
I CHALLENGE MYSELF, INC.

**Financial Statements for the
Year Ended June 30, 2016
and Independent Accountants' Review Report**

I CHALLENGE MYSELF, INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
I Challenge Myself, Inc.

We have reviewed the accompanying financial statements of I Challenge Myself, Inc. (the "Organization") which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year 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 the 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement 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.

Accountants' Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

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.

Report on Summarized Comparative Information

The information for the year ended June 30, 2015 is presented for comparative purposes only and was extracted from the financial statements of the Organization for that year, which we reviewed as of December 8, 2015 and for which, as of such date, we were not aware of any material modifications that should be made in order for it to be in conformity with accounting principles generally accepted in the United States of America.

Wei Wei & Co. LLP
Flushing, New York
January 12, 2017

I CHALLENGE MYSELF, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

ASSETS	2016	2015
Current assets:		
Cash	\$ 37,304	\$ 88,753
Grants receivable	-	5,350
Contribution receivable	20,010	2,041
Prepaid expenses	2,092	-
Total current assets	59,406	96,144
Property and equipment, at cost (Note 2):		
Storage containers	7,504	7,504
Bikes	41,929	41,929
Computers	3,682	3,682
	53,115	53,115
Less: accumulated depreciation	(43,939)	(38,838)
Property and equipment, net	9,176	14,277
Other assets:		
Security deposits	-	4,350
TOTAL ASSETS	\$ 68,582	\$ 114,771
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,910	\$ 14,912
Net assets (Note 2)		
Unrestricted	42,598	66,322
Temporarily restricted (Note 3)	5,074	33,537
Total net assets	47,672	99,859
TOTAL LIABILITIES AND NET ASSETS	\$ 68,582	\$ 114,771

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, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
SUPPORT AND REVENUE:				
Contributions (<i>Note 2</i>)	\$ 34,408	\$ -	\$ 34,408	\$ 47,372
Government and other grants (<i>Note 4</i>)	323,016	5,074	328,090	377,915
Special events	-	-	-	16,270
Interest and other income	37	-	37	1,763
Net assets released from restrictions	33,537	(33,537)	-	-
TOTAL SUPPORT AND REVENUE	390,998	(28,463)	362,535	443,320
EXPENSES:				
Program services	293,406	-	293,406	313,135
Support services:				
Management and general	104,207	-	104,207	68,007
Fundraising	17,109	-	17,109	7,526
TOTAL EXPENSES	414,722	-	414,722	388,668
CHANGE IN NET ASSETS	(23,724)	(28,463)	(52,187)	54,652
NET ASSETS-BEGINNING OF YEAR	66,322	33,537	99,859	45,207
NET ASSETS-END OF YEAR	\$ 42,598	\$ 5,074	\$ 47,672	\$ 99,859

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, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (52,187)	\$ 54,652
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,101	4,234
Changes in operating assets and liabilities		
Decrease in grants receivable	5,350	1,650
(Increase) in contribution receivable	(17,969)	(2,041)
Decrease (increase) in security deposit	4,350	(4,350)
(Increase) decrease in prepaid expenses	(2,092)	750
Increase in accounts payable and accrued expenses	5,998	2,147
Net cash (used in) provided by operating activities	(51,449)	57,042
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(10,392)
NET CHANGE IN CASH	(51,449)	46,650
CASH - BEGINNING OF YEAR	88,753	42,103
CASH - END OF YEAR	\$ 37,304	\$ 88,753
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ -	\$ 226

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

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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 is offered as an elective class to high school students at the George Washington Educational Campus, East Side Community High School, 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 (for the first time in the organization’s history, the Century Ride was cancelled due to severe weather).

The College Bike Tour (the “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 2016 (July 11 to 24), 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. The College Support Network is being offered from September to February to continue the lessons learned and network developed among students during the 2016 College Bike Tour.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

1. NATURE OF ORGANIZATION (CONTINUED)

In 2015, the Organization developed and piloted a new program called 4-to-FIT at East Side Community High School that is largely funded by a grant from the United States Department of Education Carol M. White Physical Education Program. 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. During the year ended June 30, 2016, the Organization expanded the 4-to-FIT program to three additional schools, all located at the George Washington Educational Campus in Washington Heights.

Primarily as a result of the expansion of the 4-to-FIT program, the Organization served a total of 356 students during the fiscal year ended June 30, 2016, an increase of 105% over fiscal year 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statement presentation follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Section 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 does not have any permanently restricted assets. As of June 30, 2016, the Organization had \$5,074 of temporarily restricted net assets (*Note 3*).

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTIUED)

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.

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 2013, 2014 and 2015 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.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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
Bicycles	7 years
Computers	5 years
Telephones	5 years

Depreciation expense, for the year ended June 30, 2016 was \$5,101.

Functional allocation of expenses

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

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, 2016

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, prepaid expenses 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, 2016.

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, 2015, from which the information was derived.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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 of \$5,074 as of June 30, 2016 represent grants received during fiscal year 2016 for the 2017 College Bike Tour. The \$33,537 released from temporarily restricted net assets during the fiscal year ended June 30, 2016 was a grant receivable used for Cycling Smarts and the College Bike Tour programs during fiscal year 2016.

Changes in temporarily restricted net assets for the year ended June 30, 2016 are as follows:

	Beginning Balance	Additions	Released	Ending Balance
Total temporarily restricted net assets	\$ 33,537	\$ 5,074	\$ (33,537)	\$ 5,074

4. GOVERNMENT AND OTHER GRANTS

In fiscal year 2016, the Organization received \$328,090 in government and foundation grants, as follows:

Funding Source	Amount
US Department of Education	\$ 154,090
Catalog for Giving Foundation	49,000
The Pinkerton Foundation	45,000
William T Grant	25,000

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

4. GOVERNMENT AND OTHER GRANTS (CONTINUED)

<u>Funding Source</u>	<u>Amount</u>
Hispanic Federation's Communities of Color Nonprofit Stabilization Fund Allocation Committee	\$ 20,000
DJ McManus Foundation, Inc.	15,000
Laureus Sport for Good Foundation USA	15,000
Manhattan Borough President	5,000
<hr/>	
Total	\$ 328,090

The details for major grants are as follows:

The Organization was awarded a three year Carol M. White Physical Education Program (PEP) grant in the amount of \$533,186 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 program and the development and pilot of the 4-to-FIT program. The Organization is able to draw down the following amounts from the grant across the three budget periods:

<u>Budget Period</u>	<u>Amount</u>
May 1, 2014 to April 30, 2015 (Year 1)	\$ 219,622
May 1, 2015 to April 30, 2016 (Year 2)	156,782
May 1, 2016 to April 30, 2017 (Year 3)	156,782
<hr/>	
Total	\$ 533,186

During the year ended June 30, 2016, the Organization drew down the remaining \$154,090 of the Year 2 grant to cover program costs and expenses during the period. The Organization drew down an initial \$2,692 of the Year 2 grant to cover program costs and expenses during the year ended June 30, 2015 as reported in that fiscal year's financial statements.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

4. GOVERNMENT AND OTHER GRANTS (CONTINUED)

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 \$49,000 unrestricted grant during the year ended June 30, 2016. 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.

The Organization received a \$45,000 donation from the Pinkerton Foundation during the year ended June 30, 2016. 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, 2016.

5. LEASES

The Organization entered into an operating lease for its office space with WeWork on December 1, 2014 and will be moving and entering into another operating lease with Vita Sports Partners, Inc. on March 1, 2017 for a 7 year term. In its new office space, the Organization will be side-by-side with, and sharing common space with, other not-for-profit sports-based youth development programs. Future minimum rental commitments for the next five fiscal years are as follows:

Year Ending		
June 30, 2017	\$	36,268
June 30, 2018		31,287
June 30, 2019		31,403
June 30, 2020		31,636
June 30, 2021		31,636

Rent expense for the year ended June 30, 2016 was \$31,294.

I CHALLENGE MYSELF, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

6. SUBSEQUENT EVENTS

In May 18, 2016, the Organization received a notification from the New York City Department of Youth and Community Development of a COMPASS Explore contract in the amount of \$108,360 for the budget period from July 1, 2016 to June 30, 2019 (\$36,210 each fiscal year), in support of the Cycling Smarts programs at High School for Media and Communications and University Heights High School. These funds will become available beginning in fiscal year 2017.

The Organization received a notification, on December 16, 2016, of a \$45,000 challenge grant award from The Pinkerton Foundation in support of its after-school and summer programs. This grant type requires a one-to-one match, which makes the funds released only to the extent that the Organization has raised equivalent new funds in 2017.

The Organization's management has performed subsequent events procedures through January 12, 2017, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein, other than the note disclosed above.

I CHALLENGE MYSELF, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	Program services	Support services		Total	
		Management and general	Fundraising	2016	2015
Salaries and fringe benefits	\$ 134,071	\$ 51,788	\$ 12,773	\$ 198,632	\$ 155,971
Program expenses	78,328	-	-	78,328	93,096
Accounting fees	-	12,039	-	12,039	10,219
Professional fees	23,351	23,044	1,450	47,845	43,204
Rent	21,280	7,980	2,034	31,294	27,295
Travel	5,668	479	-	6,147	9,655
Printing	317	119	30	466	5,613
Postage and delivery	154	58	15	227	143
Office supplies	3,062	1,148	293	4,503	1,892
Liability insurance	742	875	-	1,617	3,812
Telephone	1,548	581	148	2,277	2,093
Dues and subscriptions	75	599	-	674	354
Bank service fees	-	111	276	387	574
College bike tour lodging	4,871	-	-	4,871	1,570
Americorps living allowance	7,449	-	-	7,449	18,509
Interest expense	-	-	-	-	226
Meals	6,242	539	90	6,871	7,900
Gifts	-	-	-	-	210
Office expenses	-	148	-	148	359
Technology	1,585	3,075	-	4,660	1,701
Professional Development	299	455	-	754	-
Other	-	432	-	432	38
Total expenses before depreciation	289,042	103,470	17,109	409,621	384,434
Depreciation	4,364	737	-	5,101	4,234
TOTAL EXPENSES	\$ 293,406	\$ 104,207	\$ 17,109	\$ 414,722	\$ 388,668

See independent accountants' review report.