



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

**FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**



**DRAPER & MCGINLEY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS • FINANCIAL CONSULTANTS  
FREDERICK, MARYLAND

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

**FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

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### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of financial position of International Committee of Sports for the Deaf, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities and changes in net assets, and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Draper & McGinley, P.A.*

Frederick, Maryland  
February 11, 2013

**INTERNATIONAL COMMITTEE OF SPORTS  
FOR THE DEAF, INC.  
STATEMENT OF FINANCIAL POSITION**

December 31,	2011
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 17,765
Investments	109,116
Contribution receivable	-
Accounts receivable	39,944
Deposits and prepaid expenses	2,891
Total Current Assets	169,716
Property and equipment, net	2,061
<b>Total Assets</b>	<b>\$ 171,777</b>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 24,680
Deferred revenue	3,863
Total Current Liabilities	28,543
<b>Net Assets</b>	
Unrestricted:	
Undesignated	138,864
Board designated	4,370
Total Unrestricted	143,234
<b>Total Liabilities and Net Assets</b>	<b>\$ 171,777</b>

The accompanying notes are an integral part of this statement.

**INTERNATIONAL COMMITTEE OF SPORTS  
FOR THE DEAF, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the year ended December 31,	2011
<b>Changes in unrestricted revenue and other support</b>	
Contributions	\$ 179,184
Membership dues	37,050
Program fees	91,570
Interest	9,973
Realized and unrealized loss on investments	(17,864)
Loss on disposal of assets	(2,232)
Miscellaneous	<u>4,424</u>
Total unrestricted revenues and other support	302,105
Net assets released from restrictions	<u>-</u>
Total unrestricted revenues, other support, and reclassifications	<u>302,105</u>
 Expenses	
Program	388,813
Management and general	<u>119,950</u>
Total expenses	<u>508,763</u>
<b>Increase (decrease) in unrestricted net assets</b>	<u>(206,658)</u>
<b>Changes in temporarily restricted net assets</b>	
Temporarily restricted revenues and other support	
Contributions	-
Restrictions satisfied by payments	<u>-</u>
<b>Decrease in temporarily restricted net assets</b>	<u>-</u>
<b>Decrease in net assets</b>	(206,658)
Net assets, beginning of year	<u>349,892</u>
<b>Net assets, end of year</b>	<u><u>\$ 143,234</u></u>

The accompanying notes are an integral part of this statement.

**INTERNATIONAL COMMITTEE OF SPORTS  
FOR THE DEAF, INC.  
STATEMENT OF CASH FLOWS**

<b>For the year ended December 31,</b>	<b>2011</b>
<b>Decrease in cash and cash equivalents</b>	
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (206,658)
Adjustments to reconcile the change in net assets to net cash used in operating activities:	
Depreciation expense	2,111
Loss on disposal of assets	2,231
Realized and unrealized loss on investments	17,864
Change in operating assets and liabilities:	
Contribution receivable	43,000
Accounts receivable	3,048
Deposits and prepaid expenses	1,388
Accounts payable and accrued expenses	4,549
Deferred revenue	<u>(31,137)</u>
<b>Net cash used in operating activities</b>	<b>(163,604)</b>
<b>Cash flows from investing activities:</b>	
Purchase of investments and reinvested dividends	(79,191)
Proceeds from sale of investments	119,888
Purchase of property and equipment	<u>(2,248)</u>
<b>Net cash provided by investing activities</b>	<b><u>38,449</u></b>
<b>Decrease in cash and cash equivalents</b>	<b>(125,155)</b>
Cash and cash equivalents, beginning of year	<u>142,920</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 17,765</u></b>

The accompanying notes are an integral part of this statement.

# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS

### (1) NATURE OF ACTIVITIES

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 achieve the pinnacle of competition by embracing the motto PER LUDOS AEQUALITAS (Equality through sports) and adhering to the ideals of Olympics. Summer and Winter Deaflympics are held every four years, alternating events biannually.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of accounting**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenues are recognized when they are earned and expenditures are recognized when they are incurred, without regard to receipt or payment of cash. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### **Financial statement presentation**

The financial statement presentation follows Accounting Standards Codification (“ASC”) 958-210. Under ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- **Unrestricted net assets** – represent resources that are currently available for support of the Organization’s operations.
- **Temporarily restricted net assets** – represent resources that may be utilized only in accordance with the restricted purposes established by the donor. The Organization considers all contributions that are designated to a particular program to be transferred to unrestricted net assets when the terms of the donor’s restrictions have been met and reported in the statement of activities as net assets released from restriction. There were no temporarily restricted net assets for the year ended December 31, 2011.
- **Permanently restricted net assets** – represent resources for which the principal is to be maintained intact and the income may only be spent in accordance with the intent of the donor. There were no permanently restricted net assets for the year ended December 31, 2011.

#### **Revenue recognition**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as temporarily or permanently restricted based upon the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to

# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS

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

unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions

#### **Membership dues**

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

#### **Use of estimates**

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 and disclosures. Accordingly, actual results could differ from those estimates.

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

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less from the date of acquisition to be cash and cash equivalents.

#### **Investments**

Investments with readily determinable fair market values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. There were unrealized losses of \$34,484 for the year ended December 31, 2011.

#### **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 difference between the two methods is immaterial.

#### **Property and equipment**

Property and equipment are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (3 to 7 years). The Organization capitalizes substantial expenditures for property and equipment having a useful life of three (3) or more years. Purchases with a useful life of less than three years are expensed in the year of acquisition.



# INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not considered a private foundation. Accordingly, these financial statements do not include any provision for income taxes.

The Organization adopted ASC 740-10 and Accounting Standards Update (ASU) 2009-06. As part of that adoption, the Organization considered the possibility of uncertain tax positions and their impact on the financial position of the Organization. The most significant tax position of the Organization is its tax-exempt status. As of December 31, 2011, management did not identify any uncertain tax positions.

The Organization accrues interest and penalties (if applicable) in income taxes payable on the Statement of Financial Position and records any expense in the provision for income taxes in the Statement of Activities and Changes in Net Assets. The Organization had no interest, penalties or income taxes for the year ended December 31, 2011. Pursuant to Internal Revenue Service rules for the statute of limitations, the Organization believes it is no longer subject to U.S. Federal, state, and local income tax examinations by taxing authorities for years before 2007.

### (3) CONCENTRATIONS

#### Credit risk

The Organization has deposits in financial institutions that may at times exceed amounts insured by the Federal Deposit Insurance Corporation of \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### Sources of revenue

The Organization received approximately 36% of its income from the International Olympic Committee for the year ended December 31, 2011.

### (4) INVESTMENTS

Investments consist of the following as of December 31,

	2011	
	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	<u>\$ 143,600</u>	<u>\$ 109,116</u>

**INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.  
NOTES TO FINANCIAL STATEMENTS**

**(5) PROPERTY AND EQUIPMENT**

The components of property and equipment as of December 31 are as follows:

	<u>2011</u>
Computer equipment	\$ 2,248
Less: accumulated depreciation	<u>(187)</u>
Total property and equipment, net	<u>\$ 2,061</u>

Depreciation expense for the year ended December 31, 2011 was \$2,111.

**(6) COMMITMENTS**

The Organization leased its office facilities on a month to month basis under the terms of an operating lease until the lease ended in November 2011. Monthly payments totaled \$1,550. Rent expense for the year ended December 31, 2011 was \$18,796.

**(7) NET ASSETS**

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

	<u>2011</u>
Lovett Leadership and Training	<u>\$ 4,370</u>

**(8) FAIR VALUES**

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The input levels used for valuing the assets and liabilities are not necessarily an indication of risk.

**INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(8) FAIR VALUES (CONTINUED)**

The three levels of the fair value hierarchy under ASC 820-10 are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>December 31, 2011</u>
Mutual funds	\$ 109,116	\$ -	\$ -	\$ 109,116

**(9) RELATED PARTY TRANSACTION**

The Organization had the following transaction with a member of the Board of Directors for the year ended December 31:

	<u>2011</u>
Professional Services	\$ <u>2,250</u>

**INTERNATIONAL COMMITTEE OF SPORTS FOR THE DEAF, INC.  
NOTES TO FINANCIAL STATEMENTS**

**(10) SUBSEQUENT EVENTS**

Subsequent events are defined as events or transactions that occur after the balance sheet date through the date that the financial statements are available to be issued. The Organization performed an evaluation as of February 11, 2013, the date the financial statements were available to be issued, and determined that there are no subsequent events requiring disclosure.

**INTERNATIONAL COMMITTEE OF SPORTS  
FOR THE DEAF, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Services	Management & General	Total 2011
Expenses			
Payroll and related taxes	\$ 67,402	\$ 14,795	\$ 82,197
Professional fees	149,211	76,696	225,907
Employee training	376	83	459
Insurance - directors	247	54	301
Memberships	2,991	657	3,648
Printing and postage	864	190	1,054
Occupancy	18,087	3,970	22,057
Telephone	3,914	859	4,773
Supplies	8,085	1,775	9,860
Rental	1,453	319	1,772
Bank fees	3,799	834	4,633
Travel	87,716	19,255	106,971
Bad debt	42,556	-	42,556
Interest	380	84	464
Miscellaneous	-	-	-
Depreciation	1,731	380	2,111
Total Expenses	<u>\$ 388,813</u>	<u>\$ 119,950</u>	<u>\$ 508,763</u>

The accompanying notes are an integral part of this schedule.