

**TEEN CHALLENGE OF EAST BAY, INC.**  
**(A Nonprofit Corporation)**

FINANCIAL STATEMENTS  
Together with  
**INDEPENDENT AUDITORS' REPORT**  
FOR THE YEAR ENDED DECEMBER 31, 2022

**Tang & Lee, LLP**

*Certified Public Accountants*

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**TEEN CHALLENGE OF EAST BAY, INC.**  
**(A Nonprofit Corporation)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Teen Challenge  
Teen Challenge of East Bay, Inc.  
Oakland, California

### ***Opinion***

We have audited the accompanying financial statements of **Teen Challenge of East Bay, Inc. (TCEB)(the Organization)**, a nonprofit organization, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in its net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teen Challenge of East Bay, Inc. as of December 31, 2022, and the statement of activities and changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TCEB. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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.

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

## ***Auditors' Responsibility***

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

*Tang & Lee, LLP*

Burlingame, California  
November 10, 2023

**TEEN CHALLENGE OF EAST BAY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
(With Comparative Totals for December 31, 2021)

<b>ASSETS</b>	<b>Without donor restrictions</b>	<b>Total 2022</b>	<b>Summarized 2021</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 727,753	\$ 727,753	\$ 598,361
Prepaid expenses and deposits	12,075	12,075	17,182
Total current assets	<u>739,828</u>	<u>739,828</u>	<u>615,543</u>
<b>PROPERTY AND EQUIPMENT:</b>			
Land	109,637	109,637	109,637
Buildings and improvements	698,320	698,320	698,320
Furniture and equipment	21,263	21,263	12,732
Vehicles	99,430	99,430	76,972
	<u>928,650</u>	<u>928,650</u>	<u>897,661</u>
Less accumulated depreciation	<u>(708,596)</u>	<u>(708,596)</u>	<u>(693,142)</u>
	220,054	220,054	204,519
Construction in progress	9,903	9,903	-
Total property and equipment	<u>229,957</u>	<u>229,957</u>	<u>204,519</u>
<b>OTHER ASSETS:</b>			
Mortgage loan fees	-	-	295
Deposits - long term	5,956	5,956	5,956
Total other assets	<u>5,956</u>	<u>5,956</u>	<u>6,251</u>
Total assets	<u>\$ 975,741</u>	<u>\$ 975,741</u>	<u>\$ 826,313</u>

The accompanying notes are an integral part of the financial statements.

**TEEN CHALLENGE OF EAST BAY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
**(Continued)**  
**(With Comparative Totals for December 31, 2021)**

	<b>Without donor restrictions</b>	<b>Total 2022</b>	<b>Summarized 2021</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 6,428	\$ 6,428	\$ 6,292
Accounts payable-related parties	149,314	149,314	163,670
Accrued expenses	5,868	5,868	3,517
Insurance and other payables	26,116	26,116	41,151
Total current liabilities	187,726	187,726	214,630
Total liabilities	187,726	187,726	214,630
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>NET ASSETS:</b>			
Without donor restrictions	788,015	788,015	611,683
Total net assets	788,015	788,015	611,683
Total liabilities and net assets	\$ 975,741	\$ 975,741	\$ 826,313

The accompanying notes are an integral part of the financial statements.

**TEEN CHALLENGE OF EAST BAY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN ITS NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Comparative Totals for December 31, 2021)**

	Without donor restrictions	Total 2022	Summarized 2021
<b>SUPPORT AND REVENUE:</b>			
General contributions	\$ 324,951	\$ 324,951	\$ 453,862
Non-cash donations	106,126	106,126	64,478
Special events contributions	25,000	25,000	60,405
Special events direct benefits cost	(3,568)	(3,568)	(2,525)
Total support	<u>452,509</u>	<u>452,509</u>	<u>576,220</u>
Interest income and miscellaneous income	14,393	14,393	14,980
Program fees	362,849	362,849	232,524
Sale of assets and donated items	137,483	137,483	151,740
Total revenue	<u>514,725</u>	<u>514,725</u>	<u>399,244</u>
Total support and revenue	<u>967,234</u>	<u>967,234</u>	<u>975,464</u>
<b>EXPENSES:</b>			
Program services	593,402	593,402	519,119
Supporting services -			
General and administrative	119,081	119,081	108,820
Fundraising	71,864	71,864	59,041
Total supporting services	<u>190,945</u>	<u>190,945</u>	<u>167,861</u>
Total expenses	<u>784,347</u>	<u>784,347</u>	<u>686,980</u>
<b>Changes in net assets- increase/(decrease)</b>	182,887	182,887	288,484
NET ASSETS, beginning of year	<u>611,683</u>	<u>611,683</u>	<u>323,199</u>
Prior period adjustment	<u>(6,555)</u>	<u>(6,555)</u>	<u>-</u>
Restated net assets, beginning of year	605,128	605,128	323,199
NET ASSETS, end of year	<u>\$ 788,015</u>	<u>\$ 788,015</u>	<u>\$ 611,683</u>

The accompanying notes are an integral part of the financial statements.



**TEEN CHALLENGE OF EAST BAY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Comparative Totals for December 31, 2021)**

	<b>Total 2022</b>	<b>Summarized 2021</b>
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ 182,887	\$ 288,484
<b>Adjustments to reconcile change in net assets to net cash from operating activities:</b>		
Depreciation and amortization	16,793	8,558
<b>Changes (increase)/decrease in assets and liabilities:</b>		
Prepaid expenses and deposits	5,107	(7,301)
Mortgage loan fee	295	169
Accounts payables and accrued expenses	(11,869)	(32,613)
Insurance and other payables	(15,035)	12,066
Prior period adjustment	(6,555)	-
<b>Net cash flows provided(used) by operating activities</b>	171,623	269,363
Cash flows for investing activities:		
Acquisition of property and equipment	(33,758)	(45,184)
Disposal of property and equipment	1,430	5,993
Construction in progress	(9,903)	19,609
<b>Net cash flows provided(used) by investing activities</b>	(42,231)	(19,582)
Cash flows for financing activities:		
Tax exempt income-PPP loan forgiven	-	(18,679)
(Debt reduction)/increase on long-term debt	-	(46,762)
<b>Net cash flows provided(used) in financing activities</b>	-	(65,441)
<b>Net increase(decrease) in cash</b>	129,392	184,340
Cash, beginning of year	598,361	414,021
Cash, end of year	727,753	598,361
Supplementary information:		
Interest paid during the year	\$ -	\$ 2,222.00

The accompanying notes are an integral part of the financial statements.

**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

**NOTE 1 Nature of Organization**

David Wilkerson started Teen Challenge in 1958 as a home to help drug addicts and gang members in New York City to grow stronger in their relationship with God. Teen Challenge has expanded to more than 240 centers throughout the United States and over 1,200 centers in other countries since then.

Teen Challenge Oakland (East Bay) started in 1967. The East Bay program offers a variety of program opportunities to the community, including:

- (1) evangelism and outreach ministry centering on street meetings, jail and prison services, hotlines, substance abuse prevention, counseling and literature distribution,
- (2) crisis intervention and referral programs, which provide a short-term place to stay for individuals with life-controlling problems,
- (3) intermediate-range programs focusing on Bible study and character development,
- (4) long-term residential programs designed to provide both spiritual development and vocational training, and
- (5) re-entry programs to assist individuals in the process of reintegration into society, employment, and Christian fellowship.

Teen Challenge of East Bay, Inc. (TCEB) (the Organization) owns facilities in Oakland, California.

Participants in the long-term residential programs of Teen Challenge are provided training and development opportunities designed to enhance both their spiritual lives and their employment opportunities. Participants in the program have been pre-qualified and selected for the program based on their readiness and ability to make some significant life changes.

TCEB is a California non-profit corporation that was incorporated in California under their official name of "Teen Challenge of East Bay, Inc."

On September 1, 2003, the Organization opened a thrift store ministry in the Concord area of Contra Costa County.

**NOTE 2 Summary of Significant Accounting Policies**

a. **Accounting Principles Updates**

- 1) In 2019, The Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards (SAS) No. 134, Auditor Reporting and Amendments, which includes amendments to address disclosures in the Audit of Financial Statements. The new standard makes fundamental changes in the layout of the audit report as well as the information required to be presented in all auditor reports issued under generally accepted auditing standards (GAAS). The standard is effective for the reporting periods ending on or after December 15, 2020. However, in May 2020, AICPA

**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

issued SAS No. 141 to amend the effective date of No. 134. The SAS becomes effective for audits of financial statements for periods ending on or after December 15, 2021.

- 2) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) was issued to replace the leases requirements in Topic 840, Leases. The main difference between the previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under the previous GAAP. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. Topic 842 will be effective for annual reporting periods beginning after December 15, 2018, including interim periods within those annual periods, and is to be retrospectively applied. For private companies and non-profit entities, the amendments in this update are effective for the fiscal years beginning after December 15, 2021.

b. **Basis of Presentation**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with FASB ASC 958-605-20, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958, *Financial Statements of Not-For-Profit Organizations*.

The financial statements report separately classifies amounts of net assets:

**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 TCEB. These net assets may be used at the discretion of TCEB's management and the board of directors.

**Net assets with donor restrictions:** Net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TCEB 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.

**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

c. **Revenue Recognition**

**1) Contributions**

Contributions are recognized when cash or other assets are received or promises to give are made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the pending conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are released and reclassified as net assets without donor restrictions.

TCEB believes that motivation for giving results when God moves the hearts of individuals. Therefore, it views any faith promises received as an expression of a desire to give based on God's future provision. Therefore, faith promises received by TCEB are recognized as neither contributions nor conditional promises in the financial statements, since all conditions rest with the donor, and the donor reserves the right to modify the promise.

**2) Program fees**

TCEB meets the criteria in revenue recognition under ASC 606 - Revenue from contracts with customers. Generally accepted accounting principles (GAAP) require that revenues are recognized according to the revenue recognition principles, a feature of accrued accounting. This means that revenue is recognized on the income statement in the period when realized and earned not necessarily when cash is received. TCEB has contracts with customers for services provided by students over a performance period. Contracts narrate performance obligations, service price, and allocation of service price to performance obligations over the performance period. TCEB recognizes program fee revenue for services provided by students when the service specified by the customer is performed and satisfied.

**3) Sales of assets and donated items**

TCEB meets the criteria in revenue recognition under ASC 606 - Revenue from contracts with customers. Generally accepted accounting principles (GAAP) require that revenues are recognized according to the revenue recognition principles, a feature of accrued accounting. This means that revenue is recognized on the income statement in the period when realized and earned not necessarily when cash is received. TCEB has contracts with customers for inventory and donated items sales over a performance period. Contracts narrate performance obligations, service price, and allocation of service price to performance obligations over the performance

**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

period. TCEB recognizes inventory and donated items sales revenue when inventory sale is performed and satisfied and inventory is delivered to customers.

**4) Interest income and miscellaneous income**

Interest income and miscellaneous income consist primarily of interest income from banks and rental income from former students.

d. **Property and Equipment**

Land, buildings, and equipment valued at \$1,000 or more are capitalized and recorded at cost purchased or at fair market value at the date of giving(donation).

Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

	<u>Life in Years</u>
Buildings and improvements	20 to 40
Furniture and equipment	5
Vehicles	5

e. **Non-cash Donations**

Donated goods and services are recorded at their fair market value at the date of giving or serving.

f. **Cash and Cash Equivalents Definition**

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term. Highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

g. **Use of Volunteers**

A large number of people have contributed a significant amount of time to the activities of TCEB. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of FASB ASC 958. If these activities could be valued in the accompanying financial statements, their inclusion would significantly increase the percentage of expenses attributable to direct program expenditures.

h. **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

i. **Income Taxes Status**

TCEB is exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under 2370d of California, respectively. Furthermore, TCEB is not classified as a private foundation.

The Financial Accounting Standards Board (FASB) FASB Interpretation No.48, *Accounting for Uncertainty in Income Taxes*, (Fin 48) which was subsequently included in the FASB Codification as ASC 740, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of TCEB has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. TCEB's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years by California taxing authorities.

j. **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to their natural expenditure classification. Certain costs are common to several functions that have been allocated among the programs and supporting services benefited. General administrative and fundraising expenses are those not directly identifiable with any specific function but which provide for the overall support and direction of TCEB.

k. **Prepaid Expenses**

Prepaid expenses consist primarily of prepaid insurance. As of December 31, 2022, prepaid expenses were \$12,075.

l. **Fair Value of Financial Instruments**

TCEB's financial instruments include cash and cash equivalents, receivables, prepaid, deposits, accounts payables, and notes payables. The carrying amount of these items approximates fair value because of the nature and short maturity of these instruments.

m. **Comparative Financial Information**

The financial statements are presented with prior year summarized comparative totals which do not include detail by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's 2021 consolidated financial statements, from which the comparative totals were derived.

**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**NOTE 3 Special Events**

During 2022, TCEB conducted events to inform supporters about current operations and to expose potential new donors to TCEB. Support received from these events and the costs for the direct benefits provided are summarized by each event. All costs related to publicity, travel, related salaries, and administration of the event have been included in fundraising expenses.

**NOTE 4 Commitments**

- a) For the thrift store in the Concord area of Contra Costa County, TCEB continues to rent a space from the current landlord on a month-to-month basis. The monthly rental is \$6,560.
- b) TCEB also had numerous short-term monthly leases for storage and equipment.

**NOTE 5 Employee Retirement Plan**

TCEB has a 403(b) tax-deferred annuity retirement plan, which is funded by contributions from both TCEB and its employees. In 2022, TCEB has not made any pension contribution to any officers. TCEB has no liability for the administration or payment of benefits of the plan and, accordingly, the present value of the related vested benefits is not reflected on these financial statements.

**NOTE 6 Related Party Transactions**

There are intercompany transactions among TCSB, TCEB, TCNV, and TCSV. These transactions are accounts receivable, accounts payable, notes receivable, administration income, and expense. All these intercompany transactions would be eliminated in the consolidated financial statements. As of December 31, 2022, TCEB has incurred accounts payable in the amount of \$149,314 with TCSB.

**Note 7 Subsequent Events**

The management of TCEB reviewed the results of operations and evaluated subsequent events for the period of time from its year-end December 31, 2022 through November 10, 2023, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Note 8 Fair Value Measurements**

TCEB measures fair value in accordance with Statement of Financial Accounting Standards No. 157, Fair Value Measurements, (FAS 157) which was subsequently included in the FASB Codification as ASC 820. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

**Level 1** - Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**Level 2** - Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

**Level 3** - Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discontinued cash flow models, and similar techniques, and not based on market exchange, dealer, or broker traded transactions.

The Organization's financial assets measured at fair value on a recurring basis on December 31, 2022 are classified within Level 1 of the fair value hierarchy.

**Note 9 Non-Cash Donations (Contributed Nonfinancial Assets)**

TCEB recognized contributed nonfinancial assets within revenue, including contributed household goods and food. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed household goods and food were utilized and used in the program services. In valuing household goods and food, TCEB estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States.

For the year ended December 31, 2022, TCEB recognized contributed nonfinancial assets as follows:

	<u>Revenue Recognized</u>	<u>Utilization in Programs</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Household goods	\$ 14,246	Program Services	None	Fair value
Food	91,880	Program Services	None	Fair value
Total	<u>\$ 106,126</u>			

**Note 10 Prior Period Adjustment**

Prior year adjustment is an adjustment on rental expense.

**Note 11 Availability and Liquidity**

This presentation is required by the newly adopted ASU 2016-14 which is effective for annual financial statements issued for fiscal years beginning after December 15, 2018. The following represents TCEB's financial assets as of December 31, 2022:



**TEEN CHALLENGE OF EAST BAY, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2022**

Financial assets at year end:		
Cash	\$	727,753
Total financial assets		727,753
Less amounts not available to be used within one year:		
Net assets with donor restrictions		-
		-
Financial assets available to meet general expenditures over the next twelve months		\$ 727,753

TCEB's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in certificates of deposit over one year. As of December 31, 2022, the management believes that TCEB has sufficient funds to meet the current year obligation.

**TEEN CHALLENGE OF EAST BAY, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Nature</b>	<b>Program expenses</b>	<b>General and Administration</b>	<b>Fundraising</b>	<b>Total 2022</b>	<b>Summaried 2021</b>
Salaries and wages	\$ 90,640	\$ 11,378	\$ 25,883	\$ 127,901	\$ 90,493
Employee benefits	11,252	-	-	11,252	4,442
Payroll taxes	5,990	-	-	5,990	5,278
Hiring Costs	62	-	-	62	113
Per Diem Expense	11,650	-	13,980	25,630	29,665
Payroll Reimburements	-	21,441	14,881	36,322	32,984
Bank Service Charges	13,457	-	118	13,575	7,991
Permits & Licenses	54	-	264	318	314
Corporation Costs	2,212	-	-	2,212	2,139
Accounting Fees	-	-	-	-	860
Property Taxes	6,840	-	-	6,840	6,339
General Supplies	118,585	-	-	118,585	76,579
Telephones	12,355	-	-	12,355	11,070
Postage and Delivery	3,281	-	116	3,397	4,871
Utilities	68,565	-	-	68,565	78,581
Rent	81,255	-	-	81,255	80,988
Building Repair&Maintenance	5,152	-	-	5,152	6,266
Liability Insurance	18,002	-	-	18,002	16,619
Equipment	8,173	-	-	8,173	4,103
Printing and Reproduction	6,326	-	3,828	10,154	10,974
Travel	81,034	-	12,694	93,728	87,907
Interest Expense	-	-	-	-	2,222
Depreciation, depletion, and amortization	17,088	-	-	17,088	8,727
Affiliates	2,700	-	-	2,700	2,700
Dues and Subscriptions	98	-	-	98	93
Loss, Theft, Disposal	1,339	-	-	1,339	5,993
Promotions & Advertising	5,874	-	-	5,874	5,946
Training	1,651	-	100	1,751	3,645
Professional Services	16,078	-	-	16,078	14,649
Administration Expenses	-	86,262	-	86,262	84,429
Other Expenses	3,688	-	-	3,688	-
<b>Total</b>	<b>\$ 593,402</b>	<b>\$ 119,081</b>	<b>\$ 71,864</b>	<b>\$ 784,347</b>	<b>\$ 686,980</b>