



I CHALLENGE MYSELF, INC.

**Financial Statements for the
Year Ended June 30, 2012
and Independent Accountants' Review Report**

I CHALLENGE MYSELF, INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
I Challenge Myself, Inc.

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We have reviewed the accompanying statement of financial position of I Challenge Myself, Inc. (the "Organization") as of June 30, 2012, 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 believed 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.



Information for the year ended June 30, 2011 is presented for comparative purposes only and was extracted from the financial statements of the Organization for that year, which we reviewed, and for which 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, dated March 27, 2012.

Wei Wei & Co. LLP
February 7, 2013

I CHALLENGE MYSELF, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2012 (WITH COMPARATIVE TOTALS FOR 2011)

ASSETS	2012	2011
Current assets:		
Cash	\$ 1,473	\$ 2,072
Total current assets	1,473	2,072
Property and equipment, at cost (Note 2):		
Storage containers	5,950	7,900
Bikes	36,259	36,259
	42,209	44,159
Less accumulated depreciation	(22,896)	(17,279)
Total property and equipment, net	19,313	26,880
TOTAL ASSETS	\$ 20,786	\$ 28,952
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,813	\$ 8,966
Total current liabilities	4,813	8,966
Unrestricted net assets (Note 2)	15,973	19,986
TOTAL LIABILITIES AND NET ASSETS	\$ 20,786	\$ 28,952

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

I CHALLENGE MYSELF, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012 (WITH COMPARATIVE TOTALS FOR 2011)

	2012	2011
SUPPORT AND REVENUE:		
Contributions <i>(Note 2)</i>	\$ 47,413	\$ 84,729
Government and other grants <i>(Note 3)</i>	27,500	80,843
Special events	3,732	10,933
Interest and other income	1,184	25
TOTAL SUPPORT AND REVENUE	79,829	176,530
EXPENSES:		
Program services	62,885	170,032
Support services:		
Management and general	19,919	40,007
Fund-raising	1,038	1,721
TOTAL EXPENSES	83,842	211,760
CHANGE IN UNRESTRICTED NET ASSETS	(4,013)	(35,230)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	19,986	55,216
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 15,973	\$ 19,986

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

I CHALLENGE MYSELF, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012 (WITH COMPARATIVE TOTALS FOR 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (4,013)	\$ (35,230)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,220	6,011
Gain on sale of property and equipment	(303)	-
Decrease in accounts receivable	-	20,250
(Decrease) increase in accounts payable and accrued expenses	(4,153)	4,067
Net cash (used in) operating activities	(2,249)	(4,902)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(9,050)
Proceeds from sale of property and equipment	1,650	-
Net cash provided by (used in) investing activities	1,650	(9,050)
NET CHANGE IN CASH	(599)	(13,952)
CASH AT THE BEGINNING OF YEAR	2,072	16,024
CASH AT THE END OF YEAR	\$ 1,473	\$ 2,072

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

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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. The Organization through its Cycling Smarts program helps youth develop self esteem, physically active lifestyles and achieve post secondary success.

Cycling Smarts program was offered during the fiscal year as an elective class to high school students at the George Washington Educational Campus, Bronx Aerospace High School, Validus Preparatory Academy, and East Side Community High School. Students participate approximately 225-450 minutes per week (3-5 days a week) in a moderate to vigorous cross training program consisting of indoor spinning, outdoor cycling, indoor swimming, resistance training and/or running. For one period each week students also make connections between the fitness activities they are participating in and academic subjects in the classroom as they learn to calculate their caloric intake, track their resting and aerobic heart rates, or conduct research of historic neighborhoods and sights they encounter on their bike rides.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statement presentation follows the recommendation of 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 subject to donor-imposed restriction on their use that may be met either by actions of the Organization or the passage of time.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

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 net assets and, as of June 30, 2012, also did not have any temporarily restricted net assets. All of the temporarily restricted funds were expended as the relevant restrictions were fulfilled during the year.

Contributions

The Organization records contributions and promises to give in accordance with FASB ASC 958-605, *Revenue Recognition*. FASB ASC 958-605 requires that contributions, which include unconditional promise to give, are recognized as revenues in the period received or promised. Contributions are considered to be unrestricted unless specifically restricted by the donor. The Organization reports contributions in the temporarily restricted net assets if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the statement of activities.

Income tax status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision is required to be made for income taxes in the financial statements. There was no unrelated business income for the year ended June 30, 2012.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns and require that uncertain tax positions are evaluated in a two-step process. The Organization does not believe that there are any material uncertain tax positions and the implementation of the provisions of FASB ASC 740-10-25 resulted in no material liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax, as required. Currently, the 2009, 2010, and 2011 tax years are open and subject to examination by the taxing authorities. However, the Organization is not currently under audit nor has the Organization been contacted by any of the taxing authorities.

As of and during the year ended June 30, 2012, the Organization did not have a liability for any unrecognized tax benefits. For the year ended June 30, 2012, there was no interest or penalties recorded or included in the statement of activities.

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

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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Organization occupied approximately 120 square feet of office space, inclusive of utilities, donated by an unaffiliated party. The approximate fair value of \$32,000 was recorded as contribution and as expense 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 disclosure. Accordingly, actual results could differ from those estimates.

Fair value of financial instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, 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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of financial instruments (continued)

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.

As of June 30, 2012, the Organization did not identify any financial assets and liabilities that are required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash and accounts payable and accrued expenses, are believed to have approximated their fair values due to the short term nature of these financial instruments. There are no changes in methods or assumptions during the year ended June 30, 2012.

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. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than by functional category. 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 summary information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

3. GOVERNMENT AND OTHER GRANTS

During the year ended June 30, 2012, the Organization was awarded a \$20,000 grant by Laureus Sport for Good Foundation for its Cycling Smarts program and the improvement of its operations. The grant was restricted to three operational purposes: cultivation of new board members, cultivation of new funders, and funding of Coach Across America coaches.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

3. GOVERNMENT AND OTHER GRANTS (continued)

During the year ended June 30, 2012, the Organization was awarded a grant of \$2,500 from the Outdoor Foundation. The funding is intended to help connect children, families and first-time explorers to the outdoors.

During the year ended June 30, 2012, the Organization was chosen as one of the 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 Fall fundraising event. As an advance on the anticipated proceeds of this event, The Catalog for Giving Foundation provided the Organization with a \$5,000 grant during the year ended June 30, 2012. The grant was used to cover a percentage of the coaching stipends paid by the Organization in its Cycling Smarts program.

The reduction in Government and other grants for the year ended June 30, 2012, from the year ended June 30, 2011, reflects the end of the Organization's three-year Carol M. White Physical Education Program grant from the Department of Education. The grant totaled approximately \$217,000 over three years, with the Organization receiving \$80,843 of this amount in the year ended June 30, 2011, the final year of the grant. It is anticipated that funding from The Catalog for Giving Foundation will begin to replace this grant, starting in the year ending June 30, 2013.

4. SUBSEQUENT EVENTS

In November 2012, the Organization participated in The Catalog for Giving Foundation's Urban Heros Awards Fundraising event. As of the date of this report, the Organization had received approximately \$37,000 from the event, which will be used to provide additional operational funding and liquidity for the Organization in the coming year.

In addition, the Organization received a \$15,000 donation from the New York Cycle Club (NYCC) in December 2012. The funding will be used for general operational purposes.

The Organization's management has performed subsequent events procedures through February 7, 2013, which is the date the financial statements were available to be issued. Except as disclosed in the preceding paragraphs, there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

I CHALLENGE MYSELF, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2012 (WITH COMPARATIVE TOTALS FOR 2011)

	Program services	Support services		Total	
		Management and general	Fund- raising	2012	2011
Payroll and payroll taxes	\$ 8,313	\$ 345	\$ 473	\$ 9,131	\$ 85,016
Health insurance	1,265	1,062	421	2,748	10,540
Sports equipment/accessories	2,397	-	-	2,397	9,645
Coaches and consultants	23,729	-	-	23,729	46,173
Professional fees	-	1,771	-	1,771	5,144
Education material	-	-	-	-	4,526
Rent	19,174	12,783	-	31,957	29,953
Travel	787	-	-	787	1,671
Printing	-	-	-	-	799
Postage and delivery	-	-	17	17	214
Office supplies	-	212	-	212	769
Liability insurance	-	1,287	-	1,287	2,724
Telephone	-	1,225	-	1,225	1,357
Dues and subscriptions	-	110	-	110	226
Other	1,000	1,124	127	2,251	6,992
Total expenses before depreciation	56,665	19,919	1,038	77,622	205,749
Depreciation	6,220	-	-	6,220	6,011
TOTAL EXPENSES	\$ 62,885	\$ 19,919	\$ 1,038	\$ 83,842	\$ 211,760

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