

SACRAMENTO VALLEY TEEN CHALLENGE, INC.
(A Nonprofit Corporation)

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

Tang & Lee, LLP

Certified Public Accountants

SAACRAMENTO VALLEY TEEN CHALLENGE, INC.
(A Nonprofit Corporation)
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Teen Challenge
Sacramento Valley Teen Challenge, Inc.
Sacramento, California

Opinion

We have audited the accompanying financial statements of **Sacramento Valley Teen Challenge, Inc.** (TCSV), 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 Sacramento Valley Teen Challenge, 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 Sacramento Valley Teen Challenge, 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 Sacramento Valley Teen Challenge, 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 Sacramento Valley Teen Challenge, 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 Sacramento Valley Teen Challenge, 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 Sacramento Valley Teen Challenge, 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 16 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

SACRAMENTO VALLEY TEEN CHALLENGE
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	\$ 447,862	\$ -	\$ 447,862	\$ 242,919
Prepaid expenses and deposits	25,251	-	25,251	-
Inventory	5,363	-	5,363	5,363
Other current assets	134	-	134	134
Total current assets	478,610	-	478,610	248,416
PROPERTY AND EQUIPMENT:				
Land	296,000	529,000	825,000	729,000
Buildings and improvements	3,527,911	589,329	4,117,240	3,898,240
Furniture and equipment	144,826	-	144,826	144,826
Vehicles	172,731	-	172,731	184,210
	4,141,468	1,118,329	5,259,797	4,956,276
Accumulated depreciation	(2,128,943)	-	(2,128,943)	(1,968,780)
Total property and equipment	2,012,525	1,118,329	3,130,854	2,987,496
OTHER ASSETS:				
Cash held for endowment	-	10,000	10,000	10,000
Rent deposit	1,266	-	1,266	1,266
Deposits - long term	-	-	-	1,481
Total other assets	1,266	10,000	11,266	12,747
Total assets	\$ 2,492,401	\$ 1,128,329	\$ 3,620,730	\$ 3,248,659

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

**SACRAMENTO VALLEY TEEN CHALLENGE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(Continued)
(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>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 15,155	\$ -	\$ 15,155	\$ 6,534
Accounts payable-related parties	3,356	-	3,356	60,772
Accrued expenses	19,465	-	19,465	13,960
Paycheck protection program loan	-	-	-	91,659
Total current liabilities	<u>37,976</u>	<u>-</u>	<u>37,976</u>	<u>172,925</u>
Total liabilities	<u>37,976</u>	<u>-</u>	<u>37,976</u>	<u>172,925</u>
COMMITMENTS AND CONTINGENCIES				
NET ASSETS:				
With donor restrictions	-	1,128,329	1,128,329	1,128,329
Without donor restrictions	2,454,425	-	2,454,425	1,947,405
Total net assets	<u>2,454,425</u>	<u>1,128,329</u>	<u>3,582,754</u>	<u>3,075,734</u>
Total liabilities and net assets	<u>\$ 2,492,401</u>	<u>\$ 1,128,329</u>	<u>\$ 3,620,730</u>	<u>\$ 3,248,659</u>

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

SACRAMENTO VALLEY TEEN CHALLENGE
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	\$ 890,154	\$ -	\$ 890,154	\$ 665,993
Non-cash donations	403,046	-	403,046	11,938
Special events contributions	93,968	-	93,968	76,788
Special events direct benefits cost	(9,713)	-	(9,713)	(3,766)
Total support	<u>1,377,455</u>	<u>-</u>	<u>1,377,455</u>	<u>750,953</u>
Interest income and miscellaneous income	75	-	75	3,224
Program fees	392,213	-	392,213	290,222
Sale of assets and donated items	6,075	-	6,075	6,781
Total revenue	<u>398,363</u>	<u>-</u>	<u>398,363</u>	<u>300,227</u>
Total support and revenue	<u>1,775,818</u>	<u>-</u>	<u>1,775,818</u>	<u>1,051,180</u>
EXPENSES:				
Program services	1,014,558	-	1,014,558	997,073
Supporting services				
General and administrative	150,935	-	150,935	76,803
Fundraising	103,179	-	103,179	184,816
Total supporting services	<u>254,114</u>	<u>-</u>	<u>254,114</u>	<u>261,619</u>
Total expenses	<u>1,268,672</u>	<u>-</u>	<u>1,268,672</u>	<u>1,258,692</u>
Changes in net assets- increase/(decrease)	507,146	-	507,146	(207,512)
NET ASSETS, beginning of year	1,947,405	1,128,329	3,075,734	3,283,101
Prior period adjustment	(126)	-	(126)	145
Restated net assets, beginning of year	1,947,279	1,128,329	3,075,608	3,283,246
NET ASSETS, end of year	<u>\$ 2,454,425</u>	<u>\$ 1,128,329</u>	<u>\$ 3,582,754</u>	<u>\$ 3,075,734</u>

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

**SACRAMENTO VALLEY TEEN CHALLENGE
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	\$ 507,146	\$ (207,512)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	171,642	176,983
Donated ITEX shares and net related activity	-	11,212
Changes (increase)/decrease in assets and liabilities:		
Accounts receivable	-	7,758
Prepaid expenses and deposits	(25,251)	4,100
Inventory	-	1,000
Other current assets	-	819
Deposits in long-term	1,481	-
Accounts payable and accrued expenses	14,126	(10,780)
Accounts payable-related parties	(57,416)	2,974
Prior period adjustment	(126)	145
Net cash flows provided by operating activities	611,602	(13,301)
Cash flows for investing activities:		
Acquisition of property and equipment	(315,000)	(58,104)
Net cash flows used by investing activities	(315,000)	(58,104)
Cash flows for financing activities:		
Tax exempt income-PPP loan forgiven	(91,659)	91,659
Net cash flows used in financing activities	(91,659)	91,659
Net increase in cash	204,943	20,255
Cash, beginning of year	242,919	222,664
Cash, end of year	447,862	242,919
Supplementary information:		
Interest paid during the year	\$0	\$1,081

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

SACRAMENTO VALLEY TEEN CHALLENGE

(A Nonprofit Corporation)
Notes to Financial Statements
December 31, 2021

1. DESCRIPTION OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Organization

Sacramento Valley Teen Challenge, Inc. (TCSV) is a nonprofit corporation organized to provide non-residential and residential care for men, women, and children with life-controlling problems. TCSV provides services for individuals in the Sacramento region and beyond. It is an accredited member of Teen Challenge International, U.S.A., a Christian organization which endeavors to help people become mentally sound, emotionally balanced, socially adjusted, physically well, and spiritually alive.

On December 1, 2018, the Board had approved the plan of reorganization to merger with the operation of Teen Challenge NorWestCal Nevada.

Accounting Standards 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 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.

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

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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 TCSV. These net assets may be used at the discretion of TCSV'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 TCSV 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.

In addition, the accompanying financial statements include the assets, liabilities, and operations of auxiliaries for which TCSV is a fiscal sponsor.

Inventory

Inventories consist of donated automobiles and donated thrift store items. Donated autos are valued at their actual subsequent sales price, which approximates the fair value as of the date of donation. Management estimates the fair value of thrift store inventory to approximate one month of annual thrift store sales, which approximates fair value.

Property and Equipment

Property and equipment are stated at cost. Donated assets are reported at the estimated fair value on the date of giving(donation).

TCSV capitalized all property and equipment with a cost basis in excess of \$2,500. Normal repairs and maintenance are expensed as incurred. Depreciation is computed on the straight-line method over estimated useful lives as follows:

Vehicles	5 years
Equipment	3 – 5 years
Website development costs	3 years
Building	27.5 – 39 years
Building improvements	5 – 10 years
Leasehold improvement	Lower of life of lease or ten years

Cash held for Endowment

TCSV maintains \$10,000 cash in an investment account with AG Foundation through Teen Challenge International, U.S.A. Such amount is not available for operating purposes and has

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been classified as net assets with donor restriction in the accompanying financial statements.

Revenue Recognition

1) Unconditional contributions are recorded at fair value as of the date of donation, net of estimated uncollectible amounts. Contributions received are considered to be available or use unless specifically restricted by the donor. Conditional contributions are recognized as revenue when conditions on which they depend have been substantially met.

2) Donated goods are recorded as contribution revenue at estimated fair value on the date of donation and primarily consist of food donated by several companies and a donated building appraised at \$300,000. The value of such donated goods approximated \$403,046 for the years ended December 31, 2021.

3) TCSV 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 Draft 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.

4) TCSV recognizes sales revenue when it is realized or realizable and earned. TCSV 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.

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 TCSV.

Tax-Exempt Status

TCSV has been granted exemption from federal income taxes under Internal Revenue Code Section 501 (c)(3) and from California franchise taxes as charitable organizations. Income, net of expenses, that is unrelated to their exempt purpose, is subject to tax.

U.S. GAAP requires entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including the year ended December 31, 2021 and earlier are subject to examinations by tax authorities. Areas that IRS and state tax authorities consider when examining tax return of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. TCSV does not believe that it has any uncertain tax positions with respect to these or other matters, and has not recorded any unrecognized tax benefits or liabilities for penalties or interest.

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December 31, 2021

Use of Estimates

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

Risks and Uncertainties

Financial instruments, which potentially subject TCSV to concentrations of risk as defined generally accepted accounting principles, consist primarily of cash and cash equivalents. TCSV maintains its cash and cash equivalents in various bank deposit accounts, which, at times, may exceed federally insured limit. TCSV has not experienced any losses in such accounts.

TCSV's programs are primarily funded through contributions of cash, other goods and services.

Fair Value of Financial Instruments

The Organization's financial instruments include cash and cash equivalents. The carrying amounts of these items are a reasonable estimate of their fair values.

The Organization 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.

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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 at December 31, 2021 are classified within Level 1 of the fair value hierarchy.

2. PROPERTY AND EQUIPMENT

As of December 31, 2021, property and equipment is summarized as follows:

	2021
Land and improvements	\$825,000
Buildings and improvements	4,117,240
Vehicles	172,731
Furniture, equipment and software	144,826
Total property and equipment	5,259,797
Accumulated depreciation	(2,128,943)
Net property and equipment	\$3,130,854

Depreciation and amortization expense for the years ended December 31, 2021 was \$171,642.

3. NET ASSETS WITH DONOR RESTRICTIONS

a. As of December 31, 2021, net assets with donor restrictions are available for the following purposes:

Time or purpose restriction:	2021
Buildings with reversionary interests	\$589,329
Land	529,000
Cash held for endowment	10,000
Total net assets with donor restricted	\$1,128,329

b. As of December 31, 2021, land with an historical cost of \$529,000 was classified as net assets with donor restrictions in the accompanying statements of financial position. Such land has a reversionary interest to the funder as described below.

On March 1, 2003, the Assemblies of God, Northern California and Nevada District Council, Inc. (AOG) contributed three homes to TCSV that had been used in their

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ministry. The properties were recorded as contribution revenue at fair market value as of the date of donation. In order to protect the AOG's investment in the donated properties, TCSV was required to sign a promissory note secured by a deed of trust with restrictions and covenants that will be enforced only in the event that TCSV ceases operation as an AOG affiliate. In the event TCSV ceases to be affiliated with the AOG, the three notes would be immediately due and payable. The three notes total \$2,223,579 and bear interest at 10 percent per annum, accumulated and compounded annually. Such liabilities are not recorded in the accompanying financial statements as TCSV is in full compliance with all restrictions, and it is not probable that this liability will ever be incurred.

- c. Net assets with donor restrictions also include \$10,000 in investments that are subject to donor-imposed restrictions requiring the principal to be invested in perpetuity. The investment income from such investments is to be used for the general purpose of TCSV.

4. EMPLOYEE BENEFIT PLAN

A 403(b) tax sheltered annuity plan has been established for all qualified employees. This plan is qualified as tax exempt by the Internal Revenue Service. TCSV does not match or contribute to the plan.

5. LEASE COMMITMENTS

TCSV rents space under four lease agreements, all of which are month-to-month leases as of December 31, 2021. In addition, TCSV leases five pieces of equipment. Total rent expense for the years ended December 31, 2021 was \$68,104, including equipment and donated rent for three locations.

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, TCSV has incurred accounts payable in the amount of \$3,356 with TCSB.

7. NON-CASH DONATIONS (CONTRIBUTED NONFINANCIAL ASSETS)

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

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Contributed household goods, clothing and food were utilized and used in the program services. In valuing household goods and food, TCSV 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 building and building improvement will be used for general and administrative activities. In valuing the contributed building and building improvement, which is located in Redding, California, TCSV estimated the fair value on the basis of recent comparable sales price in Redding, California's real estate market.

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

	<u>Revenue Recognized</u>	<u>Utilization in Programs</u>	<u>Donor Restriction</u>	<u>Valuation Techniques</u>
Household goods	\$ 18,892	Program Services	None	Fair value
Food	\$ 69,154	Program Services	None	Fair value
Building	\$ 300,000	Program Services	None	Fair value
Building improvement	\$ 15,000	General and Administrative	None	Fair value
Total	<u>\$ 403,046</u>			

8. 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 TCSV's financial assets as of December 31, 2021:

Financial assets at year end:

Cash	\$ 447,862
Cash restricted	10,000
Total financial assets	<u>457,862</u>

Less amounts not available to be used within one year:

Cash restricted	<u>10,000</u>
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Financial assets available to meet general expenditures
over the next twelve months

\$ 447,862

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Notes to Financial Statements
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TCSV'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 TCSV has sufficient fund to meet the current year obligation.

9. SUBSEQUENT EVENTS

The management of TCSV 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.

**SACRAMENTO VALLEY TEEN CHALLENGE
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	\$ 190,401	\$ 81,420	\$ 39,273	\$ 311,094	\$ 426,773
Employee benefits	29,951	1,011	-	30,962	15,375
Payroll taxes	18,288	13,852	4,436	36,576	29,529
Hiring Costs	15	51	-	66	434
Per Diem Expense	27,167	-	-	27,167	21,251
Bank Service Charges	1,140	2,896	264	4,300	4,546
Permits & Licenses	711	240	12	963	1,605
Corporation Costs	7,493	4,737	-	12,230	10,893
Accounting Fees	-	860	-	860	1,225
Property and Sales Taxes	2,734	612	159	3,505	1,201
General Supplies	87,972	1,801	152	89,925	27,808
Telephones	24,928	3,988	-	28,916	28,742
Postage and Delivery	36,569	3,918	32,526	73,013	67,124
Utilities	77,046	1,135	-	78,181	75,202
Rent	50,101	18,003	-	68,104	65,523
Building Repair&Maintenance	11,747	104	-	11,851	9,985
Liability Insurance	29,348	1,446	-	30,794	36,588
Equipment	11,739	6,049	-	17,788	20,238
Printing and Reproduction	30,325	4,187	25,232	59,744	64,597
Travel	85,158	2,377	1,125	88,660	73,434
Interest Expense	-	427	-	427	1,081
Depreciation, depletion, and amortization	171,453	189	-	171,642	176,983
Student Accident Insurance	1,289	-	-	1,289	2,820
Affiliates	5,500	-	-	5,500	6,042
Dues and Subscriptions	77	1,093	-	1,170	180
Promotions & Advertising	8,685	539	-	9,224	8,225
Training	3,249	-	-	3,249	882
Professional Services	23,073	-	-	23,073	22,535
Administration Expenses	60,094	-	-	60,094	57,709
Other expenses	18,305	-	-	18,305	162
Total	\$ 1,014,558	\$ 150,935	\$ 103,179	\$ 1,268,672	\$ 1,258,692