
I CHALLENGE MYSELF, INC.

**Financial Statements for the
Year Ended June 30, 2015
and Independent Accountants' Review Report**

I CHALLENGE MYSELF, INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
I Challenge Myself, Inc.

• **CALIFORNIA OFFICE**

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We have reviewed the accompanying statement of financial position of I Challenge Myself, Inc. (the "Organization") as of June 30, 2015, and the related statements of activities and cash flows for the year 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 of America 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 review 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 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 conformity with accounting principles generally accepted in the United States of America.

Our review was 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 statement of functional expenses 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 review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.



The information for the year ended June 30, 2014 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 29, 2015 and for which, as of such date, we were not aware of any material modifications that should be made in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Wei Wei & Co. LLP

Flushing, New York
December 8, 2015

I CHALLENGE MYSELF, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

ASSETS	2015	2014
Current assets:		
Cash	\$ 88,753	\$ 42,103
Grants receivable	5,350	7,000
Contribution receivable	2,041	-
Prepaid expenses	-	750
Total current assets	96,144	49,853
Property and equipment, at cost (Note 2):		
Storage containers	7,504	7,504
Bikes	41,929	35,219
Computers	3,682	-
	53,115	42,723
Less: accumulated depreciation	(38,838)	(34,604)
Property and equipment, net	14,277	8,119
Other assets:		
Security deposits	4,350	-
TOTAL ASSETS	\$ 114,771	\$ 57,972
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 14,912	\$ 12,765
Net assets (Note 2)		
Unrestricted	66,322	38,207
Temporarily restricted (Note 3)	33,537	7,000
Total net assets	99,859	45,207
TOTAL LIABILITIES AND NET ASSETS	\$ 114,771	\$ 57,972

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, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
SUPPORT AND REVENUE:				
Contributions (<i>Note 2</i>)	\$ 47,372	\$ -	\$ 47,372	\$ 42,561
Government and other grants (<i>Note 4</i>)	344,378	33,537	377,915	108,883
Special events	16,270	-	16,270	24,756
Interest and other income	1,763	-	1,763	27
Net assets released from restrictions	7,000	(7,000)		
TOTAL SUPPORT AND REVENUE	416,783	26,537	443,320	176,227
EXPENSES:				
Program services	313,135	-	313,135	147,585
Support services:				
Management and general	68,007	-	68,007	21,325
Fundraising	7,526	-	7,526	10,117
TOTAL EXPENSES	388,668	-	388,668	179,027
CHANGE IN NET ASSETS	28,115	26,537	54,652	(2,800)
NET ASSETS-BEGINNING OF YEAR	38,207	7,000	45,207	48,007
NET ASSETS-END OF YEAR	\$ 66,322	\$ 33,537	\$ 99,859	\$ 45,207

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, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 54,652	\$ (2,800)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,234	7,196
Changes in operating assets and liabilities		
Decrease in grants receivable	1,650	-
(Increase) in contribution receivable	(2,041)	-
(Increase) in security deposit	(4,350)	-
Decrease (increase) in prepaid expenses	750	(375)
Increase in accounts payable and accrued expenses	2,147	7,688
Net cash provided by operating activities	57,042	11,709
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(10,392)	(1,554)
NET CHANGE IN CASH	46,650	10,155
CASH - BEGINNING OF YEAR	42,103	31,948
CASH - END OF YEAR	\$ 88,753	\$ 42,103
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ 226	\$ 461

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

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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.

The Cycling Smarts program was offered during the year ended June 30, 2015 as an elective class to high school students at the George Washington Educational Campus, East Side Community High School and two new schools in the South Bronx: 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 were trained for a 2-hour Winter Fitness Challenge in January and spring semester students were trained for a Century Ride, a 1-day 100-mile bike ride in June. The organization terminated its partnership at Bronx Aerospace High School and Validus Preparatory Academy as of July 1, 2014 due to coach staffing changes in those schools.

The College Bike 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 summer 2015 (July 6 to 19), 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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

1. NATURE OF ORGANIZATION (Continued)

During the year ended June 30, 2015, the Organization developed and piloted a new program called 4-to-FIT that is largely funded by a grant from the United States Department of Education Carol M. White Physical Education Program. 4-to-FIT was piloted in March 2015 at East Side Community High School with 70 students. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statement presentation follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 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 generally does not have permanently restricted assets and, at June 30, 2015, had none. As of June 30, 2015, the Organization had \$33,537 of temporarily restricted net assets (*Note 3*).

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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2012, 2013, and 2014 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.

Grants receivable

The Organization considers all grants receivable as of June 30, 2015 to be fully collectible and, therefore, did not provide an allowance for uncollectible grants.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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
Bikes	7 years
Computers	5 years
Telephones	5 years

Depreciation expense, for the year ended June 30, 2015 was \$4,234.

Functional allocation of expenses

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

From July 1 to December 5, 2014, the Organization occupied approximately 120 square feet of office space, inclusive of utilities, donated by an unaffiliated party. The fair value of \$12,480 was included both in contributions and in expenses in the accompanying statement of activities.

Use of estimates in preparation of financial statements

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, 2015

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, 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, 2015.

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, 2014, from which the information was derived.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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, \$33,537, as of June 30, 2015 was set aside for the Cycling Smarts and College Bike Tour programs in fiscal 2016. The \$7,000 released from temporarily restricted net assets during the fiscal year ended June 30, 2015 was a grant receivable used for the Cycling Smarts program during fiscal year 2015.

Changes in temporarily restricted net assets for the year ended June 30, 2015 are as follows:

	Beginning Balance	Additions	Released	Ending Balance
Total temporarily restricted net assets	\$ 7,000	\$ 33,537	\$ (7,000)	\$ 33,537

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

4. GOVERNMENT AND OTHER GRANTS

In fiscal year 2015, the Organization received a total of \$377,915 in government and foundation grants. These grants included \$216,437 from US Department of Education, \$60,778 from the Catalog for Giving Foundation, \$45,000 from the Pinkerton Foundation, \$25,000 from the Aetna Foundation, \$10,000 from the Laureus Sport for Good Foundation USA, \$10,000 from the DJ McManus Foundation, Inc. and \$10,700 from the Hispanic Federation's Communities of Color Nonprofit Stabilization Fund Allocation Committee (\$5,350 was received by the year ended June 30, 2015). Following are details for major grants.

The Organization was awarded a three year Carol M. White Physical Education Program (PEP) grant in the amount of \$533,166 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 and College Bike Tour programs and the development and pilot by the Organization of a new physical fitness program called 4-to-FIT. During the year ended June 30, 2015, the Organization drew down \$213,744 of the \$219,622 Year 1 grant (May 1, 2014 to April 30, 2015) and \$2,692.31 of the \$156,782 Year 2 grant (May 1, 2015 to April 30, 2016) to cover program costs and expenses during that period. As a result of its receipt and payment being in the same period, the \$216,437 has been reflected as unrestricted support. The Organization drew down \$5,878 of the \$219,622 Year 1 grant (May 1, 2014 to April 30, 2015) to cover program costs and expenses during that period as reported in the fiscal year 2014 financial report.

In 2012, the Organization was chosen as one of twelve member organizations to be supported by The Catalog for Giving Foundation. 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 \$60,778 unrestricted grant during the year ended June 30, 2015. 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. The Organization was chosen as one of fifteen member organizations for a second Catalog for giving grant in December 2014, also for a period of three years.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

5. SUBSEQUENT EVENTS

The Organization's management has performed subsequent events procedures through December 8, 2015, which is the date the financial statements were available to be issued.

In September 2015, the Organization received a \$25,000 restricted program grant from the William T. Grant Foundation for the creation of fitness training videos to be used in the Cycling Smarts and 4-to-FIT programs.

In November 2015, the Organization received \$5,350, the balance of the Communities of Color grant award in FY16 for the creation of fitness training videos to be used in the Cycling Smarts and 4-to-FIT programs.

I CHALLENGE MYSELF, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	Program services	Support services		Total	
		Management and general	Fundraising	2015	2014
Salary and benefits expenses	\$ 108,010	\$ 41,694	\$ 6,267	\$ 155,971	\$ 70,546
Program expenses	93,096	-	-	93,096	42,369
Accounting fees	-	10,219	-	10,219	-
Professional fees	42,420	784	-	43,204	3,255
Rent	22,464	4,099	732	27,295	29,952
Travel	9,078	577	-	9,655	3,730
Printing	5,009	604	-	5,613	476
Postage and delivery	4	139	-	143	208
Office supplies	23	1,869	-	1,892	327
Liability insurance	-	3,812	-	3,812	2,519
Telephone	1,724	316	53	2,093	1,225
Dues and subscriptions	-	294	60	354	424
Bank service fees	-	160	414	574	-
College bike tour lodging	1,570	-	-	1,570	1,766
Americorps living allowance	18,509	-	-	18,509	3,938
Interest expense	-	226	-	226	461
Meals	7,325	575	-	7,900	3,077
Gifts	-	210	-	210	-
Office furniture /equipment	-	359	-	359	-
Technology	248	1,453	-	1,701	-
Other	38	-	-	38	7,558
Total expenses before depreciation	309,518	67,390	7,526	384,434	171,831
Depreciation	3,617	617	-	4,234	7,196
TOTAL EXPENSES	\$ 313,135	\$ 68,007	\$ 7,526	\$ 388,668	\$ 179,027

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