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***I CHALLENGE MYSELF, INC.***

**Financial Statements for the  
Year Ended June 30, 2013  
and Independent Accountants' Review Report**

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# I CHALLENGE MYSELF, INC.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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• **MAIN OFFICE**  
133-10 39<sup>TH</sup> 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, 2013, 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, 2012 is presented for comparative purposes only and was extracted from the financial statements of the Organization for that year, which we reviewed as of February 7, 2013, 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.

*Weiwei & Co. LLP*  
January 9, 2014

# I CHALLENGE MYSELF, INC.

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Current assets:</b>		
Cash	\$ 31,948	\$ 1,473
Grants receivable	7,000	-
Prepaid expenses	375	-
Total current assets	39,323	1,473
<b>Property and equipment, at cost (Note 2):</b>		
Storage containers	5,950	5,950
Bikes	35,219	36,259
Less accumulated depreciation	41,169 (27,408)	42,209 (22,896)
Total property and equipment, net	13,761	19,313
<b>TOTAL ASSETS</b>	<b>\$ 53,084</b>	<b>\$ 20,786</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 5,077	\$ 4,813
Total current liabilities	5,077	4,813
<b>Net assets (Note 2)</b>		
Unrestricted	11,007	15,973
Temporarily restricted (Note 3)	37,000	-
Total net assets	48,007	15,973
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 53,084</b>	<b>\$ 20,786</b>

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

# I CHALLENGE MYSELF, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Unrestricted	Temporarily Restricted	Total	
			2013	2012
<b>SUPPORT AND REVENUE:</b>				
Contributions ( <i>Note 2</i> )	\$ 45,856	\$ -	\$ 45,856	\$ 47,413
Government and other grants ( <i>Note 4</i> )	66,585	37,000	103,585	27,500
Special events	110	-	110	3,732
Interest and other income	1,574	-	1,574	1,184
<b>TOTAL SUPPORT AND REVENUE</b>	<b>114,125</b>	<b>37,000</b>	<b>151,125</b>	<b>79,829</b>
<b>EXPENSES:</b>				
Program services	93,565	-	93,565	62,885
Support services:				
Management and general	14,986	-	14,986	19,919
Fund-raising	10,540	-	10,540	1,038
<b>TOTAL EXPENSES</b>	<b>119,091</b>	<b>-</b>	<b>119,091</b>	<b>83,842</b>
CHANGE IN NET ASSETS	(4,966)	37,000	32,034	(4,013)
NET ASSETS, BEGINNING OF YEAR	15,973	-	15,973	19,986
NET ASSETS, END OF YEAR	\$ 11,007	\$ 37,000	\$ 48,007	\$ 15,973

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, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 32,034	\$ (4,013)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,797	6,220
Gain on sale of property and equipment	-	(303)
Loss from theft	755	-
(Increase) in grants receivable	(7,000)	-
(Increase) in prepaid expenses	(375)	-
Increase (decrease) in accounts payable and accrued expenses	264	(4,153)
Net cash provided by (used in) operating activities	<b>30,475</b>	<b>(2,249)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property and equipment	-	1,650
Net cash provided by investing activities	-	1,650
NET CHANGE IN CASH	<b>30,475</b>	<b>(599)</b>
CASH AT THE BEGINNING OF YEAR	<b>1,473</b>	<b>2,072</b>
CASH AT THE END OF YEAR	<b>\$ 31,948</b>	<b>\$ 1,473</b>

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, 2013**

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### **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 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 in (1) weekly cross-training sessions (outdoor and indoor 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 train for a 2-hour Winter Fitness Challenge in January and spring semester students train for a Century Ride, a 1-day 100-mile bike ride in June.

When funding permits, the Organization also runs a College Summer Tour program, in which selected students learn about the college admission and financial aid processes and then travel to and tour by bicycle a number of upstate New York colleges.

### **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, temporarily restricted net assets, and permanently restricted net assets.

# I CHALLENGE MYSELF, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of presentation (continued)**

*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.

*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. As of June 30, 2013, the Organization had \$37,000 temporarily restricted net assets (see Note 3).

#### **Cash and cash equivalents**

The Company considers all demand and time deposits and all highly 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 contributions, which include unconditional promises 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted net assets in the statement of activities.

# I CHALLENGE MYSELF, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### 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. 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, 2013.

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 2010, 2011, and 2012 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.

#### **Grants receivable**

The Organization considers all grants receivable at June 30, 2013 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 expenses, relating to property and equipment, charged to operations for the year ended June 30, 2013 were \$4,797.

# I CHALLENGE MYSELF, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### 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 approximate fair value of \$30,000 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 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 FOR THE YEAR ENDED JUNE 30, 2013

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### 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.

As of June 30, 2013, 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, grants receivable, 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, 2013.

#### **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, 2012, from which the summarized information was derived.

# I CHALLENGE MYSELF, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 are comprised of \$17,000 set aside for Cycling Smarts program in fiscal year 2014 (\$7,000 of which is a non-cash receivable), and \$20,000 set aside for a future Summer College Bike Tour.

Changes in temporarily restricted net assets for the year ended June 30, 2013 are as follows:

	Beginning Balance	Additions	Releases	Ending Balance
Total temporarily restricted net assets	\$ -	\$ 37,000	\$ -	\$ 37,000

### 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 an approximately \$45,000 unrestricted grant during the year ended June 30, 2013, in addition to a \$5,000 unrestricted grant made during the year ended June 30, 2012. The Organization also received a \$15,000 unrestricted donation from the New York Cycle Club (NYCC) during the year ended June 30, 2013. 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 executive director or, when applicable, other staff.

During the year ended June 30, 2013, the Organization also received funds of \$5,000 from Manhattan Borough President for its 2013 Cycling Smarts program and funds of \$2,000 from Richard Massey Foundation for a photo exhibition hosted in September 2012. Restrictions of those two grants were met in the same reporting period; as a result, the total amounts of \$7,000 were reported as unrestricted support.

# **I CHALLENGE MYSELF, INC.**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

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### **4. GOVERNMENT AND OTHER GRANTS (CONTINUED)**

During the current fiscal year the Organization also received a grant of \$10,000 from the Laureus Sport for Good Foundation USA, to be used for its 2014 Cycling Smarts program, and a grant of \$20,000 from the DJ McManus Foundation, to be used for its College Summer Tour program. In addition, the Organization received a commitment from the Manhattan Borough President to provide a \$7,000 grant for its 2014 Cycling Smarts program. These three amounts are recorded as temporarily restricted net assets (see Note 3).

### **5. SUBSEQUENT EVENTS**

In July 2013, the Organization received an unrestricted grant of \$10,000 from The Catalog for Giving Foundation. In November 2013, the Organization participated in The Catalog for Giving Foundation's annual Urban Heroes Awards fundraising event and, to date, has received approximately \$36,500 from this event.

In October 2013, the Organization held its first annual Spirit Awards fundraising event. Net proceeds from this event were approximately \$8,500. In December 2013, the Organization received a \$10,000 unrestricted donation from the NYCC, reflecting proceeds from the NYCC's annual Escape New York bike ride. It also received unrestricted grants of approximately \$4,700 from Climate Ride and of \$45,000 from the Pinkerton Foundation.

The Organization's management has performed subsequent events procedures through January 9, 2014, 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, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Program services	Support services		Total	
		Management and general	Fund- raising	2013	2012
Payroll and payroll taxes	\$ 21,781	\$ 3,640	\$ 6,366	\$ 31,787	\$ 9,131
Health insurance	-	-	-	-	2,748
Sports equipment/accessories	3,650	-	-	3,650	2,397
Coaches and consultants	33,251	-	-	33,251	23,729
Professional fees	-	2,338	1,990	4,328	1,771
Rent	23,962	4,492	1,498	29,952	31,957
Travel	324	-	74	398	787
Printing	2	-	16	18	-
Postage and delivery	-	-	108	108	17
Office supplies	-	253	-	253	212
Liability insurance	-	1,951	-	1,951	1,287
Telephone	-	1,225	-	1,225	1,225
Dues and subscriptions	-	200	-	200	110
Ride fees/expenses	5,010	-	-	5,010	-
Other	788	887	488	2,163	2,251
Total expenses before depreciation	88,768	14,986	10,540	114,294	77,622
Depreciation	4,797	-	-	4,797	6,220
<b>TOTAL EXPENSES</b>	<b>\$ 93,565</b>	<b>\$ 14,986</b>	<b>\$ 10,540</b>	<b>\$ 119,091</b>	<b>\$ 83,842</b>

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