

**TEEN CHALLENGE OF THE
MID-SOUTH, INC.**

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2021

**JOHNSON, MURPHEY & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA, TENNESSEE**

I. INTRODUCTORY SECTION

TEEN CHALLENGE OF THE MID-SOUTH, INC.
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II. FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Teen Challenge of the Mid-South, Inc.

Opinion

We have audited the accompanying financial statements of Teen Challenge of the Mid-South, Inc., which comprise the Statement of Financial Position as of December 31, 2021, and the related Statements of Activities, Cash Flows, and Functional Expenses 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 the Mid-South, Inc. as of December 31, 2021, and the 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 the Mid-South, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the Mid-South, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 the Mid-South, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teen Challenge of the Mid-South, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson, Murphy & Wright, P.C.

Chattanooga, Tennessee
May 18, 2022

TEEN CHALLENGE OF THE MID-SOUTH, INC.
Statement of Financial Position
December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current assets			
Cash	\$ 235,103	\$ 20,356	\$ 255,459
Investments	1,185,652	-	1,185,652
Pick-up service receivable	41,861	-	41,861
Accounts receivable	154	-	154
Prepaid expenses	13,500	-	13,500
Total current assets	<u>1,476,270</u>	<u>20,356</u>	<u>1,496,626</u>
Non-current assets			
Property and equipment - net	<u>1,861,636</u>	<u>-</u>	<u>1,861,636</u>
TOTAL ASSETS	<u>\$ 3,337,906</u>	<u>\$ 20,356</u>	<u>\$ 3,358,262</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Current liabilities			
Accounts payable	\$ 29,436	\$ -	\$ 29,436
Other accrued expenses	11,169	-	11,169
Total current liabilities	<u>40,605</u>	<u>-</u>	<u>40,605</u>
Net assets			
Without donor restrictions	3,297,301	-	3,297,301
With donor restrictions	<u>-</u>	<u>20,356</u>	<u>20,356</u>
Total net assets	<u>3,297,301</u>	<u>20,356</u>	<u>3,317,657</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,337,906</u>	<u>\$ 20,356</u>	<u>\$ 3,358,262</u>

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

TEEN CHALLENGE OF THE MID-SOUTH, INC.**Statement of Activities
Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and grants	\$ 773,458	\$ 20,356	\$ 793,814
Special events	148,218	-	148,218
Application and tuition	44,029	-	44,029
Pick-up service	141,951	-	141,951
Food stamps	41,745	-	41,745
Other program income	33,989	-	33,989
Miscellaneous	31,751	-	31,751
SBA loan forgiveness	286,392	-	286,392
Investment return, net	132,460	-	132,460
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>23,815</u>	<u>(23,815)</u>	<u>-</u>
 Total revenues, gains and other support	<u>1,657,808</u>	<u>(3,459)</u>	<u>1,654,349</u>
 EXPENSES			
Program service			
Outreach and ministry	<u>1,022,764</u>	<u>-</u>	<u>1,022,764</u>
 Supporting services			
Management and general	207,926	-	207,926
Fund-raising	<u>193,964</u>	<u>-</u>	<u>193,964</u>
Total supporting services	<u>401,890</u>	<u>-</u>	<u>401,890</u>
 Total expenses	<u>1,424,654</u>	<u>-</u>	<u>1,424,654</u>
 Change in net assets	233,154	(3,459)	229,695
 Net assets - beginning	<u>3,064,147</u>	<u>23,815</u>	<u>3,087,962</u>
 Net assets - end	<u>\$ 3,297,301</u>	<u>\$ 20,356</u>	<u>\$ 3,317,657</u>

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

TEEN CHALLENGE OF THE MID-SOUTH, INC.

Statement of Cash Flows
Year Ended December 31, 2021

Cash Flows from Operating Activities

Increase (decrease) in net assets	\$ 229,695
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	90,327
Loan forgiveness	(286,392)
Net realized and unrealized (gains) losses on investments	(134,416)
(Increase) decrease in pick-up service receivable	(32,379)
(Increase) decrease in accounts receivable	42,923
(Increase) decrease in interest receivable	1,957
(Increase) decrease in prepaid expenses	(13,500)
(Increase) decrease in promises to give	1,200
Increase (decrease) in accounts payable	(11,207)
Increase (decrease) in other accrued expenses	<u>(5,683)</u>
Net cash provided (used) by operating activities	<u>(117,475)</u>

Cash Flows from Non-capital Financing Activities

Additions to note payable	<u>138,905</u>
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Cash Flows from Investing Activities

Sale of investments	<u>75,000</u>
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Net increase (decrease) in cash	96,430
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Cash - beginning	<u>159,029</u>
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Cash - end	<u>\$ 255,459</u>
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The accompanying notes are an integral part of the financial statements.

TEEN CHALLENGE OF THE MID-SOUTH, INC.
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Service	Supporting Services		
	Outreach and Ministry	Management and General	Fund- Raising	Total
EXPENSES				
Salaries	\$ 540,193	\$ 144,437	\$ 82,852	\$ 767,482
Payroll taxes	42,828	4,131	6,437	53,396
Employee benefits	9,663	2,875	608	13,146
Advertising	-	-	12,756	12,756
Computer expense	1,736	-	-	1,736
Depreciation	90,327	-	-	90,327
Dues, fees, licenses and subscriptions	4,014	17,754	7,315	29,083
Food	86,611	-	-	86,611
Fundraising activities	-	-	59,814	59,814
Insurance	41,595	2,706	-	44,301
Miscellaneous	225	126	5,036	5,387
Occupancy	84,214	3,928	-	88,142
Office and house supplies	7,741	10,841	-	18,582
Postage and printing	-	1,840	11,526	13,366
Professional services	-	19,288	-	19,288
Program projects	6,519	-	-	6,519
Public relations	-	-	7,290	7,290
Repairs and maintenance	37,211	-	-	37,211
Staff training and needs	1,314	-	-	1,314
Student support and education	18,701	-	-	18,701
Telephone	29,842	-	-	29,842
Vehicle	20,030	-	330	20,360
Total expenses	<u>\$ 1,022,764</u>	<u>\$ 207,926</u>	<u>\$ 193,964</u>	<u>\$ 1,424,654</u>

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

TEEN CHALLENGE OF THE MID-SOUTH, INC.
Notes to Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

A. Nature of Activities

Teen Challenge of the Mid-South, Inc., division of Teen Challenge International, is a Christ-centered residential treatment center for men and women addicted to drugs, alcohol and other life controlling problems. The Entity was founded in 1978 and is located in Chattanooga, Tennessee. Approximately 50% of the Entity's students are men and women who are paroled or probated to the Entity through the judicial system. While at Teen Challenge, a student participates in a twelve week lecture class. They also spend approximately thirty-two weeks in a classroom working on personal growth which helps the student learn to deal with hard issues faced in life. For the first eight months of the program, students may not obtain a job outside of the Entity. Once they enter the third and final phase of the program, called re-entry, they are eligible to obtain employment while still living under the accountability of the Entity. The re-entry phase lasts four months. The Entity also has an outreach program which focuses on conducting drug awareness programs in churches, schools, youth campuses and forging countries. The Entity's primary revenue sources are from grants, contributions, and special events.

B. Basis of Presentation - Net Asset Accounting

The Entity follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-205-05-6. The Entity is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are available for use in general operations and are not subject to donor or grantor restrictions. The Board of Directors can designate, from net assets without donor restrictions, net assets for a specific purpose. The Entity reports contributions restricted by donors, including property and equipment, as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

C. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and in accordance with the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*, and Financial Accounting Standards Board (FASB) ASC 958-205-05-6. The Entity recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Entity follows FASB ASC Topic 606, *Revenue from Contracts with Customers*, which establishes a contract and control-based revenue recognition model, a basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Entity considers all unrestricted highly liquid investments purchased with a maturity date of three months or less to be cash equivalents.

E. Investments

Investments are carried at fair value, determined based on quoted market prices or estimated values provided by external investment managers or other sources. Realized and unrealized gains and losses are reflected within investment return, net, in the Statement of Activities. Donated investments are reflected as contributions at their market value at the date of receipt. In accordance with FASB 958-225-45-6, investment gains and income whose restrictions are met in the same reporting period are reported as support in net assets without donor restrictions.

F. Fair Value Measurement

The Entity adopted the provisions of ASC 820-10-50 applicable to financial assets and liabilities, as well as for other non-financial assets and liabilities that are carried at fair value on a recurring basis. Adoption of the provisions of ASC 820-10-50 did not have an impact on the measurement of the Entity's financial assets and liabilities, but did result in additional disclosures contained in the footnotes herein.

G. Prepayment of Expenses

Expenses extending over more than one accounting period are allocated between accounting periods and reported as an expense of the period in which they relate.

H. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. At year-end, there were no promises to give.

I. Inventory

Supplies are expensed when they are purchased, therefore, no inventory is maintained.

J. Property and Equipment

Property and equipment are valued at cost, if purchased, or fair value if contributed. The expenses for equipment in excess of \$1,000 are capitalized. Minor repairs and maintenance are expensed as incurred and additions and improvements that significantly extend the life of assets are depreciated over the remaining useful lives of the related fixed asset. At the time that assets are retired or disposed of, costs and accumulated depreciation are eliminated from the related accounts and gain or loss, if any, is credited or charged to income. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	5-40 years
Equipment	3-15 years
Furniture	5-15 years
Vehicles	3-5 years

K. Compensated Absences

Any unused vacation or sick leave expires at year-end, therefore, there is no accrual of a liability for future benefits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Unearned Revenues

The Entity had no unearned revenues received prior to year-end for the following year.

M. Valuation of Donated Services

The Entity depends upon the services donated by its board members, supporters and volunteers to carry out many of its internal operations. The Entity follows the recommendations of FASB ASC 958-605-25-16 in reporting contributed services. Contributions of services are recognized as revenue and expenses if the services received create or enhance non-financial assets, require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other contributed services that do not meet the above criteria are not recognized. The services donated do not meet the criteria, which would require recognition of their value in the financial statements.

N. Methods Used for Allocation of Expenses Among Functions

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits, which are allocated on the basis of estimated of time and effort.

O. Description of Program and Supporting Services

Outreach and Ministry

Dedicated to a 4-12 month program where students reside on campus and pour love into their lives that once seemed hopeless.

Management and General

Includes the functions necessary to ensure an adequate working environment; provide coordination and articulation of the Entity's programs; and manage the functioning of the Board of Directors and financial and budgetary responsibilities.

Fund-raising

Provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

P. Advertising

Advertising costs are expensed as incurred.

Q. Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Uncertain Tax Position

The Entity accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefits are estimated based on the cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Entity include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax. Based on its evaluation, the Entity has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Entity's evaluation was performed for tax years ended December 31, 2018 through December 31, 2021, for Federal income tax, the years that remain subject to examination by major jurisdictions as of December 31, 2021.

S. Non-profit Entity

The Entity is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501 of the Code.

T. Events Occurring after Reporting Date

The Entity has evaluated events and transactions that occurred between December 31, 2021, and May 18, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Entity's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 255,459
Investments	1,185,652
Pick-up service receivable	41,861
Accounts receivable	<u>154</u>
Total financial assets	1,483,126
Less: net assets with donor restrictions	(20,356)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,462,770</u>

As part of the Entity's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Entity maintains resources to meet any donor-imposed restrictions, which makes those resources unavailable for general expenditures. In addition, the Entity invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Entity has a line of credit in the amount of \$100,000 which it could draw upon.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Entity receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs that are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. The Entity manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Entity has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days of operating expenses. The Entity has a policy to target a year-end balance of reserves without donor-imposed restrictions to meet 15 to 30 days of expected expenditures. To achieve these targets, the Entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended December 31, 2021, the level of liquidity and reserves was managed within the policy requirements.

NOTE 3 - CASH

At December 31, 2021, the carrying amount of cash was \$255,459 and the bank balance was \$151,585. The entire bank balance was covered by federal depository insurance.

NOTE 4 - INVESTMENTS

Investments at December 31, 2021, are not insured and are stated at fair value as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Appreciation (Loss)</u>
Money market	*	\$ 114,880	\$ -
Fixed income	*	349,246	\$ -
Exchange traded products	*	<u>721,526</u>	\$ -
Total investments		<u>\$ 1,185,652</u>	

*Cost information not available.

NOTE 5 - FAIR VALUE MEASUREMENT

ASC 820-10-50 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the assets or transfer the liability occurs in the principal market for the assets or liability or, in the absence of a principal market the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Fund has the ability to access.
- 2) Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- 3) Level 3 are unobservable inputs for the assets or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the assets or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Entity's own data.)

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$1,185,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,652</u>

NOTE 6 - PICK-UP SERVICE RECEIVABLE

America's Thrift Stores of Tennessee, LLC collects merchandise from the general public. The Entity is paid monthly at a rate of \$0.05 per pound. The minimum the Entity will be paid each month is \$5,000.

As of December 31, 2021, the Entity was owed \$41,861 for collection activities. No allowance for doubtful account has been recognized based on historical collection experience and review of current status of the pick-up receivables. The Entity does not require collateral to support pick-up service receivables.

NOTE 7 - PROPERTY AND EQUIPMENT - NET

Changes in the fixed assets for the year ended December 31, 2021, were as follows:

	Balance 12-31-20	Additions	Deletions	Balance 12-31-21
Land	\$ 81,697	\$ -	\$ -	\$ 81,697
Buildings	3,638,155	-	-	3,638,155
Equipment	254,871	-	(4,586)	250,285
Furniture	151,661	-	(1,591)	150,070
Vehicles	164,025	-	(2,467)	161,558
	4,290,409	-	(8,644)	4,281,765
Accumulated depreciation	(2,338,446)	(90,327)	8,644	(2,420,129)
Total	<u>\$1,951,963</u>	<u>\$ (90,327)</u>	<u>\$ -</u>	<u>\$ 1,861,636</u>

Depreciation expense for the year ended December 31, 2021, was \$90,327.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to the following purpose restrictions:

Jack & Charlotte Frost Family Fund for purchase of laptop computers	\$ 2,042
Bishop Family Foundation for counseling staff	7,680
Rock Point Community Church for purchase of backpacks for students	230
Bishop Family Foundation for student outings	8,064
Kelly & Patsy Williamson Charitable Fund for student support	<u>2,340</u>
Total	<u>\$ 20,356</u>

NOTE 9 - RETIREMENT PLAN

The Entity maintains a defined contribution plan covering substantially all employees upon completion of 90 days of service. Contributions are 3% of eligible employees' gross wages. Plan contributions totaled \$13,146 for the year.

NOTE 10 - COMMERCIAL INSURANCE

It is the policy of the Entity to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty and worker's compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION

TEEN CHALLENGE OF THE MID-SOUTH, INC.
Comparative Schedule of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 255,459	\$ 159,029
Investments	1,185,652	1,126,236
Pick-up service receivable	41,861	9,482
Accounts receivable	154	43,077
Interest receivable	-	1,957
Prepaid expenses	13,500	-
Promises to give	<u>-</u>	<u>1,200</u>
Total current assets	<u>1,496,626</u>	<u>1,340,981</u>
Non-current assets		
Property and equipment - net	<u>1,861,636</u>	<u>1,951,963</u>
TOTAL ASSETS	<u><u>\$ 3,358,262</u></u>	<u><u>\$ 3,292,944</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	\$ 29,436	\$ 40,643
Other accrued expenses	11,169	16,852
Note payable	<u>-</u>	<u>147,487</u>
Total current liabilities	<u>40,605</u>	<u>204,982</u>
Net assets		
Without donor restrictions	3,297,301	3,064,147
With donor restrictions	<u>20,356</u>	<u>23,815</u>
Total net assets	<u>3,317,657</u>	<u>3,087,962</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,358,262</u></u>	<u><u>\$ 3,292,944</u></u>

TEEN CHALLENGE OF THE MID-SOUTH, INC.
Comparative Schedule of Activities
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES, GAINS AND OTHER SUPPORT		
Contributions and grants	\$ 793,814	\$ 514,052
Special events	148,218	148,012
Application and tuition	44,029	60,412
Pick-up service	141,951	106,168
Food stamps	41,745	34,915
Other program income	33,989	-
Miscellaneous	31,751	58,961
SBA loan forgiveness	286,392	-
Investment return, net	<u>132,460</u>	<u>155,307</u>
 Total revenues, gains and other support	 <u>1,654,349</u>	 <u>1,077,827</u>
EXPENSES		
Program service		
Outreach and ministry	<u>1,022,764</u>	<u>1,040,584</u>
Supporting services		
Management and general	207,926	198,177
Fund-raising	<u>193,964</u>	<u>116,671</u>
Total supporting services	<u>401,890</u>	<u>314,848</u>
 Total expenses	 <u>1,424,654</u>	 <u>1,355,432</u>
 Change in net assets	 229,695	 (277,605)
 Net assets - beginning	 <u>3,087,962</u>	 <u>3,365,567</u>
 Net assets - end	 <u>\$ 3,317,657</u>	 <u>\$ 3,087,962</u>

TEEN CHALLENGE OF THE MID-SOUTH, INC.
Comparative Schedule of Functional Expenses
Years Ended December 31, 2021 and 2020

	Program Service	Supporting Services			
	Outreach and Ministry	Management and General	Fund- Raising	2021 Total	2020 Total
EXPENSES					
Salaries	\$ 540,193	\$ 144,437	\$ 82,852	\$ 767,482	\$ 733,785
Payroll taxes	42,828	4,131	6,437	53,396	54,277
Employee benefits	9,663	2,875	608	13,146	14,922
Advertising	-	-	12,756	12,756	-
Computer expense	1,736	-	-	1,736	2,719
Depreciation	90,327	-	-	90,327	102,508
Dues, fees, licenses and subscriptions	4,014	17,754	7,315	29,083	37,048
Food	86,611	-	-	86,611	88,729
Fundraising activities	-	-	59,814	59,814	23,833
Insurance	41,595	2,706	-	44,301	66,178
Miscellaneous	225	126	5,036	5,387	2,118
Occupancy	84,214	3,928	-	88,142	71,192
Office and house supplies	7,741	10,841	-	18,582	19,209
Outreach and ministry	-	-	-	-	4,508
Postage and printing	-	1,840	11,526	13,366	8,236
Professional services	-	19,288	-	19,288	20,647
Program projects	6,519	-	-	6,519	-
Public relations	-	-	7,290	7,290	5,937
Repairs and maintenance	37,211	-	-	37,211	42,736
Staff training and needs	1,314	-	-	1,314	1,756
Student support and education	18,701	-	-	18,701	19,208
Telephone	29,842	-	-	29,842	29,170
Vehicle	20,030	-	330	20,360	6,716
Total expenses	<u>\$ 1,022,764</u>	<u>\$ 207,926</u>	<u>\$ 193,964</u>	<u>\$ 1,424,654</u>	<u>\$ 1,355,432</u>