TEEN CHALLENGE, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2014 AND 2013

TEEN CHALLENGE, INC.
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Contents

CITRINCOOPERMAN
Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Teen Challenge, Inc.
Brooklyn, NY

We have reviewed the accompanying statements of financial position of Teen Challenge, Inc. (a nonprofit organization) (the "Organization") as of December 31, 2014 and 2013 and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

White Plains, New York
June 5, 2015

TEEN CHALLENGE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 686,456	$ 913,551
Restricted cash	50,000	50,000
Contributions receivable	34,578	32,032
Other receivables	-	2,787
Prepaid expenses and other assets	19,837	20,590
Franchise fee	15,000	15,000
Property and equipment, net	838,882	848,892
Security deposit	-	4,200
Long-term investments	2,000,000	2,000,000
TOTAL ASSETS	$ 3,644,753	$ 3,887,052
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 20,552	$ 8,286
Accrued expenses and other liabilities	25,000	30,500
Capital leases payable	14,972	23,075
Notes payable	-	49,674
Total liabilities	60,524	111,535
Commitments and contingencies (Notes 5, 6, 7, and 8)		
Net assets:		
Undesignated	1,126,081	1,183,580
Board-designated funds	2,453,836	2,577,232
Total unrestricted	3,579,917	3,760,812
Temporarily restricted	4,312	14,705
Total net assets	3,584,229	3,775,517
TOTAL LIABILITIES AND NET ASSETS	$ 3,644,753	$ 3,887,052

See independent accountant's review report and accompanying notes to financial statements.

TEEN CHALLENGE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
General donations	$ 658,318	$ 20,000	$ 678,318
Wills	19,586	-	19,586
Student generated support	178,460	-	178,460
Total revenue and support	856,364	20,000	876,364
Other support (expense):			
Interest and dividend income	109,141	-	109,141
Student housing reimbursements	1,398	-	1,398
Thriftstore income	2,292	-	2,292
Other income	1,587	-	1,587
Loss on sale of property	(277)	-	(277)
Total other support (expense)	114,141	-	114,141
Total revenue and support and other support before net assets released from restrictions	970,505	20,000	990,505
Net assets released from restrictions	30,393	(30,393)	-
Total revenue and support, other support and net assets released from restrictions	1,000,898	(10,393)	990,505
Expenses:			
Program services	922,067	-	922,067
Administrative and general	218,077	-	218,077
Fundraising	41,649	-	41,649
Total expenses	1,181,793	-	1,181,793
Change in net assets	(180,895)	(10,393)	(191,288)
Net assets - beginning	3,760,812	14,705	3,775,517
NET ASSETS - ENDING	$ 3,579,917	$ 4,312	$ 3,584,229

TEEN CHALLENGE, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
General donations	$ 723,841	$ 30,000	$ 753,841
Wills	30,472	-	30,472
Student generated support	163,326	-	163,326
Total revenue and support	917,639	30,000	947,639
Other support:			
Interest and dividend income	108,661	-	108,661
Student housing reimbursements	4,945	-	4,945
Thriftstore income	4,802	-	4,802
Other income	5,586	-	5,586
Gain on disposal of fixed asset	1,407	-	1,407
Total other support	125,401	-	125,401
Total revenue and support and other support before net assets released from restrictions	1,043,040	30,000	1,073,040
Net assets released from restrictions	32,301	(32,301)	-
Total revenue and support, other support and net assets released from restrictions	1,075,341	(2,301)	1,073,040
Expenses:			
Program services	950,848	-	950,848
Administrative and general	181,715	-	181,715
Fundraising	71,272	-	71,272
Total expenses	1,203,835	-	1,203,835
Change in net assets	(128,494)	(2,301)	(130,795)
Net assets - beginning	3,889,306	17,006	3,906,312
NET ASSETS - ENDING	$ 3,760,812	$ 14,705	$ 3,775,517

TEEN CHALLENGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Decrease in net assets	$ (191,288)	$ (130,795)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	68,139	74,027
(Gain) loss on sale of equipment	277	(1,407)
Changes in assets and liabilities:		
Prepaid expenses and other assets	753	(7,484)
Franchise fee	-	(15,000)
Contributions receivable	(2,546)	14,488
Other receivables	2,787	15,475
Security deposit	4,200	-
Accounts payable	12,266	(4,117)
Accrued expenses and other liabilities	(5,500)	5,500
Total adjustments	80,376	81,482
Net cash used in operating activities	(110,912)	(49,313)
Cash flows from investing activities:		
Purchases of property and equipment	(64,931)	(52,037)
Proceeds from the sale of equipment	6,525	3,650
Net cash used in investing activities	(58,406)	(48,387)
Cash flows from financing activities:		
Repayments of notes payable and capital lease obligation	(57,777)	(18,931)
Net decrease in cash and cash equivalents	(227,095)	(116,631)
Cash and cash equivalents - beginning	913,551	1,030,182
CASH AND CASH EQUIVALENTS - ENDING	$ 686,456	$ 913,551
Supplemental disclosure of cash flow information:		
Interest paid	$ 3,400	$ 6,725
Non-cash investing and financing activities:		
Assets acquired through capital lease obligation	$ -	$ 19,652
Capital lease and equipment returned to lessor	$ -	$ 9,975

See independent accountant's review report and accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the organization

Teen Challenge, Inc. (the "Organization") is a 501 (c)(3) nonprofit corporation established under the laws of the state of New York and is located in Brooklyn, New York. Incorporated in 1965, the mission of the Organization is to help individuals who have life-controlling addictions and initiate the discipleship process to the point where the individual can function as a productive Christian member of society. The Organization teaches a whole new way of living by addressing family relationships, work attitudes, self-image and esteem, peer pressure, addictions, social issues, community relationship, and a variety of other life skills. The Organization endeavors to help people become mentally sound, emotionally balanced, socially adjusted, physically well, and spiritually alive. The Organization is supported primarily through contributions from donors.

Financial statement presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP"). Under the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Income tax status

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and comparable state tax laws, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2012, and 2011 remain subject to examination by the Internal Revenue Service.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit, money market account and certificates of deposit that are readily convertible into cash and purchased with original maturities of three months or less.

Property and equipment

Property and equipment, when purchased, are carried at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. When property and equipment are sold, or otherwise disposed of, the asset and related accumulated depreciation are relieved, and any gain or loss is included in operations.

Long-term investments

Long-term investments consist of certificates of deposit with original maturities of five years and are stated at cost. The Organization maintains their certificates of deposits with the Assemblies of God Loan Fund (the "AOG Loan Fund"), Church Extension Plan, and Heritage Investment Services Fund ("HISF") which all provide financing for capital expansion projects being undertaken by Assemblies of God ministries and institutions (see Note 2).

Use of estimates

The preparation of financial statements in conformity with GAAP 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.

Allocation of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Designation of unrestricted net assets

It is the policy of the Board of Trustees (the "Board") of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

Revenue recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization accounts for contributions as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose for the restrictions. Contributions receivable and promises to give represent amounts committed by donors that have not been received by the Organization. These amounts are recorded by the Organization at their net realizable value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Contributions of non-cash assets are recorded at their fair values at the date received. Donations of non-cash assets without readily determinable fair values are not recognized by the Organization; instead, income from the sale of these items is recognized if and when they are sold. Contributions of services are recorded at their fair values in the period received if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Fair value measurement

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

> *Level 1* inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
>
> *Level 2* inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means.
>
> *Level 3* inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Advertising

Advertising costs are expensed as incurred and aggregated $929 and $632 for the years ended December 31, 2014 and 2013, respectively.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through June 5, 2015, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

The Organization places its cash and cash equivalents, which may at times be in excess of federally insured limits, with major financial institutions and limits the amount of credit exposure with any one institution. The Organization has not experienced any losses in these accounts and feels that it is not exposed to any significant credit risk with regards to cash.

The Organization also places its certificates of deposit in accounts with financial institutions that are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal or state authority or regulatory agency. The Organization has not experienced any losses in these accounts and feels that it is not exposed to any significant credit risk with regards to its certificates of deposit.

NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2014 and 2013, cash and cash equivalents consisted of the following:

	2014	2013
Cash on hand	$ 2,000	$ 2,000
Checking accounts	129,008	214,540
Cash - other	1,268	789
Certificates of deposit	550,000	550,000
Money market accounts - unit based	-	105,062
Money market accounts - other	54,180	91,160
Total	$ 736,456	$ 963,551

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2014	2013
Land	$ 80,569	$ 80,569
Buildings and improvements:		
416 Clinton Avenue	284,751	282,627
436 Clinton Avenue and 435 Vanderbilt Avenue	304,523	303,387
444 Clinton Avenue and 443 Vanderbilt Avenue	1,021,244	1,019,944
Furnishings and equipment	491,415	479,511
Automobiles	138,766	159,759
	2,321,268	2,325,797
Less: accumulated depreciation	(1,482,386)	(1,476,905)
Property and equipment, net	$ 838,882	$ 848,892

Depreciation expense was $68,139 and $74,027 for the years ended December 31, 2014 and 2013, respectively.

During the year ended 2014, the Organization sold three vehicles with a carrying value of $6,802 for $6,525. The assets' carrying amount, and related accumulated depreciation have been eliminated accordingly. The Organization also purchased two vehicles for $48,467 during year ending December 31, 2014.

NOTE 4. PROPERTY AND EQUIPMENT (CONTINUED)

During the year ended 2013, the organization sold a vehicle with a carrying value of $4,208 for $3,650 and disposed of the equipment with a carrying value of $8,013 which was acquired under a capital lease. The assets' carrying amounts, capital lease obligation and related accumulated depreciation have been eliminated accordingly.

Furnishings and equipment include an asset acquired under a capital lease with a cost of $19,652 at December 31 2014 and assets acquired under capital leases of $44,968 at December 31, 2014 and 2013. Related amortization included in accumulated depreciation was $5,240 and $24,094 at December 31, 2014 and 2013 respectively. Capital leases are included as a component of furnishings and equipment. Amortization of assets under capital lease is included in depreciation expense.

NOTE 5. BOARD-DESIGNATED FUNDS

In October 2010, the Organization entered into a contract to sell its property located at 380 Clinton Avenue and 381 Vanderbilt Avenue (the "Property") for $3,800,000. The Organization also petitioned the Supreme Court of the state of New York (the "Court") to receive approval of the sale pursuant to section 511 of the New York State Not-For-Profit Corporation Law and section 12 of the New York State Religious Corporations Law. The petition outlined how the proceeds from the sale was going to be utilized by the Organization as determined by the Board. The Organization subsequently received approval from the Court on the sale of the Property and the use of the proceeds. On April 5, 2011, the Organization completed the transaction for the sale of the Property for $3,800,000.

As of December 31, 2014 and 2013, amounts available under board-designated funds were as follows:

Description	2014	2013
Endowment (see Note 6)	$ 2,000,000	$ 2,000,000
Building renovation	192,303	267,232
Purchase of staff house	250,000	250,000
Purchase of vehicles	11,533	60,000
Total board-designated funds	$ 2,453,836	$ 2,577,232

NOTE 6. BOARD DESIGNATED ENDOWMENT FUND

As of December 31, 2014 and 2013, the Board has designated $2,000,000 of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets in the accompanying statement of financial position as of December 31, 2014 and 2013. The Organization has a spending policy of appropriating each year any income earned by the endowment fund thus maintaining the principal value of the endowment fund until a decision can be made by the Board as to how to apportion the endowment fund. The endowment assets are invested in several certificates of deposit with the AOG Loan Fund, the Church Extension Plan and the HISF which mature at various dates in 2016. The Organization has adopted an investment policy that attempts to maintain the principal over a period of five years while earning interest income. These investments are all considered long-term.

The Board must vote and approve by a 2/3 resolution in order for the endowment assets to be spent or to change its designation.

The composition of and changes in the board-designated endowment fund for the years ended December 31, 2014 and 2013, were as follows:

Board-designated endowment fund, January 1, 2013	$ 2,000,000
Investment income	108,661
Amounts appropriated for expenditure	(108,661)
Board-designated endowment fund, December 31, 2013	2,000,000
Investment income	109,141
Amounts appropriated for expenditure	(109,141)
Board-designated endowment fund, December 31, 2014	$ 2,000,000

NOTE 7. NOTES PAYABLE

Notes payable consisted of the following at December 31, 2014 and 2013:

	2014	2013
Notes payable - vehicles (a)	-	1,756
Heritage Investment Fund Loan (b)	-	47,918
Total	$ -	$ 49,674

(a) During 2009, the Organization entered into a note payable to finance the purchase of a vehicle. The note, which was collateralized by the underlying asset being financed, bore no interest. The note required monthly installments of $585 and was repaid in full in February 2014.

(b) On May 23, 2012, the Organization entered into a $50,000 secured loan with HISF with an original maturity date of April, 2042. The secured loan required monthly principal and interest payments of $308 and bore interest at 6.25% per annum. The secured loan was collateralized by $50,000 held in a depository account with HISF. During 2014, the loan was repaid.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Operating leases

At December 31, 2014, the Organization is obligated under a non-cancelable operating lease for office equipment, which expires in 2017. The future minimum lease payments required under their non-cancelable operating leases as of December 31, 2014, are as follows:

Year ending December 31:	Amount
2015	$ 1,872
2016	1,872
2017	936
	$ 4,680

Capital leases

The Organization leases certain office equipment under agreements that are classified as a capital lease. The cost of the assets acquired under capital leases are included in the statement of financial position as "Property and equipment, net" (see Note 4).

The present value of future minimum lease payments required under the capital lease as of December 31, 2014, are as follows:

Year ending December 31:	Amount
2015	$ 4,559
2016	4,559
2017	4,559
2018	3,040
Net minimum lease payments	16,717
Less: amount representing interest	(1,745)
Present value of minimum lease payments	$ 14,972

NOTE 9. RELATED-PARTY TRANSACTIONS

The Organization's President currently serves as the Director of Behold Ministries, Inc. ("Behold"), another religious ministry. During 2014 and 2013, Behold made contributions of $83,476 and $82,488, respectively, to the Organization.

The Organization has entered into a month to month lease agreement for use by its president requiring monthly payments of $4,200

During 2013, the Organization advanced an employee $1,500. The advance bears no interest and is being repaid weekly through the employees' wages. As of December 31, 2014 and 2013, the Organization was due $- and $750 which has been included in the accompanying statements of financial position in "Other receivables."

NOTE 10. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

(a) *Market approach*: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

(b) *Cost approach*: Amount that would be required to replace the service capacity of an asset (replacement cost); and

(c) *Income approach*: Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis, categorized by GAAP's valuation hierarchy as of December 31, 2013. There were no such assets or liabilities measured at fair value at December 31,2014.

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2013	Valuation Technique
Cash equivalents:					
Money market account - unit based	$ 105,062	$ -	$ -	$ 105,062	(a)

During the years ended December 31, 2014 and 2013, there were no transfers between levels of the fair value hierarchy.

The following is a description of the valuation methodologies used for the financial assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Money market instruments are stated at cost, which approximates fair value, because the investments are liquid in nature.

The carrying values of cash, contributions receivable, other receivables, security deposit, accounts payable, accrued expenses and other liabilities approximate their estimated fair values due to the short-term nature of these instruments. The carrying values of capital leases payable and notes payable approximate fair value based on quoted market prices of similar instruments.

NOTE 11. RETIREMENT PLAN

In 1999, the Organization established a tax-deferred retirement plan for its full-time employees under the umbrella of the Assemblies of God Select Retirement Plan (the "Plan"). The Plan is intended to be a retirement income account program as described in Section 403(b) of the Code. The Plan is also intended to be a "church plan" within the meaning of Section 414(e) of the Code and Section 3(33) of the Employee Retirement Income Security Act of 1974 ("ERISA") and, as such, is exempt from the requirements of ERISA. During 2010, the Board suspended the plan indefinitely. No contributions to the Plan have been made during the years ended December 31, 2014 or 2013.

NOTE 12. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2014 and 2013 $4,312 and $14,705, were available to be used in accordance with the provisions of the grant received from Hope of New York.

During the years ended December 31, 2014 and 2013, net assets released from donor restrictions either by incurring expenses satisfying the restricted purposes or by the donor's removal of such restrictions, are as follows:

	2014	2013
Hope for New York:		
Kitchen and health related	$ 30,393	$ 32,301

NOTE 13. FRANCHISE AGREEMENT

During the year ended 2013, the Organization entered into a franchise agreement (the "Agreement") with The Way to Recovery, another religious non-profit organization. The Agreement gives the Organization the right to sell trademarked drug testing devices along with their related programming manuals as well as use of The Way to Recovery's license to operate a drug testing facility. The facility is intended to operate by appointment only and act as an outreach program of the Organization in the local community.

The Organization paid $15,000 for the franchise which has been capitalized in the accompanying statement of financial position. Additionally, the Organization set up the location at their facility in a separately designated area on its premises and is obligated under the agreement for paying for and installing a point of sale system, paying for national marketing expenses of a minimum of $1,200 per year and local marketing costs equal to 1% of gross annual sales, as defined, and a 5% royalty fee to The Way of Recovery on gross sales, as defined. The Agreement will expire on the tenth anniversary of the testing facility's opening date and is subject to various renewal terms. As of December 31, 2014, there was no activity in the outreach program other than the initial franchise fee and training of certain employees. The Organization plans to open the testing facility in 2015, at which time amortization of the franchise fee will commence.

SUPPLEMENTARY INFORMATION

TEEN CHALLENGE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED INFORMATION FOR 2013)

	2014				2013
	Program Services	Administrative Services	Fundraising	Total	Total
Salaries and wages	$ 203,684	$ 117,820	$ 17,920	$ 339,424	$ 359,990
Light, heat and power	100,478	11,164	-	111,642	114,838
Insurance	88,173	4,640	-	92,813	74,993
Community outreach	89,045	-	-	89,045	115,558
Postage	62,256	7,982	9,578	79,816	56,916
Repairs and maintenance	70,347	-	-	70,347	32,491
Food	53,027	-	-	53,027	51,651
Office supplies	35,778	3,111	-	38,889	32,969
Vehicle expenses	36,858	-	-	36,858	45,201
Professional fees	-	28,200	-	28,200	58,850
Employees' medical plans	16,269	9,411	1,431	27,111	18,099
Telephone	22,323	2,480	-	24,803	26,816
Travel and transportation	16,415	6,861	-	23,276	18,556
Benevolence and honorariums	21,222	-	1,025	22,247	13,183
Payroll taxes	11,784	6,816	1,036	19,636	20,288
School supplies and expenses	14,254	-	-	14,254	22,137
Hospitality	8,299	-	-	8,299	9,171
Recreation expense	8,273	-	-	8,273	7,573
Data processing services	5,292	2,490	-	7,782	6,226
Public relations	-	-	7,531	7,531	26,488
Interest	3,230	170	-	3,400	6,725
Bank and credit card fees	-	494	2,199	2,693	4,679
Computer-related expenses	849	565	-	1,414	1,920
Dues and subscriptions	1,179	-	-	1,179	1,523
Advertising and promotion	-	-	929	929	632
Bookstore expenses	565	-	-	565	1,813
Thriftstore expenses	-	201	-	201	522
Total expenses before depreciation	869,600	202,405	41,649	1,113,654	1,129,808
Depreciation	52,467	15,672	-	68,139	74,027
TOTAL EXPENSES	$ 922,067	$ 218,077	$ 41,649	$ 1,181,793	$ 1,203,835

See independent accountants' review report.