



I CHALLENGE MYSELF, INC.

**Financial Statements for the
Year Ended June 30, 2014
and Independent Accountants' Review Report**

I CHALLENGE MYSELF, INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

CONTENTS	Page
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION:	
Statement of Functional Expenses	13



• **MAIN OFFICE**
133-10 39TH AVENUE
FLUSHING, NY 11354
TEL. (718)445-6308
FAX.(718)445-6760

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
I Challenge Myself, Inc.

• **CALIFORNIA OFFICE**
36 W BAY STATE STREET
ALHAMBRA, CA 91801
TEL.(626)282-1630
FAX.(626)282-9726

We have reviewed the accompanying statement of financial position of I Challenge Myself, Inc. (the "Organization") as of June 30, 2014, 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 financial statements include certain prior year summarized comparative information. Such 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 information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Weiwei & Co. LLP
January 29, 2015

I CHALLENGE MYSELF, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

ASSETS	2014	2013
Current assets:		
Cash	\$ 42,103	\$ 31,948
Grants receivable	7,000	7,000
Prepaid expenses	750	375
Total current assets	49,853	39,323
Property and equipment, at cost (Note 2):		
Storage containers	7,504	5,950
Bikes	35,219	35,219
	42,723	41,169
Less: accumulated depreciation	(34,604)	(27,408)
Total property and equipment, net	8,119	13,761
TOTAL ASSETS	\$ 57,972	\$ 53,084
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,765	\$ 5,077
Total current liabilities	12,765	5,077
Net assets (Note 2)		
Unrestricted	38,207	11,007
Temporarily restricted (Note 3)	7,000	37,000
Total net assets	45,207	48,007
TOTAL LIABILITIES AND NET ASSETS	\$ 57,972	\$ 53,084

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, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
SUPPORT AND REVENUE:				
Contributions (<i>Note 2</i>)	\$ 42,561	\$ -	\$ 42,561	\$ 45,856
Government and other grants (<i>Note 4</i>)	108,883	-	108,883	103,585
Special events	24,756	-	24,756	110
Interest and other income	27	-	27	1,574
Net assets released from restrictions	30,000	(30,000)	-	-
TOTAL SUPPORT AND REVENUE	206,227	(30,000)	176,227	151,125
EXPENSES:				
Program services	147,585	-	147,585	93,565
Support services:				
Management and general	21,325	-	21,325	14,986
Fund-raising	10,117	-	10,117	10,540
TOTAL EXPENSES	179,027	-	179,027	119,091
CHANGE IN NET ASSETS	27,200	(30,000)	(2,800)	32,034
NET ASSETS-BEGINNING OF YEAR	11,007	37,000	48,007	15,973
NET ASSETS-END OF YEAR	\$ 38,207	\$ 7,000	\$ 45,207	\$ 48,007

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, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,800)	\$ 32,034
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,196	4,797
Loss from theft	-	755
Changes in operating assets and liabilities		
(Increase) in grants receivable	-	(7,000)
(Increase) in prepaid expenses	(375)	(375)
Increase in accounts payable and accrued expenses	7,688	264
Net cash provided by operating activities	11,709	30,475
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,554)	-
NET CHANGE IN CASH	10,155	30,475
CASH - BEGINNING OF YEAR	31,948	1,473
CASH - END OF YEAR	\$ 42,103	\$ 31,948
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID FOR INTEREST	\$ 461	\$ -

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

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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, 2014 as an elective class to high school students at the George Washington Educational Campus, Bronx Aerospace High School, Validus Preparatory Academy and the East Side Community 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 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 (1) a week-long college preparatory session in New York City and then (2) a multi-day circuit by bicycle to the various colleges in upstate New York. During summer 2014, 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, 2014

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, 2014, had none. As of June 30, 2014, the Organization had \$7,000 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.

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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2011, 2012, and 2013 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, 2014 to be fully collectible and, therefore, did not provide an allowance for uncollectible grants.

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

Depreciation expense, for the year ended June 30, 2014 was \$7,196.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Organization occupied approximately 120 square feet of office space, inclusive of utilities, donated by an unaffiliated party. The fair value of \$29,952 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.

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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments (continued)

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, 2014.

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, 2013, from which the information was derived.

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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2014 consist of a \$7,000 receivable from Manhattan Borough President's Office set aside for the Cycling Smarts program in 2015. The \$30,000 released from temporarily restricted net assets during the year ended June 30, 2014 consisted of \$20,000 donated previously for support of the Summer College Bike Tour and \$10,000 received earlier but intended for general operating support in fiscal year 2014.

Changes in temporarily restricted net assets for the year ended June 30, 2014 are as follows:

	Beginning Balance	Additions	Released	Ending Balance
Total temporarily restricted net assets	\$ 37,000	\$ -	\$ (30,000)	\$ 7,000

4. GOVERNMENT AND OTHER GRANTS

In 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 fundraising event. The Catalog for Giving Foundation provided the Organization with a \$58,005 unrestricted grant during the year ended June 30, 2014. 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 also received a \$45,000 donation from the Pinkerton Foundation during the year ended June 30, 2014. The grant was used to support the Cycling Smarts and College Bike Tour programs and the Organization's general operating budget for the year ended June 30, 2014.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

4. GOVERNMENT AND OTHER GRANTS (CONTINUED)

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 X-Fit Challenge. During the last two months of the year ended June 30, 2014, 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 a result of its receipt and payment being in the same period, the \$5,878 has been reflected as unrestricted support.

5. SUBSEQUENT EVENTS

In July 2014, the Organization received an unrestricted grant of \$7,550 from The Catalog for Giving Foundation. In September 2014, the Organization received the \$7,000 government grant from Manhattan Borough President's Office, which was awarded in June 2014.

In July 2014, the Organization was awarded a one-time \$10,000 donation from Laureus Sport for Good Foundation USA for its general operating support from July 1, 2014 to June 30, 2015.

In August 2014, the Organization was informed that it will continue to be one of The Catalog's supported youth groups for an additional term of three years (measured from January 1, 2015). Accordingly, the Organization will continue to participate in the planning, preparation and promotion of The Catalog's Urban Heroes Awards Benefit fundraising program.

In December 2014, the Organization received a \$6,545 unrestricted donation from Climate Ride, reflecting proceeds from the organization's 2014 charity fund-raising bicycle rides.

The Organization's management has performed subsequent events procedures through January 29, 2015, 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 or disclosures in the financial statements as stated herein.

I CHALLENGE MYSELF, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	Program services	Support services		Total	
		Management and general	Fund-raising	2014	2013
Payroll and payroll taxes	\$ 58,568	\$ 3,003	\$ 6,005	\$ 67,576	\$ 31,787
Health insurance	-	2,970	-	2,970	-
Sports equipment/accessories	12,252	-	-	12,252	3,650
Coaches and consultants	30,117	-	-	30,117	33,251
Professional fees	-	3,255	-	3,255	4,328
Rent	23,962	4,493	1,497	29,952	29,952
Travel	1,875	-	1,855	3,730	398
Printing	313	-	163	476	18
Postage and delivery	-	-	208	208	108
Office supplies	-	327	-	327	253
Liability insurance	-	2,519	-	2,519	1,951
Telephone	-	1,225	-	1,225	1,225
Dues and subscriptions	-	424	-	424	200
Tour de Cure fees	-	-	-	-	5,010
College bike tour lodging	1,766	-	-	1,766	-
Americorps living allowance	3,938	-	-	3,938	-
Interest expense	-	461	-	461	-
Meals	2,805	57	215	3,077	-
Other	4,793	2,591	174	7,558	2,163
Total expenses before depreciation	140,389	21,325	10,117	171,831	114,294
Depreciation	7,196	-	-	7,196	4,797
TOTAL EXPENSES	\$ 147,585	\$ 21,325	\$ 10,117	\$ 179,027	\$ 119,091

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