

INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

WITH INDEPENDENT AUDITORS' REPORT THEREON

INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

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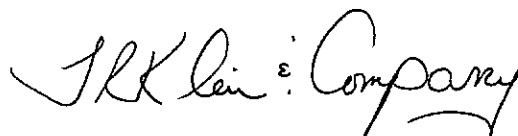
INDEPENDENT AUDITORS' REPORT

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, 2008 and 2007, 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, 2008 and 2007, 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.

A handwritten signature in cursive script that reads "T.R. Klein & Company".

August 5, 2009

INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 41,010	\$ 48,490
Investments (cost of \$ 177,560 and \$ 172,331 as of December 31, 2008 and 2007, respectively)	121,416	240,477
Accounts receivable	23,374	21,488
Deposits and prepaid expenses	1,652	1,644
Property and equipment - net	<u>4,783</u>	<u>6,637</u>
Total assets	<u>192,235</u>	<u>318,736</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>12,935</u>	<u>2,896</u>
Total liabilities	<u>12,935</u>	<u>2,896</u>
Net assets:		
Unrestricted:		
Available for general activities	174,930	297,765
Board designated	<u>4,370</u>	<u>4,370</u>
	179,300	302,135
Temporarily restricted	<u>--</u>	<u>13,705</u>
Total net assets	<u>179,300</u>	<u>315,840</u>
Total liabilities and net assets	<u>\$ 192,235</u>	<u>\$ 318,736</u>

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, 2008			YEAR ENDED DECEMBER 31, 2007		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenues, gains and other support:						
Contributions	\$ 133,520	\$ --	\$ 133,520	\$ 158,585	\$ 13,705	\$ 172,290
Membership dues	37,200	--	37,200	37,100	--	37,100
Program fees	100,665	--	100,665	25,285	--	25,285
Interest	8,058	--	8,058	22,800	--	22,800
Unrealized loss	(74,828)	--	(74,828)	(156)	--	(156)
Miscellaneous	10,480	--	10,480	3,084	--	3,084
	<u>215,095</u>	<u>--</u>	<u>215,095</u>	<u>246,698</u>	<u>13,705</u>	<u>260,403</u>
Net assets released from restriction - Deaf Sport Reform	<u>13,705</u>	<u>(13,705)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total revenues, gains and other support	<u>228,800</u>	<u>(13,705)</u>	<u>215,095</u>	<u>246,698</u>	<u>13,705</u>	<u>260,403</u>
Expenses:						
Payroll and payroll related	150,864	--	150,864	125,464	--	125,464
Professional fees	49,039	--	49,039	35,183	--	35,183
Occupancy	20,203	--	20,203	20,250	--	20,250
Conference	--	--	--	10,000	--	10,000
Memberships	3,418	--	3,418	2,669	--	2,669
Training	392	--	392	8,766	--	8,766
Printing and postage	3,009	--	3,009	4,215	--	4,215
Telephone	3,457	--	3,457	2,738	--	2,738
Supplies	4,907	--	4,907	10,840	--	10,840
Travel	106,596	--	106,596	41,109	--	41,109
Miscellaneous	7,896	--	7,896	5,343	--	5,343
Depreciation	1,854	--	1,854	1,770	--	1,770
Total expenses	<u>351,635</u>	<u>--</u>	<u>351,635</u>	<u>268,347</u>	<u>--</u>	<u>268,347</u>
Change in net assets	(122,835)	(13,705)	(136,540)	(21,649)	13,705	(7,944)
Net assets - beginning of year	<u>302,135</u>	<u>13,705</u>	<u>315,840</u>	<u>323,784</u>	<u>--</u>	<u>323,784</u>
Net assets - end of year	<u>\$ 179,300</u>	<u>\$ --</u>	<u>\$ 179,300</u>	<u>\$ 302,135</u>	<u>\$ 13,705</u>	<u>\$ 315,840</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, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (136,540)	\$ (7,944)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,854	1,770
Unrealized loss	74,828	156
Increase in accounts receivable	(1,886)	(14,273)
(Increase) decrease in deposits and prepaid expenses	(8)	26
Increase in accounts payable and accrued expenses	<u>10,040</u>	<u>780</u>
Net cash used in operating activities	<u>(51,712)</u>	<u>(19,485)</u>
Cash flows from investing activities:		
Reinvested dividends	(7,294)	(14,577)
Cash paid for equipment	--	(5,071)
Cash from the sale of investments	<u>51,526</u>	<u>--</u>
Net cash provided by (used in) investing activities	<u>44,232</u>	<u>(19,648)</u>
Net decrease in cash	(7,480)	(39,133)
Cash - beginning of year	<u>48,490</u>	<u>87,623</u>
Cash - end of year	<u>\$ 41,010</u>	<u>\$ 48,490</u>

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) 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 market value based on quoted prices in active markets. 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 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.

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>2008</u>	<u>2007</u>
Lovett Leadership and Training	\$ 4,370	\$ 4,370

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 \$ 1,425. Rent expense for the years ended December 31, 2008 and 2007 was \$ 17,300 and \$ 17,850, respectively.

5 - Concentrations

The Organization received approximately 38% and 42% of its income from the International Olympic Committee for the years ended December 31, 2008 and 2007, respectively.

6 - Functional Expenses

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

Program service	271,417	192,225
Management, general and fund raising	<u>80,218</u>	<u>76,122</u>
	<u>351,635</u>	<u>268,347</u>

7 - Property and Equipment

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

Furniture	13,986	13,986
Computer equipment	<u>5,071</u>	<u>5,071</u>
	19,057	19,057
Less accumulated depreciation	<u>14,274</u>	<u>12,420</u>
	<u>\$ 4,783</u>	<u>\$ 6,637</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>2008</u>	<u>2007</u>
Deaf Sport Reform	\$ <u> --</u>	<u>\$ 13,705</u>

9 - Use of Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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August 5, 2009

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, 2008, 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

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.

Members

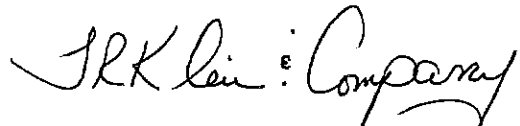
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Maryland Association of Certified Public Accountants

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.

A handwritten signature in cursive script that reads "J. Klein & Company". The signature is written in black ink and is positioned above the printed name of the firm.

CERTIFIED PUBLIC ACCOUNTANTS