



Federal Awards Reports in Accordance with the  
Uniform Guidance  
June 30, 2022

# Mesa Developmental Services dba Strive Colorado

Mesa Developmental Services dba Strive Colorado

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Year Ended June 30, 2022

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**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  
Mesa Developmental Services dba Strive Colorado  
Grand Junction, Colorado

We have audited, 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, the consolidated financial statements of Mesa Developmental Services dba Strive Colorado (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 24, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 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. We identified a certain deficiency in internal control, described in the accompanying Schedule of Finding and Questioned Costs as item 2022-01 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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*.

### **Organization's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Grand Junction, Colorado  
March 24, 2023



**Independent Auditor’s Report on Compliance for the Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors  
Mesa Developmental Services dba Strive Colorado  
Grand Junction, Colorado

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Mesa Developmental Services dba Strive Colorado’s (the Organization) 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 the Organization’s major federal program for the year ended June 30, 2022. The Organization’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization’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 the Organization'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 the Organization'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 GAAS, *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 the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Organization'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 the Organization'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 the Organization'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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of Mesa Developmental Services dba Strive Colorado as of and for the year ended June 30, 2022, and have issued our report thereon dated March 24, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other 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 consolidated financial statements as a whole.

*Eide Bailly LLP*

Grand Junction, Colorado  
March 24, 2023

Mesa Developmental Services dba Strive Colorado  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b><u>US Department of Housing and Urban Development</u></b>			
Section 811 Supportive Housing for Persons with Disabilities - Capital Advance	14.181	N/A	\$ 694,238
Section 811 Project Rental Assistance Contract	14.181	N/A	<u>29,543</u>
			723,781
Pass-Through Program from the City of Grand Junction Community Development Block Grant	14.218	N/A	<u>10,413</u>
Total US Department of Housing and Urban Development			<u>734,194</u>
<b><u>US Department of Health and Human Services</u></b>			
Pass-Through Program from Colorado Department of Health Care Policy & Financing Medical Assistance Program	93.778	20-134785A4	<u>161,070</u>
Total US Department of Health and Human Services			<u>161,070</u>
Total Federal Financial Assistance			<u>\$ 895,264</u>

**Note 1 - Basis of Presentation**

The accompanying consolidated schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Mesa Developmental Services dba Strive Colorado (the Organization) under programs of the federal government for the year ended June 30, 2022. The information 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). The Organization received federal awards both directly from federal agencies and indirectly through pass-through agencies. Because the schedule presents only a selected portion of the operations of Mesa Developmental Services dba Strive Colorado, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mesa Developmental Services dba Strive Colorado.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, 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 reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The Organization does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

**Note 4 - Capital Advance Program**

Expenditures reported in this schedule consist of the beginning of the year outstanding capital advance balance plus advances made on the capital advance during the year. The outstanding balance at June 30, 2022 was \$694,238.

**Note 5 - Provider Relief Funds**

The Organization received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Federal Financial Assistance Listing/CFDA #93.498) during the year ended June 30, 2022. The Organization incurred eligible expenditures (including lost revenues) and, therefore, recognized revenues totaling \$112,537 for the year ended June 30, 2022 on the financial statements. The PRF expenditures are not recognized on the schedule until the expenditures are included in the reporting to HHS as required under the PRF program. The PRF expenditures, based on the reporting to HHS for Period 4, were not included in the schedule.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Supportive Housing for Persons with Disabilities (Section 811)	14.181
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statements Findings**

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**2022-001      Preparation of the Schedule of Expenditures of Federal Awards**

**Significant Deficiency in Internal Control over Financial Reporting**

*Criteria* – Proper controls over financial reporting include an adequate system to prepare the schedule of expenditures of federal awards (SEFA).

*Condition* – The Organization was not provided timely information from a pass-through agency detailing the total amount of federal funding received and as a result we proposed adjustments to the SEFA prepared by management. Reliance on the external auditor to provide these adjustments is considered to be a significant deficiency because the external auditor cannot be considered a part of the Organization’s control process.

*Effect* – The existence of errors in the SEFA could affect the quality of the information used to make important operating decisions and lead to noncompliance on federal awards.

*Cause* – This deficiency is partially due to limited resources in the financial reporting process due to budgetary constraints and the lack of timeliness by the pass-through agency.

*Recommendation* – We recommend that management continue reviewing operating procedures in order to obtain the maximum internal control over financial reporting possible under the circumstances. It is the responsibility of management and those charges with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Further, we recommend the Organization request information pertaining to amounts funded from federal sources on a regular basis throughout the year to mitigate the delay in receiving this information after year end. In addition, we recommend management to continually be aware of new federal programs being funded and expended during the fiscal year to ensure completeness of expenditures within the SEFA.

**View of Responsible Officials** – Management agrees with this finding.

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**Section III – Federal Award Findings and Questioned Costs**

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None noted