
I CHALLENGE MYSELF, INC.

**Financial Statements for the
Year Ended June 30, 2017
and Independent Accountants' Review Report**

I CHALLENGE MYSELF, INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
I Challenge Myself, Inc.

We have reviewed the accompanying financial statements of I Challenge Myself, Inc. (the "Organization") which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility 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; 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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

Supplemental Information

The statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic 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. Such information has been subjected to the review procedures applied in our review of the basic financial statements and we are not aware of any material modifications that should be made to such information. We have not audited the information and do not express an opinion on such information.

Report on Summarized Comparative Information

The information for the year ended June 30, 2016 is presented for comparative purposes only and was extracted from the financial statements of the Organization for that year, which we reviewed as of January 12, 2017 and for which, as of such date, we were not aware of any material modifications that should be made in order for it to be in conformity with accounting principles generally accepted in the United States of America.

Weiwei & Co. LLP

Flushing, New York
October 31, 2017

I CHALLENGE MYSELF, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

ASSETS	2017	2016
Current assets:		
Cash	\$ 19,396	\$ 37,304
Grants receivable	61,108	20,010
Prepaid expenses	3,139	2,092
Total current assets	83,643	59,406
Property and equipment, at cost (Note 2):		
Storage containers	7,504	7,504
Bikes	41,929	41,929
Computers	3,682	3,682
Less: accumulated depreciation	53,115 (46,858)	53,115 (43,939)
Property and equipment, net	6,257	9,176
Other assets:		
Security deposits	2,607	-
TOTAL ASSETS	\$ 92,507	\$ 68,582
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,918	\$ 20,910
Net assets (Note 2)		
Unrestricted	49,334	42,598
Temporarily restricted (Note 3)	21,255	5,074
Total net assets	70,589	47,672
TOTAL LIABILITIES AND NET ASSETS	\$ 92,507	\$ 68,582

See independent accountants' review report and the accompanying notes to financial statements.

I CHALLENGE MYSELF, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
SUPPORT AND REVENUE:				
Contributions (<i>Note 2</i>)	\$ 31,057	\$ -	\$ 31,057	\$ 34,408
Government and other grants (<i>Note 4</i>)	338,547	21,255	359,802	328,090
Special events	23,432	-	23,432	-
Interest and other income	1,133	-	1,133	37
Net assets released from restrictions	5,704	(5,074)	-	-
TOTAL SUPPORT AND REVENUE	399,243	16,181	415,424	362,535
EXPENSES:				
Program services	284,412	-	284,412	293,406
Support services:				
Management and general	84,557	-	84,557	104,207
Fundraising	23,538	-	23,538	17,109
TOTAL EXPENSES	392,507	-	392,507	414,722
CHANGE IN NET ASSETS	6,736	16,181	22,917	(52,187)
NET ASSETS-BEGINNING OF YEAR	42,598	5,074	47,672	99,859
NET ASSETS-END OF YEAR	\$ 49,334	\$ 21,255	\$ 70,589	\$ 47,672

See independent accountants' review report and the accompanying notes to financial statements.

I CHALLENGE MYSELF, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 22,917	\$ (52,187)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,919	5,101
Changes in operating assets and liabilities		
Decrease in grants receivable	-	5,350
(Increase) in contribution receivable	(41,098)	(17,969)
(Increase) Decrease in security deposit	(2,607)	4,350
(Increase) in prepaid expenses	(1,047)	(2,092)
Increase in accounts payable and accrued expenses	1,008	5,998
Net cash (used in) provided by operating activities	(17,908)	(51,449)
NET CHANGE IN CASH	(17,908)	(51,449)
CASH - BEGINNING OF YEAR	37,304	88,753
CASH - END OF YEAR	\$ 19,396	\$ 37,304

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid for Interest	\$ -	\$ -
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See independent accountants' review report and the accompanying notes to financial statements.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

1. NATURE OF ORGANIZATION

I Challenge Myself, Inc. (the “Organization”) was formed as a 501(c)(3) nonprofit organization in 2003. The Organization uses fitness-based challenges and service learning that allow youth in low-income communities to develop physically, academically and socially.

The Organization’s programs are founded on the premise that leadership and self-esteem start with individuals challenging themselves to create positive change and growth in their lives and also working collectively to bring about positive change to those around them. Through its “Cycling Smarts” program, the Organization helps youth develop self-esteem, physically active lifestyles and achieve post-secondary success.

In Fiscal Year 2017 (July 1, 2016 through June 30, 2017), the Cycling Smarts program was offered as an elective class to high school students at the George Washington Educational Campus, East Side Community High School, Bronx Design and Construction Academy and University Heights High School. Students participate in (1) weekly cross-training sessions (cycling, running and resistance training); (2) safe bicycling education; (3) self-reflection and goal setting activities; (4) nutrition education workshops; and (5) basic physiology workshops. Fall semester students also prepared active design projects and presented their plans at the Organizations Active Design Summit in January and spring semester students’ training culminated in undertaking a Century Ride, a 1-day 100-mile bike ride in June.

The College Bike Tour (the “Tour”) is a summer program offered to a subset of the Cycling Smarts students that combines long distance cycling, college preparatory sessions, and visits to colleges in upstate New York. Students participate in a week-long college preparatory session in New York City and then a multi-day circuit by bicycle to the various colleges in upstate New York. During the summer of 2017 (July 10 to 23), the Tour covered 7 days of riding, approximately 400 miles, and visited 7 colleges: Syracuse, Cornell, Binghamton, SUNY Oneonta, SUNY Cobleskill, Bard and West Point. The program is designed to expose students to, and educate them about, the college application and financial aid process, while creating a connection in their minds between undertaking and achieving the physical challenge of the Tour with setting and accomplishing the goal of applying to and attending college. The College Support Network is being offered from September to January to continue the lessons learned and network developed among students during the 2017 College Bike Tour.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

1. NATURE OF ORGANIZATION (CONTINUED)

In 2015, the Organization developed and piloted a new program called 4-to-FIT at East Side Community High School that is largely funded by a grant from the United States Department of Education Carol M. White Physical Education Program. 4-to-FIT is a Physical Education (PE) class that guides students through 4 phases: Control, Movement, Strength and Power, providing them the building blocks to lead and maintain a fit and healthy lifestyle and develop valuable life skills. During the year ended June 30, 2017, the Organization expanded the 4-to-FIT program to 5 schools and served a total of approximately 525 students, an increase of 47% from the previous fiscal year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statement presentation follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Section 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets: Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets: Net assets that are subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization.

The Organization does not have any permanently restricted assets. As of June 30, 2017, the Organization had \$55,000 of temporarily restricted net assets (*Note 3*).

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the purposes of the statement of cash flows, the Organization considers all demand deposits, money market funds and other short-term liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions

The Organization records contributions and promises to give in accordance with FASB ASC 958-605, *Revenue Recognition*. FASB ASC 958-605 requires that all contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as “net assets released from restrictions.” Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Income tax status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”). This IRC section enables the Organization to accept donations which qualify as charitable contributions to the donor. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, no provision for income taxes has been made in the financial statements. In addition, the Organization has no unrelated business income which could be taxable. The Organization files with the Internal Revenue Service Form 990, “Return of Organization Exempt from Income Tax” and the related State and local exempt organization returns as required.

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for uncertain tax positions taken or expected to be taken in income tax returns. The positions are judged whether they meet the “more-likely-than-not” threshold based upon the technical merits of the positions. The Organization believes that it does not have any uncertain tax positions.

Currently, the 2014, 2015 and 2016 tax years are open and subject to examination by the taxing authorities. However, the Organization is not currently under audit nor has it been contacted by any of the taxing authorities in respect thereof.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, equipment and depreciation

Property and equipment are recorded at cost, or if donated, at approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Storage containers	7 years
Bicycles	7 years
Computers	5 years
Telephones	5 years

Depreciation expense, for the year ended June 30, 2017 was \$2,919.

Functional allocation of expenses

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

Contributed services and facilities

The Organization receives donated services from unpaid volunteers who perform a variety of tasks that support the Organization's activities. No amounts have been recognized for these services in the statement of activities since the criteria for recognition under FASB ASC 958-605 have not been satisfied.

Use of estimates

The preparation of financial statements in accordance 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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

FASB ASC 820, *Fair Value Measurement*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Carrying values of the Organization's financial instruments, including cash, grants receivable, prepaid expenses and accounts payable and accrued expenses, are believed to approximate their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ended June 30, 2017.

Comparative financial information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. Such prior year summary information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such prior year information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the information was derived.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingencies

Government-supported programs are subject to audit by the applicable granting agencies. The possible disallowance by the granting agencies of any item charged to the program cannot be determined until such time when the audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. Management believes that disallowances, if any, would not be material to the accompanying financial statements.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$21,255 as of June 30, 2017 represent grants received during fiscal year 2017 for the 2018 A Celebration to Benefit New York Kids Event and summer programs. The \$5,074 released from temporarily restricted net assets during the fiscal year ended June 30, 2017 was a grant used for the College Bike Tour programs during fiscal year 2017.

Changes in temporarily restricted net assets for the year ended June 30, 2017 are as follows:

	Beginning Balance	Additions	Released	Ending Balance
Total temporarily restricted net assets	\$ 5,074	\$ 21,255	\$ (5,074)	\$ 21,255

4. GOVERNMENT AND OTHER GRANTS

In fiscal year 2017, the Organization received \$359,802 in government and foundation grants, as follows:

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

4. GOVERNMENT AND OTHER GRANTS (CONTINUED)

<u>Funding Source</u>	<u>Amount</u>
US Department of Education	\$ 156,782
Catalog for Giving Foundation	66,900
The Pinkerton Foundation	45,000
Department of Youth and Community Development	41,120
Horace W Goldsmith Foundation	25,000
DJ McManus Foundation, Inc.	10,000
Laureus Sport for Good Foundation USA	15,000
<u>Total</u>	<u>\$ 359,802</u>

The details for major grants are as follows:

The Organization was awarded a three year Carol M. White Physical Education Program (PEP) grant in the amount of \$533,186 from the U.S. Department of Education for the budget period from May 1, 2014 to April 30, 2017 in support of the Cycling Smarts program and the development and pilot of the 4-to-FIT program. The Organization was able to draw down the following amounts from the grant across the three budget periods:

<u>Budget Period</u>	<u>Amount</u>
May 1, 2014 to April 30, 2015 (Year 1)	\$ 219,622
May 1, 2015 to April 30, 2016 (Year 2)	156,782
May 1, 2016 to April 30, 2017 (Year 3)	156,782
<u>Total</u>	<u>\$ 533,186</u>

During the year ended June 30, 2017, the Organization drew down the \$156,782 of the Year 3 grant to cover program costs and expenses during the period.

In December 2014, the Organization was chosen as one of the fifteen member organizations to be supported by The Catalog for Giving Foundation, in renewal of a grant originally made in 2012. The support is generally provided for a period of three years, and gives the Organization the opportunity to participate in, and receive proceeds from, The Catalog for Giving Foundation's annual fundraising event. The Catalog for Giving Foundation provided the Organization with a \$66,900 unrestricted grant during the year ended June 30, 2017. Unrestricted grants and donations are generally used to help cover coaching stipends paid by the Organization in its Cycling Smarts program and salaries paid by the Organization to its staff.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

4. GOVERNMENT AND OTHER GRANTS (CONTINUED)

Grants receivable at June 30, 2017 reflect \$51,727.73 in receivables related to grants and \$9,380 in receivables related to donations.

5. LEASES

At the beginning of fiscal 2017, the Organization had an operating lease for its office space with WeWork. The Organization entered into a new operating lease with Vita Sports Partners, Inc. on March 1, 2017 for a 7 year term. In its new office space, the Organization will be side-by-side, and sharing common space with, other not-for-profit sports-based youth development programs. Future minimum rental commitments for the next five fiscal years are as follows:

Year Ending June 30	
2018	31,287
2019	31,403
2020	31,636
2021	31,636
2022	31,636

Rent expense for the year ended June 30, 2017 was \$39,898.

6. SUBSEQUENT EVENTS

In July 2017, the Organization received notification from the New York Community Trust (NYCT) of a Heisman Trophy Youth Development Fund and DeWitt Wallace Fund for Youth award in the amount of \$65,000, for the budget period ending June 30, 2018, in support of the 4-to-FIT program. These funds were received in August, 2017.

The Organization also received notification, in October, 2017, of a \$20,000 grant award from the Hispanic Federation in support of the Organization's fund development activities.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

6. SUBSEQUENT EVENTS (CONTINUED)

In November 2017, the Organization participated for the first time in A Celebration to Benefit New York Kids, a gala event sponsored by Youth Inc. The Organization received pledges totaling \$50,761 related to the 2017 gala. Youth Inc. collects and disburses these pledges to the Organization, once received, in arrears, plus a possible bonus related to their assessment of the Organization's participation. In total, the Organization has received \$47,761 related to the gala (including a \$3,000 bonus), \$19,975 of which was recognized in fiscal 2017 and the balance of which will be recognized in fiscal 2018.

The Organization's management has performed subsequent events procedures through October 31, 2017, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein, other than disclosed above in this Note.

SUPPLEMENTARY INFORMATION

I CHALLENGE MYSELF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Program services	Support services		Total	
		Management and general	Fundraising	2017	2016
Salaries and fringe benefits	\$ 140,614	\$ 48,360	\$ 18,805	\$ 207,779	\$ 198,632
Program expenses	51,228	-	-	51,228	78,328
Accounting fees	-	15,869	-	15,869	12,039
Professional fees	20,665	1,905	224	22,794	47,845
Rent	27,076	8,985	3,837	39,898	31,294
Travel	6,564	187	-	6,751	6,147
Printing	1,381	257	67	1,705	466
Postage and delivery	16	79	24	119	227
Office supplies	-	1,299	22	1,321	4,503
Liability insurance	1,445	875	-	2,320	1,617
Telephone	1,559	560	215	2,334	2,277
Dues and subscriptions	100	320	-	420	674
Bank service fees	-	211	151	362	387
College bike tour lodging	4,232	-	-	4,232	4,871
Americorps living allowance	20,000	-	-	20,000	7,449
Interest expense	-	358	-	358	-
Meals	4,876	755	193	5,824	6,871
Gifts	-	406	-	406	-
Office expenses	-	-	-	-	148
Technology	1,872	3,195	-	5,067	4,660
Professional Development	192	25	-	217	754
Other	409	175	-	584	432
Total expenses before depreciation	282,229	83,821	23,538	389,588	409,621
Depreciation	2,183	736	-	2,919	5,101
TOTAL EXPENSES	\$ 284,412	\$ 84,557	\$ 23,538	\$ 392,507	\$ 414,722

See independent accountants' review report.