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**STRIVE INTERNATIONAL, INC.**

**Financial Statements**

For the years ended December 31, 2019 and 2018

**STRIVE INTERNATIONAL, INC.**

**Financial Statements**

December 31, 2019 and 2018

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## **Independent Auditors' Report**

To the Board of Directors of  
STRIVE International, Inc.

### ***Report on the financial statements***

We have audited the accompanying financial statements of STRIVE International, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's responsibility for the financial statements***

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

### ***Auditors' responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STRIVE International, Inc., as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NChing LLP

New York, New York  
November 6, 2020

**STRIVE INTERNATIONAL, INC.****Statements of Financial Position**

As of December 31,

	<u>2019</u>	<u>2018</u>
<b><u>Assets</u></b>		
Cash	\$ 720,590	\$ 156,356
Accounts receivable, net of allowance of \$51,568 for 2019 and \$0 for 2018	3,031,807	2,731,602
Contributions receivable, net – Note 4	717,158	1,479,379
Other receivable	33,516	26,597
Prepaid expenses and deposits	42,705	48,798
Fixed assets, net – Note 5	<u>462,250</u>	<u>530,225</u>
Total assets	<u>\$ 5,008,026</u>	<u>\$ 4,972,957</u>
 <b><u>Liabilities and Net Assets</u></b>		
<b><u>Liabilities</u></b>		
Accounts and accrued expenses payable	\$ 1,507,133	\$ 1,384,052
Loans payable – Note 9	-	378,000
Deferred rent payable	208,420	163,048
Deferred revenue	<u>1,667</u>	<u>-</u>
Total liabilities	<u>1,717,220</u>	<u>1,925,100</u>
 <b><u>Net assets</u></b>		
Without donor restrictions	1,676,127	1,431,419
With donor restrictions – Note 6	<u>1,614,679</u>	<u>1,616,438</u>
Total net assets	<u>3,290,806</u>	<u>3,047,857</u>
Total liabilities and net assets	<u>\$ 5,008,026</u>	<u>\$ 4,972,957</u>

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

**STRIVE INTERNATIONAL, INC.**  
**Statement of Activities**  
For the year ended December 31, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b><u>Support and revenue</u></b>			
Contributions	\$ 930,975	\$ 1,432,500	\$ 2,363,475
Government grants	6,506,484		6,506,484
Program income	199,125		199,125
Special events	1,263,674		1,263,674
Less: direct expenses	( 146,330 )		( 146,330 )
Net investment loss	( 200 )		( 200 )
Other	521		521
Net assets released from restrictions	<u>1,434,259</u>	<u>( 1,434,259 )</u>	<u>-</u>
 Total support and revenue	 <u>10,188,508</u>	 <u>( 1,759 )</u>	 <u>10,186,749</u>
 <b><u>Expenses</u></b>			
<b><u>Program services</u></b>			
Job training, placement, and retention	4,175,781		4,175,781
Technical assistance and replication	<u>3,754,508</u>		<u>3,754,508</u>
 Total program services	 <u>7,930,289</u>		 <u>7,930,289</u>
 <b><u>Supporting services</u></b>			
Management and general	1,304,178		1,304,178
Fundraising	<u>709,333</u>		<u>709,333</u>
 Total supporting services	 <u>2,013,511</u>		 <u>2,013,511</u>
 Total expenses	 <u>9,943,800</u>		 <u>9,943,800</u>
 Change in net assets	 244,708	 ( 1,759 )	 242,949
Net assets, beginning of year	<u>1,431,419</u>	<u>1,616,438</u>	<u>3,047,857</u>
 Net assets, end of year	 <u>\$ 1,676,127</u>	 <u>\$ 1,614,679</u>	 <u>\$ 3,290,806</u>

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

**STRIVE INTERNATIONAL, INC.**  
**Statement of Activities**  
For the year ended December 31, 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b><u>Support and revenue</u></b>			
Contributions	\$ 877,669	\$ 1,213,000	\$ 2,090,669
Government grants	7,119,484		7,119,484
Program income	317,279		317,279
Special events	561,115		561,115
Less: direct expenses	( 69,911 )		( 69,911 )
Net investment loss	( 4,225 )		( 4,225 )
Other	153		153
Net assets released from restrictions	<u>1,401,084</u>	<u>( 1,401,084 )</u>	<u>-</u>
 Total support and revenue	 <u>10,202,648</u>	 <u>( 188,084 )</u>	 <u>10,014,564</u>
 <b><u>Expenses</u></b>			
<b><u>Program services</u></b>			
Job training, placement, and retention	4,221,823		4,221,823
Technical assistance and replication	<u>4,024,517</u>		<u>4,024,517</u>
 Total program services expenses	 <u>8,246,340</u>		 <u>8,246,340</u>
 <b><u>Supporting services</u></b>			
Management and general	1,116,054		1,116,054
Fundraising	<u>565,519</u>		<u>565,519</u>
 Total supporting services expenses	 <u>1,681,573</u>		 <u>1,681,573</u>
 Total expenses	 <u>9,927,913</u>		 <u>9,927,913</u>
 Change in net assets	 274,735	 ( 188,084 )	 86,651
Net assets, beginning of year	<u>1,156,684</u>	<u>1,804,522</u>	<u>2,961,206</u>
 Net assets, end of year	 <u>\$ 1,431,419</u>	 <u>\$ 1,616,438</u>	 <u>\$ 3,047,857</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, 2019

	<b>Program services</b>			<b>Supporting services</b>			<b>Total program and supporting services</b>
	<b>Job training placement and retention</b>	<b>Technical assistance and replication</b>	<b>Total</b>	<b>Management and general</b>	<b>Fund raising</b>	<b>Total</b>	
Salaries	\$ 2,409,669	\$ 578,752	\$ 2,988,421	\$ 665,709	\$ 443,598	\$ 1,109,307	\$ 4,097,728
Fringe benefits	495,572	119,026	614,598	136,912	91,230	228,142	842,740
Total personnel costs	2,905,241	697,778	3,603,019	802,621	534,828	1,337,449	4,940,468
Subawards	-	2,523,539	2,523,539	-	-	-	2,523,539
Professional services	484,815	293,755	778,570	111,498	71,745	183,243	961,813
Occupancy expense	249,386	44,014	293,400	95,067	21,692	116,759	410,159
Data management	81,862	21,261	103,123	35,174	9,778	44,952	148,075
Equipment rental	16,527	2,786	19,313	3,454	1,440	4,894	24,207
Repairs and maintenance	3,331	114	3,445	1,021	56	1,077	4,522
Telephone	27,701	5,033	32,734	6,016	2,445	8,461	41,195
Travel	1,320	72,047	73,367	4,174	2,698	6,872	80,239
Meetings and conferences	9,111	14,218	23,329	4,146	8,746	12,892	36,221
Client activities/supplies	254,031	-	254,031	-	-	-	254,031
Insurance	11,268	2,018	13,286	13,926	995	14,921	28,207
Supplies	35,951	5,306	41,257	8,095	3,822	11,917	53,174
Printing and postage	1,186	253	1,439	416	18,531	18,947	20,386
Bad debt expense	42,600	37,468	80,068	179,727	-	179,727	259,795
Other	4,556	21,889	26,445	24,280	22,571	46,851	73,296
Depreciation and amortization	46,895	13,029	59,924	14,563	9,986	24,549	84,473
Total expenses	<u>\$ 4,175,781</u>	<u>\$ 3,754,508</u>	<u>\$ 7,930,289</u>	<u>\$ 1,304,178</u>	<u>\$ 709,333</u>	<u>\$ 2,013,511</u>	<u>\$ 9,943,800</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, 2018

	<b>Program services</b>			<b>Supporting services</b>			<b>Total program and supporting services</b>
	<b>Job training placement and retention</b>	<b>Technical assistance and replication</b>	<b>Total</b>	<b>Management and general</b>	<b>Fund raising</b>	<b>Total</b>	
Salaries	\$ 2,382,548	\$ 484,007	\$ 2,866,555	\$ 572,718	\$ 340,009	\$ 912,727	\$ 3,779,282
Fringe benefits	434,016	88,169	522,185	104,329	61,938	166,267	688,452
Total personnel costs	2,816,564	572,176	3,388,740	677,047	401,947	1,078,994	4,467,734
Subawards	7,800	2,946,717	2,954,517	-	-	-	2,954,517
Professional services	341,870	255,480	597,350	243,250	73,787	317,037	914,387
Occupancy expense	269,768	47,436	317,204	65,981	27,632	93,613	410,817
Data management	56,956	10,001	66,957	13,775	6,316	20,091	87,048
Equipment rental	12,542	2,302	14,844	3,108	1,177	4,285	19,129
Repairs and maintenance	6,315	1,087	7,402	1,447	771	2,218	9,620
Telephone	26,659	4,692	31,351	6,568	2,671	9,239	40,590
Travel	9,722	97,207	106,929	404	580	984	107,913
Meetings and conferences	17,118	54,614	71,732	14,815	7,835	22,650	94,382
Client activities/supplies	478,351	-	478,351	-	-	-	478,351
Insurance	18,328	3,241	21,569	4,275	1,564	5,839	27,408
Supplies	63,460	11,055	74,515	15,447	6,427	21,874	96,389
Printing and postage	6,673	1,161	7,834	1,754	583	2,337	10,171
Interest	-	-	-	547	-	547	547
Other	24,396	5,627	30,023	52,567	29,206	81,773	111,796
Depreciation and amortization	65,301	11,721	77,022	15,069	5,023	20,092	97,114
Total expenses	<u>\$ 4,221,823</u>	<u>\$ 4,024,517</u>	<u>\$ 8,246,340</u>	<u>\$ 1,116,054</u>	<u>\$ 565,519</u>	<u>\$ 1,681,573</u>	<u>\$ 9,927,913</u>

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

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

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 242,949	\$ 86,651
Adjustments to reconcile changes in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	84,473	97,114
Realized and unrealized losses	200	4,366
Donated stock	( 19,777 )	( 4,977 )
Bad debt expense	259,795	-
Amortization of discount	( 20,368 )	( 17,813 )
Change in accounts receivable	( 351,773 )	( 611,301 )
Change in contributions receivable	574,362	135,247
Change in other receivable	( 6,919 )	1,254
Change in prepaid expenses and deposits	6,093	7,830
Change in accounts and accrued expenses payable	123,082	( 620,585 )
Change in deferred rent payable	45,372	135,065
Change in deferred income	<u>1,667</u>	<u>-</u>
Net cash provided by/(used in) operating activities	<u>939,156</u>	<u>( 787,149 )</u>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	( 16,499 )	-
Sale of investments	<u>19,577</u>	<u>26,397</u>
Net cash provided by investing activities	<u>3,078</u>	<u>26,397</u>
<b>Cash flows from financing activities</b>		
Payments on capital lease obligations	-	( 19,925 )
Payments on loans	<u>( 378,000 )</u>	<u>-</u>
Net cash used in financing activities	<u>( 378,000 )</u>	<u>( 19,925 )</u>
Net increase/(decrease) in cash	564,234	( 780,677 )
Cash, beginning of year	<u>156,356</u>	<u>937,033</u>
Cash, end of year	<u>\$ 720,590</u>	<u>\$ 156,356</u>

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

**STRIVE INTERNATIONAL, INC.**  
**Notes to the Financial Statements**  
December 31, 2019 and 2018

**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.

**STRIVE’s affiliates.**

Headquartered in New York City, STRIVE program has been replicated in 12 cities in 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 cities across the U.S., such as Atlanta, Baltimore, Baton Rouge, Boston, Bridgeport, Chicago, Flint, Greenville (NC), Hartford, New Haven, New Orleans, Philadelphia, San Diego, Tulsa, Washington DC., and White Plains NY.

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, 2019 and 2018

**Note 2 Summary of significant accounting policies – (continued)**

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

**Revenue recognition.** Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 and reported in the statements of activities as net assets released from restrictions.

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 future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

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

**Concentrations of credit risk.** Financial instruments, which potentially subject STRIVE to concentrations of credit risk include cash and accounts receivable. STRIVE maintains its cash in bank deposit accounts which, at times, may exceed the current insured amount under the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2019, 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.

**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.

**STRIVE INTERNATIONAL, INC.**  
**Notes to the Financial Statements**  
December 31, 2019 and 2018

**Note 2 Summary of significant accounting policies – (continued)**

**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, 2019, and 2018, management’s estimate of total allowance for uncollectible accounts was \$259,795 and \$0, 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.

**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

**STRIVE INTERNATIONAL, INC.**  
**Notes to the Financial Statements**  
December 31, 2019 and 2018

**Note 2 Summary of significant accounting policies – (continued)**

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

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

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

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

**Income taxes.** STRIVE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. STRIVE has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. STRIVE does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending December 31, 2016 and subsequent remain subject to examination by the taxing authorities.

**New accounting pronouncements.** On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. STRIVE has implemented ASU 2016-14 and has adjusted the presentation of these financial statements accordingly.

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*. ASU 2018-08 clarifies existing guidance on determining whether a transfer of assets (or the reduction, settlement or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how the Organization determines whether a resource provider (including a foundation, a government agency or other) is receiving commensurate value in return for the resources transferred, and whether contributions are conditional or unconditional. The ASU has been applied to all periods presented. Adoption of ASU 2018-08 had no impact on the 2019 financial statements or on the previously reported 2018 financial statements.

**STRIVE INTERNATIONAL, INC.**  
**Notes to the Financial Statements**  
December 31, 2019 and 2018

**Note 3 Availability and liquidity**

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

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash	\$ 720,590	\$ 156,356
Accounts and contributions receivable	3,748,965	4,210,981
Other receivables	<u>33,516</u>	<u>26,597</u>
Total financial assets	<u>4,503,071</u>	<u>4,393,934</u>
Less: net assets with donor restrictions	( 1,614,679 )	( 1,616,438 )
Add back: time restricted releases expected within a year	<u>411,898</u>	<u>367,500</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,300,290</u>	<u>\$ 3,144,996</u>

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

**Note 4 Contributions receivable**

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

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 940,643	\$ 992,512
Between one and two years	-	522,493
Less: Discount applied	( 15,258 )	( 35,626 )
Less: Allowance for uncollectible accounts	<u>( 208,227 )</u>	<u>-</u>
	<u>\$ 717,158</u>	<u>\$ 1,479,379</u>

**STRIVE INTERNATIONAL, INC.**  
**Notes to the Financial Statements**  
December 31, 2019 and 2018

**Note 5 Fixed assets**

Fixed assets including capital leases are as follows:

	<u>2019</u>	<u>2018</u>
Equipment and software	\$ 170,987	\$ 170,987
Computers and equipment held under capital leases	130,336	130,336
Furniture and fixtures	322,914	306,416
Leasehold improvements	<u>281,825</u>	<u>281,824</u>
Total fixed assets	906,062	889,563
Less: accumulated depreciation	<u>( 443,812 )</u>	<u>( 359,338 )</u>
Net fixed assets	<u>\$ 462,250</u>	<u>\$ 530,225</u>

**Note 6 Net assets with donor restrictions**

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

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

Changes in net assets with donor restrictions for the year ended December 31, 2018 are as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balance</u>
Time restricted	\$ 1,096,898	\$ 25,000	\$ ( 412,500 )	\$ 709,398
<u>Purpose restricted</u>				
Employment and training	627,228	1,188,000	( 908,188 )	907,040
Technical assistance and program development	80,396	-	( 80,396 )	-
Total purpose restricted	<u>707,624</u>	<u>1,188,000</u>	<u>( 988,584 )</u>	<u>907,040</u>
Total	<u>\$ 1,804,522</u>	<u>\$ 1,213,000</u>	<u>\$ ( 1,401,084 )</u>	<u>\$ 1,616,438</u>



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**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, 2019 and 2018, the contributions to the pension plan amounted to \$55,311 and \$0, respectively.

**Note 9 Loans payable**

During 2017, STRIVE obtained an interest-free loan from a board member in the amount of \$378,000 to assist financing a relocation to new office space and the required space improvements and equipment upgrades. No payments are required until loan maturity. Original maturity date of March 31, 2018 was extended by the board member until the earlier of (1) collections of long-term outstanding receivables from the funding sources or (2) January 1, 2020. The outstanding loan balance at December 31, 2019 and 2018 was \$0 and \$378,000, respectively, as the loan was paid off in full on December 2, 2019.

**Note 10 Investments and fair value measurements**

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31,:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ -	\$ 572
Realized loss	<u>( 200 )</u>	<u>( 4,797 )</u>
Net investment loss	<u>\$ ( 200 )</u>	<u>\$ ( 4,225 )</u>

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**Note 11 Operating lease**

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

<u>Year ending December 31,</u>	
2020	386,603
2021	398,104
2022	421,104
2023	432,605
2024	432,605
Thereafter	<u>1,545,520</u>
Total	<u>\$ 3,616,541</u>

Total expenses for leased office space for the years ended December 31, 2019 and 2018 were \$410,159 and \$410,817, respectively.

**Note 12 Subsequent events**

STRIVE has evaluated events and transactions for potential recognition or disclosure through November 6, 2020, which is the date the financial statements were available to be issued, and has concluded that except as set forth below, no subsequent events occurred that requires an adjustment to or disclosure to the financial statements.

In January 2020, the World Health Organization declared a Public Health Emergency of International Concern, as a result of the spread of a new virus – corona virus (COVID-19). This contagious disease outbreak, which has continued to spread to many countries, and any related adverse public health developments, could adversely affect STRIVE. The outbreak could affect workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. The effects of an economic downturn on STRIVE cannot be determined at this time.

To provide relief efforts to nonprofits and other small businesses, the government extended Paycheck Protection Program to assist these businesses with payroll and satisfy certain utilities pursuant to the Coronavirus Aid Relief and Economic Security Act (“CARES Act”). In April 2020, STRIVE obtained a \$892,245 term loan under the Paycheck Protection Program which is administered by the Small Business Administration. The loan accrues interest at 1% per annum, but payments are not required to begin for six months after the funding of the loan. STRIVE is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.