

INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

WITH INDEPENDENT AUDITORS' REPORT THEREON

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

## **FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2007 AND 2006**

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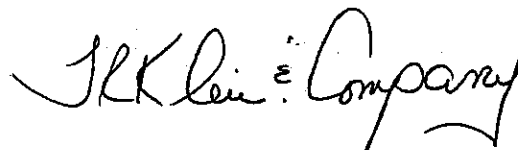
**INDEPENDENT AUDITORS' REPORT**

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, 2007 and 2006, 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, 2007 and 2006, 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".

May 15, 2008

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, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash	\$ 48,490	\$ 87,623
Investments	240,477	226,056
Accounts receivable	21,488	7,215
Deposits and prepaid expenses	1,644	1,670
Property and equipment - net	<u>6,637</u>	<u>3,336</u>
Total assets	<u>318,736</u>	<u>325,900</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	<u>2,896</u>	<u>2,116</u>
Total liabilities	<u>2,896</u>	<u>2,116</u>
Net assets:		
Unrestricted:		
Available for general activities	297,765	319,414
Board designated	<u>4,370</u>	<u>4,370</u>
	302,135	323,784
Temporarily restricted	<u>13,705</u>	<u>--</u>
Total net assets	<u>315,840</u>	<u>323,784</u>
Total liabilities and net assets	<u>\$ 318,736</u>	<u>\$ 325,900</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, 2007			YEAR ENDED DECEMBER 31, 2006		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenues, gains and other support:						
Contributions	\$ 158,585	\$ 13,705	\$ 172,290	\$ 134,191	\$ --	\$ 134,191
Membership dues	37,100	--	37,100	36,042	--	36,042
Interest	22,800	--	22,800	16,288	--	16,288
Unrealized gains (loss)	(156)	--	(156)	13,325	--	13,325
Miscellaneous	3,084	--	3,084	20,487	--	20,487
Program fees	25,285	--	25,285	--	--	--
Total revenues, gains and other support	246,698	13,705	260,403	220,333	--	220,333
Expenses:						
Contractual services and benefits	125,464	--	125,464	138,160	--	138,160
Professional fees	35,183	--	35,183	19,105	--	19,105
Occupancy	20,250	--	20,250	16,920	--	16,920
Conference	10,000	--	10,000	--	--	--
Memberships	2,669	--	2,669	2,783	--	2,783
Training	8,766	--	8,766	5,000	--	5,000
Printing and postage	4,215	--	4,215	7,938	--	7,938
Telephone	2,738	--	2,738	2,687	--	2,687
Supplies	10,840	--	10,840	3,980	--	3,980
Travel	41,109	--	41,109	40,048	--	40,048
Miscellaneous	5,343	--	5,343	5,706	--	5,706
Depreciation	1,770	--	1,770	7,642	--	7,642
Total expenses	268,347	--	268,347	249,969	--	249,969
Change in net assets	(21,649)	13,705	(7,944)	(29,636)	--	(29,636)
Net assets - beginning of year, as previously reported	323,784	--	323,784	425,198	--	425,198
Prior period adjustment	--	--	--	(71,778)	--	(71,778)
Net assets - beginning of year, as restated	323,784	--	323,784	353,420	--	353,420
Net assets - end of year	\$ 302,135	\$ 13,705	\$ 315,840	\$ 323,784	\$ --	\$ 323,784

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, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ (7,944)	\$ (29,636)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,770	7,642
Unrealized loss (gain)	156	(13,325)
Increase in accounts receivable	(14,273)	(5,661)
Decrease in deposits and prepaid expenses	26	23
Increase (decrease) in accounts payable and accrued expenses	780	(31,312)
Decrease in deferred dues	<u>--</u>	<u>(3,109)</u>
Net cash used in operating activities	<u>(19,485)</u>	<u>(75,378)</u>
Cash flows used in investing activities:		
Reinvested dividends	(14,577)	(7,746)
Cash paid for equipment	<u>(5,071)</u>	<u>--</u>
Net cash used in investing activities	<u>(19,648)</u>	<u>(7,746)</u>
Net decrease in cash	(39,133)	(83,124)
Cash - beginning of year	<u>87,623</u>	<u>170,747</u>
Cash - end of year	<u>\$ 48,490</u>	<u>\$ 87,623</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) 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 grass-roots 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 and are carried at market value. 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.

#### 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.

#### Statement of Cash Flows

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>2007</u>	<u>2006</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 \$ 1,425. Rent expense for the years ended December 31, 2007 and 2006 was \$ 17,850 and \$ 14,834, respectively.

### 5 - Concentrations

The Organization received approximately 42% and 50% of its income from the International Olympic Committee for the years ended December 31, 2007 and 2006, respectively.

### 6 - Functional Expenses

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

Program service	192,225	178,381
Management, general and fund raising	76,122	71,588
	<u>\$ 268,347</u>	<u>\$ 249,969</u>

### 7 - Prior Period Adjustment

The Organization had accumulated a significant amount of accounts receivable in prior years. Upon investigation, these receivables were determined to be uncollectible. The effect on beginning net assets is a decrease of \$ 71,778 for the year ended December 31, 2005.

# 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>2007</u>	<u>2006</u>
Deaf Sport Reform	<u>\$ 13,705</u>	<u>\$ --</u>

### 9 - Reclassification

Certain amounts pertaining to fiscal year 2006 have been reclassified to conform to current year presentation.

### 10 - 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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May 15, 2008

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, 2007, 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 policies and procedures manual.

Recommendation: The Organization should document financial policies and procedures to provide guidelines for all staff and provide for smooth transition should there be staff turnover.

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**

GENERAL (continued)

Observation: The Organization does not carry Director's and Officer's insurance.


Recommendation: Directors and officers insurance provides protection for Board members against personal liability. The Organization should contact its insurance carrier to obtain coverage.

PROPERTY AND EQUIPMENT

Observation: There is no formal capitalization policy for purchases of property and equipment, and so minor purchases are capitalized.

Recommendation: The Organization should set a dollar limit for capitalization on purchases of property and equipment.

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