

I CHALLENGE MYSELF, INC.

**Financial Statements
and
Supplemental Schedules**

For the Years Ended June 30, 2018 and 2017

 **BUCHBINDER**

I CHALLENGE MYSELF, INC.
For the Years Ended June 30, 2018 and 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
I Challenge Myself, Inc.

We have reviewed the accompanying financial statements of I Challenge Myself, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 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.

Accountant's 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.

Accountant's 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.

Report on 2017 Financial Statements

The financial statements of I Challenge Myself, Inc. as of June 30, 2017 were reviewed by other accountants, whose report dated February 2, 2018 stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with account principles generally accepted in the United States of America.

Report on Supplementary Information

The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of basic financial statements. Such information is the responsibility of the Organization's 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 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.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

New York, NY
January 9, 2019

I CHALLENGE MYSELF, INC.
Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 42,835	\$ 19,396
Grants receivable	15,426	61,108
Prepaid expenses	8,042	3,139
Security deposits	2,607	2,607
Property assets, net	<u>67,468</u>	<u>6,257</u>
Total assets	<u>\$ 136,378</u>	<u>\$ 92,507</u>
 Liabilities:		
Accounts payable and accrued expenses	<u>\$ 37,210</u>	<u>\$ 21,918</u>
Total liabilities	<u>37,210</u>	<u>21,918</u>
 Net assets:		
Unrestricted	78,721	49,334
Temporarily restricted	<u>20,447</u>	<u>21,255</u>
Total net assets	<u>99,168</u>	<u>70,589</u>
Total liabilities and net assets	<u>\$ 136,378</u>	<u>\$ 92,507</u>

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

I CHALLENGE MYSELF, INC.
Statements of Activities
For the years ended June 30, 2018 and 2017

	2018			2017		
	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted
Revenue:						
Contributions (including in-kind contributions of \$60,000 for 2018)	\$ 267,180	\$ 157,180	\$ 110,000	\$ 192,957	\$ 192,957	\$ -
Government grants	79,620	-	79,620	197,902	176,647	21,255
Special events	46,263	46,263	-	23,432	23,432	-
Earned revenue from workshops and training	34,892	34,892	-	-	-	-
Interest and other income	34	34	-	1,133	1,133	-
Net assets released from purpose restrictions	-	190,428	(190,428)	-	5,074	(5,074)
Total revenue	427,989	428,797	(808)	415,424	399,243	16,181
Expenses:						
Program services	267,170	267,170	-	284,412	284,412	-
Supporting activities:						
Management and general	92,054	92,054	-	84,557	84,557	-
Fundraising	40,186	40,186	-	23,538	23,538	-
Total expenses	399,410	399,410	-	392,507	392,507	-
Change in net assets	28,579	29,387	(808)	22,917	6,736	16,181
Net assets:						
Beginning of year	70,589	49,334	21,255	47,672	42,598	5,074
End of year	\$ 99,168	\$ 78,721	\$ 20,447	\$ 70,589	\$ 49,334	\$ 21,255

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

I CHALLENGE MYSELF, INC.
Statements of Cash Flows
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 28,579	\$ 22,917
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,574	2,919
Donated equipment	(60,000)	-
Changes in operating assets and liabilities:		
Decrease (increase) in grants receivable	45,682	(41,098)
(Increase) in prepaid expenses	(4,903)	(1,047)
(Increase) in security deposits	-	(2,607)
Increase in accounts payable and accrued expenses	<u>15,292</u>	<u>1,008</u>
Net cash provided by (used in) operating activities	<u>27,224</u>	<u>(17,908)</u>
Cash flows from investing activities:		
Acquisition of property assets	<u>(3,785)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(3,785)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	23,439	(17,908)
Cash and cash equivalents:		
Beginning of year	<u>19,396</u>	<u>37,304</u>
End of year	<u>\$ 42,835</u>	<u>\$ 19,396</u>

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

I CHALLENGE MYSELF, INC.
Notes to Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of Operations

I Challenge Myself, Inc. (the "Organization") is a not-for-profit organization established in New York 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 challenges provide opportunities to learn and grow. Perceiving challenges as opportunities allows youth to establish positive life skills in their critical adolescent years. To this end, the Organization is creating a movement that encourages youth to grow physically, mentally and emotionally. The Organization accomplishes this by providing public school students with demanding challenges: long distance cycling, fitness contests, service learning projects and college and career exploration. These challenges help students connect with their inner strength by setting and achieving goals. Students learn the value of teamwork, lead a more active lifestyle and expand their vision of future possibilities.

During the fiscal year ended June 30, 2018, the Organization served 631 students through its fitness, cycling and college and career readiness programs. The Organization partnered with eight New York City public high schools in the South Bronx, the Lower East Side, Gravesend, Brooklyn and Ozone Park.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Organization's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Allowance for Doubtful Accounts

The Organization uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts ("Allowance") is based on management's analysis of possible bad debts based on historical collection experience and its assessment on the collectability of existing specific accounts. Bad debt recoveries are charged against the Allowance account as realized.

Specific accounts are charged off against the Allowance when management believes that the specific account is not collectible.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with donors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

Revenue Recognition

Revenue and expenses are recorded on an accrual basis. Revenues received for future periods are deferred to the applicable period.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions and Grants

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets as applicable. Amounts are reclassified to unrestricted net assets from temporarily restricted net assets when restrictions expire by passage of time or the fulfillment of the stipulated purpose.

Donated Goods

Those donated goods that meet the requirements for recognition under generally accepted accounting principles are reported as both revenue and expense (or, in some cases, as assets) in the accompanying statements of activities, at amounts determined by management to be reasonable for obtaining such goods.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2018 and 2017, the Organization did not have any permanently restricted net assets.

Functional Allocation of Expenses

The cost of providing the Organization's program and supporting services has been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program and supporting services in ratios determined by management.

Property Assets

Property assets are stated at cost, or if donated, at approximate fair value at the date of donation. Depreciation of property assets is provided on the straight-line method over the estimated useful lives of 5 to 7 years.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization files an annual Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service ("IRS"). At June 30, 2018, the Organization's Form 990s for the years 2014 through 2017 remain eligible for examination by the IRS.

The Organization adopted the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740-10-05, relating to the accounting and reporting for uncertainty on income taxes. Because of the Organization's general tax-exempt status, ASC Topic 740-10-05 did not have, and is not anticipated to have, a material impact on the Organization's financial statements.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

Subsequent Events

The Organization has evaluated subsequent events and transactions through January 9, 2019, the date that the financial statements were available to be issued, and has concluded that no additional subsequent events disclosures are required.

Note 3 - Risks and Uncertainties

The Organization maintains its cash balances at a major money center financial institution. Balances fluctuate during the year and may exceed the FDIC insurance limits. The Organization has not experienced any losses in such accounts and management does not anticipate nonperformance by the financial institution.

Note 4 - In-kind Contributions

During the year ended June 30, 2018, the Organization received a donation of forty spin bikes. In the fiscal year ended June 30, 2018, \$60,000 was recorded as both property and equipment and revenue in the accompanying financial statements, respectively.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

Note 5 - Net Assets

As of June 30, 2018 and 2017, temporarily restricted net assets were available as follows:

	<u>2018</u>	<u>2017</u>
Cycling Smarts	\$ -	\$ 10,374
College Bike Tour	11,521	10,881
Hispanic Federation Latino CORE Initiative	5,726	-
Heisman Trophy Youth Development Fund	<u>3,200</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 20,447</u>	<u>\$ 21,255</u>

Note 6 - Property Assets

Property assets at cost or donated value at June 30, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
Storage containers	\$ 11,289	\$ 7,504
Bikes	41,929	41,929
Spin bikes	60,000	-
Computers	<u>3,682</u>	<u>3,682</u>
	116,900	53,115
Less: accumulated depreciation	<u>49,432</u>	<u>46,858</u>
Property assets, net	<u>\$ 67,468</u>	<u>\$ 6,257</u>

During 2018 and 2017, depreciation expense of property assets amounted to \$2,574 and \$2,919, respectively.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

Note 7 - Lease Commitment

On November 29, 2016, the Organization entered into a sublease agreement with Vita Sports Partners, Inc. for seven workstations in office premises located in New York City, under the terms of an operating lease that expires on November 29, 2023. The lease requires the following future minimum rental payments:

<u>Years Ending June 30.</u>	<u>Amount</u>
2019	\$ 31,637
2020	31,637
2021	31,637
2022	31,637
2023	31,637
Thereafter	<u>13,182</u>
Total	<u>\$ 171,367</u>

Rent expense for the years ended June 30, 2018 and 2017 amounted to \$34,530 and \$39,898, respectively.

Note 8 - Tax Status

The Organization has been determined by the IRS to be exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code (the "IRC") and has been classified as a publicly supported organization as described in Section 509(a)(1) of the IRC.

I CHALLENGE MYSELF, INC.
(Supplemental Schedules)
Schedule of Functional Expenses
For the year ended June 30, 2018
(with comparative totals for June 30, 2017)

	2018			2017	
	Total	Program Services	Management and General	Fundraising	Total
Expenses:					
Salaries, payroll taxes and benefits	\$ 181,527	\$ 124,110	\$ 38,402	\$ 19,015	\$ 207,779
Program expenses	68,530	68,530	-	-	51,228
Accounting fees	16,118	-	16,118	-	15,869
Professional fees	48,916	15,596	21,579	11,741	22,794
Rent	34,530	22,007	5,048	7,475	39,898
Travel	8,199	7,313	886	-	6,751
Printing, postage and delivery	1,833	1,482	206	145	1,824
Office supplies	4,763	2,635	2,128	-	1,321
Insurance	1,683	991	692	-	2,320
Telephone	1,421	-	1,421	-	2,334
Dues and subscriptions	778	196	582	-	420
Bank fees	562	102	-	460	362
College bike tour lodging	3,880	3,880	-	-	4,232
Americorps living allowance	12,000	12,000	-	-	20,000
Interest	418	-	418	-	358
Meals	5,579	4,396	1,012	171	5,824
Gifts	60	60	-	-	406
Technology	5,850	1,920	2,825	1,105	5,067
Professional development	115	115	-	-	217
Depreciation	2,574	1,837	737	-	2,919
Miscellaneous	74	-	-	74	584
	<u>\$ 399,410</u>	<u>\$ 267,170</u>	<u>\$ 92,054</u>	<u>\$ 40,186</u>	
Total expenses - 2018					
Total expenses - 2017		<u>\$ 284,412</u>	<u>\$ 84,557</u>	<u>\$ 23,538</u>	<u>\$ 392,507</u>

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