for services as opposed to grant awards.

In addition, Strive receives state grants from the Department of Health and Hospitals Office for Citizens with Developmental Disabilities on a per diem basis.

If significant budget cuts are made at the federal, state, and/or local levels, the amount of funds Strive receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds Strive will receive in the next fiscal year.

Note 15 - CORONAVIRUS

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding operations and the financial markets have recently experienced significant volatility. While Strive has been materially impacted by COVID-19 during the year ended June 30, 2020, the long term impact on Strive's operations and its investments is uncertain at this time.

SUPPLEMENTAL INFORMATION

SCHEDULE OF PROGRAM SERVICE ACTIVITIES**Strive Incorporated**
New Orleans, Louisiana

For the year ended June 30, 2020

	<u>Community Housing (Miller Manor)</u>	<u>Daycare And Workshop (Project Strive)</u>	<u>Separate Housing (Supported Independent Living)</u>	<u>Totals</u>
Revenues and Other Support				
Contracts	\$ 428,177	\$ 527,005	\$ 811,668	\$ 1,766,850
Other	-	31,569	22,800	54,369
Workshop income	-	7,923	-	7,923
Investment income on funds held by Greater New Orleans Foundation:				
Interest income	1,658	-	-	1,658
Realized and unrealized gains, net	1,207	-	-	1,207
	<u>431,042</u>	<u>566,497</u>	<u>834,468</u>	<u>1,832,007</u>
Total revenues and other support				
Program Expenses	<u>301,125</u>	<u>599,758</u>	<u>662,923</u>	<u>1,563,806</u>
Increase (Decrease) in Net Assets Before Administrative Expenses	<u>\$ 129,917</u>	<u>\$ (33,261)</u>	<u>\$ 171,545</u>	<u>\$ 268,201</u>

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2020

Agency Head Name: Denise Jett Washington, Executive Director

Purpose

Salary (includes \$3,790 of bonus and \$1,600 of COVID differential)	\$74,461
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$74,461

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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,
Strive Incorporated,
New Orleans, Louisiana.

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 financials statements of Strive Incorporated ("Strive") (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 December 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we consider Strive'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's internal control. Accordingly, we do not express an opinion on the effectiveness of Strive'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 were not 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

2020-001 - Preparation of Financial Statements and Disclosures

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Strive'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*.

Strive's Response to Findings

Strive's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Strive's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Strive's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Strive's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,
December 1, 2020.

SCHEDULE OF FINDINGS AND RESPONSES

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2020

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: Unmodified

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to consolidated financial statements noted? Yes No

b) Federal Awards

Strive Incorporated did not expend more than \$750,000 in Federal awards during the year ended June 30, 2020, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Guidance.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

2020-001 Preparation of Financial Statements and Disclosures

Criteria - Adequate internal controls in relation to financial reporting require Strive to have the ability to prepare its own financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), including all required footnote disclosures, or detect misstatements or errors in statements prepared by others.

(Continued)

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Internal Control Over Financial Reporting (Continued)

2020-001 Preparation of Financial Statements and Disclosures (Continued)

Condition - Financial statements including all required disclosures were not prepared by Strive.

Context - The financial statements including all required disclosures were prepared by the auditors.

Effect - The independent auditor cannot be part of Strive's internal control over financial reporting.

Cause - The management of Strive has not determined a need for a financial person possessing the required expertise for cost benefit reasons.

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements, including all disclosures.

Views of Responsible Officials of the Auditee - When There is a Disagreement With the Finding, to the Extent Practical - None.

Compliance and Other Matters

There were no findings reported during the audit for the year ended June 30, 2020 related to compliance and other matters.

Section III - Internal Control and Compliance Material to Federal Awards

Strive Incorporated did not expend more than \$750,000 in Federal awards during the year ended June 30, 2020, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Guidance.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2020

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

2019-001 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements including disclosures.

Current Status - Unresolved. Management and those in charge with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with accounting principles generally accepted in the United States of America. See 2020-001.

Compliance and Other Matters

There were no findings reported during the audit for the year ended June 30, 2019 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Strive Incorporated did not expend more than \$750,000 in Federal awards during the year ended June 30, 2019, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Strive Incorporated
New Orleans, Louisiana

For the year ended June 30, 2020

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

2020-001 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of expertise in preparing financial statements by carefully reviewing the financial statements, including all disclosures.

Management's Corrective Action - Management and those charged with governance will carefully review audited financial statements and related disclosures. For cost benefit reasons, management will rely on the independent auditor to identify related disclosures and prepare the financial statements in accordance with accounting principles generally accepted in the United States of America.

Section II - Internal Control and Compliance Material to the Federal Awards

Strive Incorporated did not expend more than \$750,000 in Federal awards during the year ended June 30, 2020, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2020.