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September 2, 2010

Board of Directors  
International Committee of Sports for the Deaf, Inc.  
Frederick, Maryland

In planning and performing our audit of the financial statements of International Committee of Sports for the Deaf, Inc. (Organization) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Organization's internal control to be significant deficiencies:

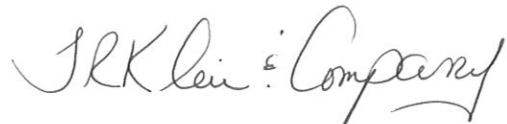
GENERAL

- Observation: There is no formal personnel manual.
- Recommendation: The Organization should document personnel policies in a manual to avoid any conflicts between staff and management and the Board.

EXPENSE ALLOCATION

- Observation: Time sheets are not maintained in order to properly allocate salary related expenses between program activities and supporting services.
- Recommendation: Either time sheets should be maintained or a time study performed on a regular basis in order to properly allocate salary related expenses.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

**INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

**WITH INDEPENDENT AUDITORS' REPORT THEREON**

**INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
International Committee of Sports for the Deaf, Inc.  
Frederick, Maryland

We have audited the accompanying statements of financial position of International Committee of Sports for the Deaf, Inc., as of December 31, 2009 and 2008, and the related statements of activities and change in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Committee of Sports for the Deaf, Inc., as of December 31, 2009 and 2008, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

September 2, 2010

Members

American Institute of Certified Public Accountants

Maryland Association of Certified Public Accountants

**INTERNATIONAL COMMITTEE OF SPORTS  
FOR THE DEAF, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2009 AND 2008**

	2009	2008
<b>ASSETS</b>		
Cash	\$ 305,526	\$ 41,010
Investments (cost of \$ 135,739 and \$ 177,560 as of December 31, 2009 and 2008, respectively)	147,360	121,416
Accounts receivable	27,864	23,374
Deposits and prepaid expenses	4,229	1,652
Property and equipment - net	6,094	4,783
Total assets	491,073	192,235
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	17,195	12,935
Deferred revenue	35,000	-
Total liabilities	52,195	12,935
Net assets:		
Unrestricted:		
Available for general activities	406,108	174,930
Board designated	4,370	4,370
	410,478	179,300
Temporarily restricted	28,400	-
Total net assets	438,878	179,300
Total liabilities and net assets	\$ 491,073	\$ 192,235

The accompanying notes are an integral part of these financial statements.

**INTERNATIONAL COMMITTEE OF SPORTS  
FOR THE DEAF, INC.**

**STATEMENTS OF ACTIVITIES AND  
CHANGE IN NET ASSETS**

	YEAR ENDED DECEMBER 31, 2009			YEAR ENDED DECEMBER 31, 2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	Revenues, gains, and other support:					
Contributions	\$ 305,250	\$ 28,400	\$ 333,650	\$ 133,520	\$ -	\$ 133,520
Membership dues	37,200	-	37,200	37,200	-	37,200
Program fees	221,363	-	221,363	100,665	-	100,665
Interest	2,436	-	2,436	8,058	-	8,058
Realized and unrealized gain (loss) on investments	24,270	-	24,270	(74,828)	-	(74,828)
Miscellaneous	6,093	-	6,093	10,480	-	10,480
	<u>596,612</u>	<u>28,400</u>	<u>625,012</u>	<u>215,095</u>	<u>-</u>	<u>215,095</u>
Total revenues, gains, and other support						
Expenses:						
Payroll and payroll related	179,112	-	179,112	150,864	-	150,864
Professional fees	36,679	-	36,679	49,039	-	49,039
Travel	85,976	-	85,976	106,596	-	106,596
Occupancy	31,391	-	31,391	20,203	-	20,203
Memberships	2,823	-	2,823	3,418	-	3,418
Printing and postage	1,529	-	1,529	3,009	-	3,009
Telephone	3,523	-	3,523	3,457	-	3,457
Supplies	10,849	-	10,849	4,907	-	4,907
Miscellaneous	11,931	-	11,931	8,288	-	8,288
Depreciation	1,621	-	1,621	1,854	-	1,854
	<u>365,434</u>	<u>-</u>	<u>365,434</u>	<u>351,635</u>	<u>-</u>	<u>351,635</u>
Total expenses						
Change in net assets	231,178	28,400	259,578	(136,540)	-	(136,540)
Net assets - beginning of year	<u>179,300</u>	<u>-</u>	<u>179,300</u>	<u>315,840</u>	<u>-</u>	<u>315,840</u>
Net assets - end of year	<u>\$ 410,478</u>	<u>\$ 28,400</u>	<u>\$ 438,878</u>	<u>\$ 179,300</u>	<u>\$ -</u>	<u>\$ 179,300</u>

The accompanying notes are an integral part of these financial statements.

**INTERNATIONAL COMMITTEE OF SPORTS  
FOR THE DEAF, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 259,578	\$ (136,540)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,621	1,854
Realized and unrealized (gain) loss on investments	(24,270)	74,828
(Increase) decrease in:		
Accounts receivable	(4,490)	(1,886)
Deposits and prepaid expenses	(2,577)	(8)
Increase (decrease) in:		
Accounts payable and accrued expenses	4,260	10,040
Deferred revenue	35,000	-
	<u>269,122</u>	<u>(51,712)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Cash paid for equipment	(2,933)	-
Purchase of investments and reinvested dividends	(216,386)	(7,294)
Cash received from sale of investments	214,713	51,526
	<u>(4,606)</u>	<u>44,232</u>
Net cash (used in) provided by investing activities		
Net increase (decrease) in cash	264,516	(7,480)
Cash - beginning of year	<u>41,010</u>	<u>48,490</u>
Cash - end of year	<u>\$ 305,526</u>	<u>\$ 41,010</u>

The accompanying notes are an integral part of these financial statements.



# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1 - Summary of Significant Accounting Policies

#### Nature of Organization

International Committee of Sports for the Deaf, Inc. (Organization) is a nonprofit organization that was founded to help society to cherish the value of the spirit of Deaflympics where Deaf athletes strive to reach the pinnacle of competition by embracing the motto of PER LUDOS AEQUALITAS (Equality through sports) and adhering to the ideals of Olympics. Summer and Winter Deaflympics are each held every four years, alternating events biannually.

The objects of the Mission Statement are:

- To supervise the organization of successful Summer and Winter Deaflympics.
- To promote and contribute to the development of sports opportunities and competitions, from grassroots to elite level, for Deaf athletes.
- To support and encourage educational, cultural, research and scientific activities that contribute to the development and promotion of the Deaflympics.
- To fully enforce a drug-free sport environment for all Deaf athletes in conjunction with the World Anti-Doping Agency (WADA).
- To promote sports for Deaf athletes without discrimination for political, religious, economic, disability, gender or race reasons.

In sum, the mission is to create:

- More and better athletes with higher standards for excellence
- A significant level of international recognition
- An increased and sound budget
- An efficient and effective organization

#### Contributions and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and change in net assets as net assets released from restrictions. Governmental grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 1 - Summary of Significant Accounting Policies (continued)

#### Membership Dues

Membership dues are recognized as revenue during the applicable membership period.

#### Donated Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

#### Investments

Investments consist of mutual funds with readily determinable fair values and are carried at fair value based on quoted prices in active markets (Level 1). Realized and unrealized gains or losses on investments are recorded in the period in which the gains or losses occur.

#### Accounts Receivable

Receivables are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are believed to be uncollectible by the time the financial statements are issued. Accounting principles generally accepted in the United States of America (GAAP) requires the allowance method for accounting for bad debts, but the differences between the two methods are immaterial.

#### Property and Equipment

The Organization capitalizes substantial expenditures for property and equipment having a useful life of three (3) or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of three (3) - seven (7) years using the straight-line method. The Organization uses the direct expensing method to account for planned major maintenance activities.

#### Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

(Continued)

# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 2 - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

### 3 - Net Assets

The Board of Directors has designated net assets for the following purpose at December 31,:

	<u>2009</u>	<u>2008</u>
Lovett Leadership and Training	<u>\$ 4,370</u>	<u>\$ 4,370</u>

### 4 - Commitments

The Organization leases its office facilities on a month to month basis under the terms of an operating lease. Currently, the Organization's monthly payment is \$ 1,550. Rent expense for the years ended December 31, 2009 and 2008 was \$ 28,442 and \$ 17,300, respectively.

The Organization is also committed to holding the 2011 Winter Deaflympics in Slovakia.

### 5 - Concentrations

The Organization received approximately 17% and 38% of its income from the International Olympic Committee for the years ended December 31, 2009 and 2008, respectively.

### 6 - Functional Expenses

Expenses were allocated as follows for the years ended December 31,:

Program service	274,075	271,417
Management, general and fund raising	<u>91,359</u>	<u>80,218</u>
	<u>365,434</u>	<u>351,635</u>

### 7 - Property and Equipment

Property and equipment consisted of the following as of December 31,:

Furniture	8,294	13,986
Computer equipment	<u>8,003</u>	<u>5,071</u>
	16,297	19,057
Less accumulated depreciation	<u>10,203</u>	<u>14,274</u>
	<u>\$ 6,094</u>	<u>\$ 4,783</u>

(Continued)

# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following for the years ended December 31,:

	<u>2009</u>	<u>2008</u>
AISTS Intern Salary	<u>\$ 28,400</u>	<u>\$ -</u>

### 9 - Use of Estimates in Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 10 - Subsequent Events

GAAP requires organizations to evaluate events and transactions that occur after the statement of financial position date but before the date the financial statements are available to be issued. GAAP requires entities to recognize in the financial statements the effect of all events or transactions that provide additional evidence of conditions that existed at the statement of financial position date, including the estimates inherent in the financial preparation process. Subsequent events that provide evidence about conditions that arose after the statement of financial position date should be disclosed if the financial statements would otherwise be misleading. The Organization has evaluated subsequent events through the date the financial statements were available to be issued on September 2, 2010 and determined there are no material transactions to disclose.

### 11 - Contingency

The Internal Revenue Service has not examined (audited) any income tax returns of the Organization thus the previous three (3) years are subject to examination. The Organization has not taken any questionable tax positions with respect to unrelated business income tax or anything that would jeopardize its 501(c)(3) status.

### 12 - Reclassification

Certain reclassifications have been made to the 2008 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 13 - Concentration of Credit Risk

The Organization maintains a bank account in one financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. At December 31, 2009, the Organization had cash balances in the bank that were over the FDIC limit.