

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

FINANCIAL STATEMENTS
Together with
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

Tang & Lee, LLP

Certified Public Accountants

TEEN CHALLENGE OF EAST BAY, INC.
(A Nonprofit Corporation)
FOR THE YEAR ENDED DECEMBER 31, 2021

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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)**, a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, 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, 2021, 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 Teen Challenge of East Bay, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Teen Challenge of East Bay, Inc.'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 Teen Challenge of East Bay, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teen Challenge of East Bay, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Teen Challenge of East Bay, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2021. 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 pages 15 is presented for purposes of additional analysis and are 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
September 26, 2022

TEEN CHALLENGE OF EAST BAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Comparative Totals for December 31, 2020)

ASSETS	Without donor restrictions	With donor restrictions	Total 2021	Summarized 2020
CURRENT ASSETS:				
Cash and cash equivalents	\$ 598,361	\$ -	\$ 598,361	\$ 414,021
Prepaid expenses and deposits	17,182	-	17,182	9,881
Total current assets	<u>615,543</u>	<u>-</u>	<u>615,543</u>	<u>423,902</u>
PROPERTY AND EQUIPMENT:				
Land	109,637	-	109,637	109,637
Buildings and improvements	698,320	-	698,320	656,560
Furniture and equipment	12,732	-	12,732	12,732
Vehicles	76,972	-	76,972	93,857
	<u>897,661</u>	<u>-</u>	<u>897,661</u>	<u>872,786</u>
Less accumulated depreciation	<u>(693,142)</u>	<u>-</u>	<u>(693,142)</u>	<u>(698,900)</u>
	204,519	-	204,519	173,886
Construction in progress	-	-	-	19,609
Total property and equipment	<u>204,519</u>	<u>-</u>	<u>204,519</u>	<u>193,495</u>
OTHER ASSETS:				
Mortgage loan fees	295	-	295	464
Deposits - long term	5,956	-	5,956	5,956
Total other assets	<u>6,251</u>	<u>-</u>	<u>6,251</u>	<u>6,420</u>
Total assets	<u>\$ 826,313</u>	<u>\$ -</u>	<u>\$ 826,313</u>	<u>\$ 623,817</u>

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

TEEN CHALLENGE OF EAST BAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(Continued)
(With Comparative Totals for December 31, 2020)

LIABILITIES AND NET ASSETS	Without donor restrictions	With donor restrictions	Total 2021	Summarized 2020
CURRENT LIABILITIES:				
Accounts payable	\$ 6,292	\$ -	\$ 6,292	\$ 2,744
Accounts payable-related parties	163,670	-	163,670	199,831
Accrued expenses	3,517	-	3,517	1,374
Insurance and other payables	41,151	-	41,151	31,228
Paycheck protection program loan	-	-	-	18,679
Current portion of notes payable	-	-	-	15,211
Total current liabilities	214,630	-	214,630	269,067
Long-term liabilities:				
Notes payable, net of current portion	-	-	-	31,551
Total liabilities	214,630	-	214,630	300,618
COMMITMENTS AND CONTINGENCIES				
NET ASSETS:				
With donor restrictions	-	-	-	-
Without donor restrictions	611,683	-	611,683	323,199
Total net assets	611,683	-	611,683	323,199
Total liabilities and net assets	\$ 826,313	\$ -	\$ 826,313	\$ 623,817

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, 2021
(With Comparative Totals for December 31, 2020)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2021</u>	<u>Summarized 2020</u>
SUPPORT AND REVENUE:				
General contributions	\$ 453,862	\$ -	\$ 453,862	\$ 342,042
Non-cash donations	64,478	-	64,478	10,535
Special events contributions	60,405	-	60,405	32,839
Special events direct benefits cost	(2,525)	-	(2,525)	(1,891)
Total support	<u>576,220</u>	<u>-</u>	<u>576,220</u>	<u>383,525</u>
Interest income and miscellaneous income	14,980	-	14,980	11,868
Program fees	232,524	-	232,524	142,174
Sale of assets and donated items	151,740	-	151,740	117,560
Total revenue	<u>399,244</u>	<u>-</u>	<u>399,244</u>	<u>271,602</u>
Total support and revenue	<u>975,464</u>	<u>-</u>	<u>975,464</u>	<u>655,127</u>
EXPENSES:				
Program services	519,119	-	519,119	441,815
Supporting services -				
General and administrative	108,820	-	108,820	65,755
Fundraising	59,041	-	59,041	40,791
Total supporting services	<u>167,861</u>	<u>-</u>	<u>167,861</u>	<u>106,546</u>
Total expenses	<u>686,980</u>	<u>-</u>	<u>686,980</u>	<u>548,361</u>
Changes in net assets- increase/(decrease)	288,484	-	288,484	106,766
NET ASSETS, beginning of year	<u>323,199</u>	<u>-</u>	<u>323,199</u>	<u>216,433</u>
NET ASSETS, end of year	<u>\$ 611,683</u>	<u>\$ -</u>	<u>\$ 611,683</u>	<u>\$ 323,199</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, 2021
(With Comparative Totals for December 31, 2020)

	Total 2021	Summarized 2020
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ 288,484	\$ 106,766
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	8,558	7,720
Changes (increase)/decrease in assets and liabilities:		
Prepaid expenses and deposits	(7,301)	(2,738)
Mortgage loan fee	169	168
Accounts payables and accrued expenses	(32,613)	27,674
Insurance and other payables	12,066	16,066
	269,363	155,656
Cash flows for investing activities:		
Acquisition of property and equipment	(45,184)	(66,903)
Disposal of property and equipment	5,993	5,874
Construction in progress	19,609	(19,609)
	(19,582)	(80,638)
Cash flows for financing activities:		
Tax exempt income-PPP loan forgiven	(18,679)	18,679
(Debt reduction)/increase on long-term debt	(46,762)	(15,219)
	(65,441)	3,460
Net increase in cash	184,340	78,478
Cash, beginning of year	414,021	335,543
Cash, end of year	598,361	414,021
Supplementary information:		
Interest paid during the year	\$2,222	\$3,293

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

TEEN CHALLENGE OF EAST BAY, INC.
Notes to Financial Statements
December 31, 2021

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) 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 upon their readiness and ability to make some significant life changes.

Teen Challenge of East Bay, Inc. (TCEB) assists participants in finding employment in the local community. In return, participants agree to contribute back 85% of their net earnings to the Organization. These monies are then used to offset some of their costs associated with the program, including housing, food, and program expenses.

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

TEEN CHALLENGE OF EAST BAY, INC.
Notes to Financial Statements (Continued)
December 31, 2021

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 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 previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under 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 company 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 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, 2021

c. **Revenue Recognition**

1) Contributions

Without donor restricted contributions are recognized when cash is received or ownership of donated assets is transferred to TCEB.

With donor restricted contributions are recognized as contribution income in the statement of activities when cash or ownership of donated assets is transferred to TCEB. These contributions are subsequently transferred to the net assets without donor restrictions to cover expenses that are incurred to satisfy those 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 recognizes program fees income based on the hours worked. Work-study programs vary in qualifications and responsibilities, so the pay will depend on the job that students are hired to do. Pay may also depend the policies and/or the minimum wage requirements in the state. How many hours students work each week will depend on the type of job students get and employer's expectations.

3) Sales of assets and donated items

TCEB recognizes sales revenue when it is realized or realizable and earned. TCEB considers revenue realized or realizable and earned when there is persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonable certain.

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

TEEN CHALLENGE OF EAST BAY, INC.
Notes to Financial Statements (Continued)
December 31, 2021

e. **Mortgage Loan Fees**

Mortgage loan fees are amortized ratably over the life of the loans.

f. **Non-cash Donations**

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

g. **Cash and Cash Equivalents Definition**

Cash and cash equivalents comprise cash at bank 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.

h. **Use of Volunteers**

A large number of people have contributed 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 percent of expenses attributable to direct program expenditures.

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

j. **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 the 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.

TEEN CHALLENGE OF EAST BAY, INC.
Notes to Financial Statements (Continued)
December 31, 2021

k. **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 common to several functions have been allocated among the programs and supporting services benefited. General and administrative and fundraising expenses are those not directly identifiable with any specific function but which provide for the overall support and direction of TCEB.

l. **Investments**

Investments are comprised of a series of private bonds and donated equity securities. TCEB reports investments at fair value. Realized and unrealized gains and losses are included in the statement of activities.

m. **Fair Value of Financial Instruments**

TCEB's financial instruments include cash and cash equivalents, receivable, 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.

n. **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 2020 consolidated financial statements, from which the comparative totals were derived.

NOTE 3 Special Events

During 2021, TCEB conducted events to acknowledge supporter 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 fund raising expenses.

NOTE 4 Commitments

- a) For the thrift store in the Concord area of Contra Costa County, TCEB continues to rent a space from current landlord on a month-to-month basis. The monthly rental is \$6,560.
- b) TCEB also had numerous short-term monthly leases for storages 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 2021, TCEB has not made any pension contribution to any officers. TCEB

TEEN CHALLENGE OF EAST BAY, INC.
Notes to Financial Statements (Continued)
December 31, 2021

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, note receivable, administration income and expense. All these intercompany transactions would be eliminated in the consolidated financial statements. As of December 31, 2021, TCEB has incurred accounts payable in the amount of \$163,670 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, 2021 through September 26, 2022, 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 measure 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 which 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:

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.

TCEB's financial assets measured at fair value have been categorized based upon a fair value hierarchy.

TEEN CHALLENGE OF EAST BAY, INC.
Notes to Financial Statements (Continued)
December 31, 2021

Note 9 Non-Cash Donations (Contributed Nonfinancial Assets)

TCEB recognized contributed nonfinancial assets within revenue, including contributed household goods, food and services. 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 on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed services recognized comprise with the costs of labor of plumbing services. Contributed services are valued and are reported at the estimated fair value in the financial statements.

For the year ended December 31, 2021, TCEB recognized contributed nonfinancial assets as following:

	<u>Revenue Recognized</u>	<u>Utilization in Programs</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Household goods	\$ 25,946	Program Services	None	Fair value
Food	37,557	Program Services	None	Fair value
Services	975	General and Administrative	None	Fair value
Total	<u>\$ 64,478</u>			

Note 10 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, 2021:

Financial assets at year end:	
Cash	\$ 598,361
Total financial assets	<u>598,361</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 598,361</u>

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, 2021, the management believes that TCEB has sufficient fund to meet the current year obligation.

TEEN CHALLENGE OF EAST BAY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Nature	Program expenses	General and Administration	Fundraising	Total 2021	Summaried 2020
Salaries and wages	\$ 69,625	\$ 4,032	\$ 16,836	\$ 90,493	\$ 79,391
Employee benefits	4,442	-	-	4,442	20,815
Payroll taxes	5,278	-	-	5,278	4,463
Hiring Costs	113	-	-	113	339
Per Diem Expense	14,650	-	-	14,650	16,452
Payroll Reimburements	-	19,484	13,500	32,984	29,826
Bank Service Charges	7,274	15	702	7,991	3,698
Permits & Licenses	-	-	314	314	222
Corporation Costs	2,139	-	-	2,139	1,976
Accounting Fees	-	860	-	860	600
Property Taxes	6,339	-	-	6,339	4,964
General Supplies	76,574	-	5	76,579	15,863
Telephones	11,070	-	-	11,070	13,249
Postage and Delivery	4,596	-	275	4,871	7,952
Utilities	78,581	-	-	78,581	66,850
Rent	80,988	-	-	80,988	65,868
Building Repair&Maintenance	6,266	-	-	6,266	5,666
Liability Insurance	16,619	-	-	16,619	13,120
Equipment	4,103	-	-	4,103	6,531
Printing and Reproduction	3,281	-	7,693	10,974	10,402
Travel	83,311	-	4,596	87,907	69,050
Interest Expense	2,222	-	-	2,222	3,293
Depreciation, depletion, and amortization	8,622	-	105	8,727	7,888
Affiliates	2,700	-	-	2,700	2,475
Dues and Subscriptions	93	-	-	93	51
Loss, Theft, Disposal	5,993	-	-	5,993	1,405
Promotions & Advertising	5,946	-	-	5,946	4,857
Training	3,645	-	-	3,645	689
Professional Services	14,649	-	-	14,649	14,664
Administration Expenses	-	84,429	-	84,429	63,371
Per Diem Expenses	-	-	15,015	15,015	12,371
Total	\$ 519,119	\$ 108,820	\$ 59,041	\$ 686,980	\$ 548,361