

I CHALLENGE MYSELF, INC.
Financial Statements
For the Years Ended June 30, 2020 and 2019



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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 statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 engagements 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 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 accordance with accounting principles generally accepted in the United States of America.

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I CHALLENGE MYSELF, INC.
Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 48,139	\$ 13,273
Grants receivable	34,902	17,999
Unconditional promises to give	20,000	-
Prepaid expenses	3,281	1,577
Security deposits	2,607	2,607
Property assets, net	<u>64,213</u>	<u>66,554</u>
Total assets	<u>\$ 173,142</u>	<u>\$ 102,010</u>
 Liabilities:		
Accounts payable and accrued expenses	\$ 20,928	\$ 20,082
Deferred special events revenue	-	13,680
Loans payable	<u>23,600</u>	<u>3,940</u>
Total liabilities	<u>44,528</u>	<u>37,702</u>
 Net assets:		
Without donor restrictions	19,761	52,787
With donor restrictions	<u>108,853</u>	<u>11,521</u>
Total net assets	<u>128,614</u>	<u>64,308</u>
Total liabilities and net assets	<u>\$ 173,142</u>	<u>\$ 102,010</u>

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

I CHALLENGE MYSELF, INC.
Statements of Activities
For the years ended June 30, 2020 and 2019

	2020			2019		
	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions
Revenue:						
Contributions (including in-kind contributions of \$9,035 for 2020)	\$ 200,454	\$ 30,454	\$ 170,000	\$ 98,055	\$ 23,055	\$ 75,000
Government grants	232,792	-	232,792	70,799	-	70,799
Special events	67,117	67,117	-	64,009	64,009	-
Earned revenue from workshops and training	-	-	-	5,000	5,000	-
Interest and other income	25	25	-	18	18	-
Net assets released from purpose restrictions	-	305,460	(305,460)	-	154,725	(154,725)
Total revenue	<u>500,388</u>	<u>403,056</u>	<u>97,332</u>	<u>237,881</u>	<u>246,807</u>	<u>(8,926)</u>
Expenses:						
Program services	309,379	309,379	-	193,504	193,504	-
Supporting activities:						
Management and general	98,494	98,494	-	54,896	54,896	-
Fundraising	28,209	28,209	-	24,341	24,341	-
Total expenses	<u>436,082</u>	<u>436,082</u>	<u>-</u>	<u>272,741</u>	<u>272,741</u>	<u>-</u>
Change in net assets	64,306	(33,026)	97,332	(34,860)	(25,934)	(8,926)
Net assets:						
Beginning of year	<u>64,308</u>	<u>52,787</u>	<u>11,521</u>	<u>99,168</u>	<u>78,721</u>	<u>20,447</u>
End of year	<u>\$ 128,614</u>	<u>\$ 19,761</u>	<u>\$ 108,853</u>	<u>\$ 64,308</u>	<u>\$ 52,787</u>	<u>\$ 11,521</u>

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

I CHALLENGE MYSELF, INC.
Statements of Functional Expenses
For the years ended June 30, 2020 and 2019

	2020				2019			
	Total	Program Services	Supporting Activities		Total	Program Services	Supporting Activities	
			Management and General	Fundraising			Management and General	Fundraising
Expenses:								
Salaries, payroll taxes and benefits	\$ 216,943	\$ 159,739	\$ 43,259	\$ 13,945	\$ 100,993	\$ 78,359	\$ 10,962	\$ 11,672
Program expenses	51,079	41,471	9,259	349	64,680	64,680	-	-
Accounting fees	17,628	-	17,628	-	15,435	-	15,435	-
Professional fees	75,111	67,964	5,887	1,260	24,522	9,071	11,993	3,458
Rent	33,665	19,165	7,968	6,532	36,125	21,114	7,414	7,597
Travel	2,569	2,569	-	-	3,299	2,870	429	-
Printing, postage and delivery	1,833	1,578	251	4	2,101	2,033	6	62
Office supplies	1,010	313	498	199	913	460	444	9
Insurance	3,201	1,939	1,262	-	2,589	1,354	1,235	-
Telephone	1,270	-	1,270	-	1,830	1,307	330	193
Dues and subscriptions	1,263	79	1,184	-	630	237	393	-
Bank fees	476	-	194	282	52	-	19	33
College bike tour lodging	954	954	-	-	-	-	-	-
Americorps living allowance	-	-	-	-	9,000	9,000	-	-
Interest	52	-	52	-	-	-	-	-
Meals	6,358	1,420	380	4,558	2,043	1,341	490	212
Technology	9,638	1,024	7,534	1,080	6,115	-	5,010	1,105
Professional development	143	95	48	-	-	-	-	-
Depreciation	11,376	11,069	307	-	2,414	1,678	736	-
Miscellaneous	1,513	-	1,513	-	-	-	-	-
Total expenses	\$ 436,082	\$ 309,379	\$ 98,494	\$ 28,209	\$ 272,741	\$ 193,504	\$ 54,896	\$ 24,341

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

I CHALLENGE MYSELF, INC.
Statements of Cash Flows
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 64,306	\$ (34,860)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,376	2,414
Donated equipment	(9,035)	-
Changes in operating assets and liabilities:		
(Increase) in grants receivable	(16,903)	(2,573)
(Increase) in unconditional promises to give	(20,000)	-
(Increase) decrease in prepaid expenses	(1,704)	6,465
Increase (decrease) in accounts payable and accrued expenses	846	(17,128)
(Decrease) increase in deferred special events revenue	<u>(13,680)</u>	<u>13,680</u>
Net cash provided by (used in) operating activities	<u>15,206</u>	<u>(32,002)</u>
Cash flows from investing activities:		
Acquisition of property assets	<u>-</u>	<u>(1,500)</u>
Net cash (used in) investing activities	<u>-</u>	<u>(1,500)</u>
Cash flows from financing activities:		
Proceeds from loans payable	23,600	3,940
Repayments of loans payable	<u>(3,940)</u>	<u>-</u>
Net cash provided by financing activities	<u>19,660</u>	<u>3,940</u>
Net increase (decrease) in cash and cash equivalents	34,866	(29,562)
Cash and cash equivalents:		
Beginning of year	<u>13,273</u>	<u>42,835</u>
End of year	<u>\$ 48,139</u>	<u>\$ 13,273</u>

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

I CHALLENGE MYSELF, INC.
Notes to Financial Statements
June 30, 2020 and 2019

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. The objective of the Organization is to create a movement that encourages youth to grow physically, mentally and emotionally. The Organization accomplishes this by providing hundreds of New York City public high 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, 2020, the Organization served approximately 371 students through its fitness, cycling and college and career readiness programs, respectively. The Organization partnered with six New York City public high schools located in Manhattan and the South Bronx. The decrease in students served from the previous two fiscal years’ totals of 700 and 631 students was due to the disruption of in-person programs due to Covid-19. The Organization did offer its programs remotely from March to June 2020, but for a significantly reduced number of students.

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.

Basis of Presentation

The Organization’s financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

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 net assets without donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Contributions and Grants

Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions as applicable. Amounts are reclassified from net assets with donor restrictions to net assets without donor restrictions 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.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, payroll taxes and benefits	Time and effort
Program expenses	Purpose of services provided
Professional fees	Purpose of services provided
Rent	Use of space
Printing, postage and delivery	Asset usage
Office supplies	Asset usage
Insurance	Asset usage
Dues and subscriptions	Asset usage
Bank fees	Asset usage
Meals	Time and effort
Technology	Purpose of services provided
Professional development	Purpose of services provided
Depreciation	Asset usage

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.

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, 2020, the Organization's Form 990s for the years 2016 through 2019 remain eligible for examination by the IRS.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization adopted the provisions of the Financial Accounting Standards Board ("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.

Subsequent Events

The Organization has evaluated subsequent events and transactions through November 10, 2020, 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, 2020, the Organization received a donation of indoor stationary bicycles. In the fiscal year ended June 30, 2020, \$9,035 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, 2020 and 2019

Note 5 - Net Assets with Donor Restrictions

As of June 30, 2020 and 2019, net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Net assets with donor restrictions:		
College Bike Tour	\$ 997	\$ 11,521
Choosing Healthy and Active Lifestyles for Kids (CHALK)	2,621	-
COVID Emergency Relief	5,301	-
Until We All Win	20,042	-
Heisman Trophy Fund	29,892	-
Youth Service Capacity Building	<u>50,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 108,853</u>	<u>\$ 11,521</u>

Note 6 - Property Assets

Property assets at cost or donated value at June 30, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Storage containers	\$ 11,289	\$ 11,289
Bikes	52,464	43,429
Indoor stationary bicycles	60,000	60,000
Computers	<u>3,682</u>	<u>3,682</u>
	127,435	118,400
Less: accumulated depreciation and amortization	<u>63,222</u>	<u>51,846</u>
Property assets, net	<u>\$ 64,213</u>	<u>\$ 66,554</u>

During 2020 and 2019, depreciation and amortization expense of property assets amounted to \$11,376 and \$2,414, respectively.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

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 sublease was terminated effective July 31, 2020. The lease required the following future minimum rental payments:

Years Ending June 30,	Amount
Through July 31, 2020	\$ 2,636

Rent expense for the years ended June 30, 2020 and 2019 amounted to \$33,665 and \$36,125, 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.

Note 9 - Availability and Liquidity

The following represents the Organization's financial assets at June 30, 2020 and 2019:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 48,139	\$ 13,273
Grants receivable	34,902	17,999
Unconditional promises to give	20,000	-
	\$ 103,041	\$ 31,272

The Organization's goal is to generally maintain sufficient financial assets to allow it to meet its obligations as they become due.

I CHALLENGE MYSELF, INC.
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 10 - Loans Payable

In May 2019, the Organization secured a short-term loan of \$3,940 from the Fund for the City of New York. The loan was non-interest bearing and the Organization repaid the loan in full in August 2019.

In May 2020, the Organization entered into a Paycheck Protection Program Term Note (the "PPP Note") with Citibank, N.A. in the amount of \$23,600. The PPP Note was issued to the Organization pursuant to the Coronavirus, Aid, Relief, and Economic Security Act (the "CARES Act") and the Paycheck Protection Program (P.L. 116-136) (the "Program"). Under the Program, all or a portion of the PPP Note may be forgiven in accordance with the Program requirements. The PPP Note carries a maturity date of May 2022, at a 1% interest rate. No payments are required for 6 months from the date of issuance. The amount of the forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Program, including the provisions of Section 1106 of the CARES Act. No more than 25% of the amount forgiven can be attributable to non-payroll costs, as defined in the Program.

Note 11 - Professional Fees

In September 2019, the Organization was awarded a two-year Youth Engagement in Sports (YES) grant from the United States Department of Health and Human Services to increase sports participation and nutrition outcomes among middle school students in the neighborhoods of Washington Heights and Inwood, in Northern Manhattan. The YES grant required the Organization to collaborate with youth sports and nutrition organizations to provide a robust program. As a result, the Organization subcontracted a number of organizations to provide sports and nutrition programming. The YES grant also includes a research component. The Organization also contracted a third-party to evaluate its Healthy Heights YES program. As a result of these subawards and third-party evaluation, the Organization's professional fees increased from \$24,522 during the year ended June 30, 2019 to \$75,111 during the year ended June 30, 2020. These expenses are all direct program expenses.