

*Financial Statements*  
*Year Ended*  
*June 30, 2008*

*ICON Community Services, Inc.*



Certified Public Accountants  
Specialized Services  
Business Solutions

***ICON Community Services, Inc.***

***Contents***

|  | <b>Page</b> |
|--|-------------|
| <b><i>Report of Independent Auditors</i></b> | <b>1</b>    |
| <b><i>Financial Statements</i></b>           |             |
| <i>Statement of Financial Position</i>       | 2           |
| <i>Statement of Activities</i>               | 3           |
| <i>Schedule of Functional Expenses</i>       | 4           |
| <i>Statement of Cash Flows</i>               | 5           |
| <i>Notes to Financial Statements</i>         | 6 - 10      |



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## *Report of Independent Auditors*

Board of Directors  
*ICON Community Services, Inc.*

We have audited the accompanying statement of financial position of *ICON Community Services, Inc.* as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of *ICON Community Services, Inc.* Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from *ICON Community Services, Inc.*'s 2007 financial statements and, in our report dated September 24, 2007, we expressed an unqualified opinion on those statements.

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 *ICON Community Services, Inc.* as of June 30, 2008, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Goodman & Company, LLP*

McLean, Virginia  
October 9, 2008

*ICON Community Services, Inc.*

*Statement of Financial Position*

**June 30, 2008, with Comparative Totals for 2007**

|  | <u>2008</u>       | <u>2007</u>       |
|--|-------------------|-------------------|
| <b>Assets</b>                                    |                   |                   |
| <b>Current assets</b>                            |                   |                   |
| Cash and cash equivalents                        | \$ 274,354        | \$ 331,794        |
| Certificate of deposit                           | 9,354             | 8,913             |
| Accounts receivable                              | 98,221            | 121,475           |
| Prepaid expenses                                 | 5,753             | 7,679             |
| <b>Total current assets</b>                      | <u>387,682</u>    | <u>469,861</u>    |
| <b>Property and equipment</b>                    |                   |                   |
| Furniture and equipment                          | 120,966           | 119,220           |
| Leasehold improvements                           | 25,862            | 25,862            |
|  | <u>146,828</u>    | <u>145,082</u>    |
| Less - accumulated depreciation and amortization | <u>(128,018)</u>  | <u>(118,890)</u>  |
| <b>Total property and equipment - net</b>        | <u>18,810</u>     | <u>26,192</u>     |
| <b>Other assets</b>                              |                   |                   |
| Security deposit                                 | 3,360             | 3,360             |
|  | <u>\$ 409,852</u> | <u>\$ 499,413</u> |
| <b>Liabilities and Net Assets</b>                |                   |                   |
| <b>Current liabilities</b>                       |                   |                   |
| Accounts payable and accrued expenses            | \$ 22,218         | \$ 27,144         |
| Accrued payroll and payroll taxes                | 21,168            | 18,399            |
| Accrued vacation                                 | 12,330            | 14,528            |
| <b>Total current liabilities</b>                 | 55,716            | 60,071            |
| <b>Long-term liabilities</b>                     |                   |                   |
| Deferred rent and lease incentives               | 30,109            | 34,349            |
| <b>Total liabilities</b>                         | <u>85,825</u>     | <u>94,420</u>     |
| <b>Net assets</b>                                |                   |                   |
| Unrestricted                                     | 196,542           | 245,994           |
| Temporarily restricted                           | 127,485           | 158,999           |
| <b>Total net assets</b>                          | <u>324,027</u>    | <u>404,993</u>    |
|  | <u>\$ 409,852</u> | <u>\$ 499,413</u> |

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

*ICON Community Services, Inc.*

*Statement of Activities*

**Year Ended June 30, 2008, with Comparative Totals for 2007**

|  | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>2008</b>       | <b>2007</b>       |
|--|---------------------|-----------------------------------|-------------------|-------------------|
| <b>Revenue and support</b>                       |                     |                                   |                   |                   |
| Service fees                                     |                     |                                   |                   |                   |
| Community Services Boards                        | \$ 880,769          | \$ -                              | \$ 880,769        | \$ 898,396        |
| Department of Rehabilitative Services            | 96,053              | -                                 | 96,053            | 249,060           |
| Other service fees                               | 153,749             | -                                 | 153,749           | 146,977           |
| Technical assistance, seminars and consultations | 3,140               | -                                 | 3,140             | 2,750             |
| Contributions                                    | 5,002               | 2,503                             | 7,505             | 10,905            |
| Interest income                                  | 1,975               | -                                 | 1,975             | 2,976             |
| Net assets released from restrictions:           |                     |                                   |                   |                   |
| Satisfaction of restrictions                     | 34,017              | (34,017)                          | -                 | -                 |
| <b>Total revenue and support</b>                 | <b>1,174,705</b>    | <b>(31,514)</b>                   | <b>1,143,191</b>  | <b>1,311,064</b>  |
| <b>Expenses (see schedule)</b>                   |                     |                                   |                   |                   |
| Program services                                 |                     |                                   |                   |                   |
| Individual employment services                   | 550,942             | -                                 | 550,942           | 678,913           |
| Community living services                        | 443,539             | -                                 | 443,539           | 457,680           |
| Group employment services                        | 73,364              | -                                 | 73,364            | 75,844            |
| Technical assistance, seminars and consultations | 1,572               | -                                 | 1,572             | 1,448             |
| AccuTek extension project                        | 32,736              | -                                 | 32,736            | 41,884            |
| Management and general                           | 122,004             | -                                 | 122,004           | 133,646           |
| <b>Total expenses</b>                            | <b>1,224,157</b>    | <b>-</b>                          | <b>1,224,157</b>  | <b>1,389,415</b>  |
| <b>Change in net assets</b>                      | <b>(49,452)</b>     | <b>(31,514)</b>                   | <b>(80,966)</b>   | <b>(78,351)</b>   |
| <b>Net assets - beginning of year</b>            | <b>245,994</b>      | <b>158,999</b>                    | <b>404,993</b>    | <b>483,344</b>    |
| <b>Net assets - end of year</b>                  | <b>\$ 196,542</b>   | <b>\$ 127,485</b>                 | <b>\$ 324,027</b> | <b>\$ 404,993</b> |

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

**ICON Community Services, Inc.**  
**Schedule of Functional Expenses**

Year Ended June 30, 2008, with Comparative Totals for 2007

|                                    | Program Services               |                           |                           |  |                           |                        |                   | Management and General | 2008 Expenses       | 2007 Expenses |
|------------------------------------|--------------------------------|---------------------------|---------------------------|--|---------------------------|------------------------|-------------------|------------------------|---------------------|---------------|
|                                    | Individual Employment Services | Community Living Services | Group Employment Services | Technical Assistance, Seminars and Consultations | AccuTek Extension Project | Total Program Services |                   |                        |                     |               |
| Salaries and temporary labor       | \$ 376,834                     | \$ 297,198                | \$ 53,181                 | \$ 1,460   | \$ 25,296                 | \$ 753,969             | \$ 86,213         | \$ 840,182             | \$ 948,839          |               |
| Employee benefits                  | 59,253                         | 41,113                    | 7,947                     | -  | 1,130                     | 109,443                | 17,161            | 126,604                | 133,598             |               |
| Payroll taxes                      | 28,183                         | 23,529                    | 4,022                     | 112  | 1,968                     | 57,814                 | 6,597             | 64,411                 | 73,445              |               |
| Audit                              | -                              | -                         | -                         | -  | 213                       | 213                    | 8,787             | 9,000                  | 8,600               |               |
| Business property taxes            | 563                            | 472                       | 66                        | -  | -                         | 1,101                  | -                 | 1,101                  | 1,282               |               |
| CARF accreditation                 | 202                            | -                         | 50                        | -  | -                         | 252                    | -                 | 252                    | -                   |               |
| Conferences                        | 1,969                          | 735                       | 151                       | -  | 679                       | 3,534                  | -                 | 3,534                  | 7,049               |               |
| Community access                   | 165                            | 61                        | -                         | -  | -                         | 226                    | -                 | 226                    | 1,097               |               |
| CSB consumer expenses              | -                              | 5,049                     | -                         | -  | -                         | 5,049                  | -                 | 5,049                  | 7,024               |               |
| Consumer services                  | 1,121                          | 1,201                     | -                         | -  | -                         | 2,322                  | -                 | 2,322                  | 3,582               |               |
| Amortization                       | 1,321                          | 1,109                     | 155                       | -  | -                         | 2,585                  | -                 | 2,585                  | 2,586               |               |
| Depreciation                       | 3,343                          | 2,807                     | 393                       | -  | -                         | 6,543                  | -                 | 6,543                  | 7,237               |               |
| Dues                               | 413                            | 239                       | 67                        | -  | -                         | 719                    | -                 | 719                    | 5,540               |               |
| Equipment and software maintenance | 462                            | 389                       | 54                        | -  | -                         | 905                    | 48                | 953                    | 2,286               |               |
| Fees                               | 919                            | 937                       | 92                        | -  | -                         | 1,948                  | -                 | 1,948                  | 8,828               |               |
| Insurance                          | 3,889                          | 3,266                     | 458                       | -  | -                         | 7,613                  | -                 | 7,613                  | 7,147               |               |
| Office supplies                    | 5,807                          | 4,752                     | 676                       | -  | 196                       | 11,431                 | 730               | 12,161                 | 15,031              |               |
| Parking                            | 1,100                          | 931                       | 128                       | -  | -                         | 2,159                  | -                 | 2,159                  | 2,158               |               |
| Payroll service                    | 3,122                          | 2,627                     | 364                       | -  | 139                       | 6,252                  | -                 | 6,252                  | 6,425               |               |
| Postage and shipping               | 1,111                          | 947                       | 126                       | -  | -                         | 2,184                  | 68                | 2,252                  | 2,211               |               |
| Printing and duplicating           | -                              | -                         | -                         | -  | -                         | -                      | -                 | -                      | 2,156               |               |
| Professional fees                  | 10,835                         | 8,235                     | 1,372                     | -  | -                         | 20,442                 | -                 | 20,442                 | 18,665              |               |
| Promotion                          | 1,743                          | 1,267                     | 267                       | -  | -                         | 3,277                  | -                 | 3,277                  | 8,699               |               |
| Recruitment                        | 2,245                          | 1,814                     | 254                       | -  | -                         | 4,313                  | -                 | 4,313                  | 1,320               |               |
| Rent                               | 20,111                         | 17,082                    | 2,328                     | -  | -                         | 39,521                 | 2,169             | 41,690                 | 45,507              |               |
| Site modification                  | 56                             | -                         | -                         | -  | 41                        | 97                     | -                 | 97                     | 349                 |               |
| Subscriptions and publications     | 227                            | 174                       | 21                        | -  | 33                        | 455                    | -                 | 455                    | 881                 |               |
| Storage                            | 828                            | 663                       | 81                        | -  | -                         | 1,572                  | -                 | 1,572                  | -                   |               |
| Telephone and internet             | 5,427                          | 5,232                     | 513                       | -  | 82                        | 11,254                 | 231               | 11,485                 | 13,089              |               |
| Training                           | 2,785                          | 2,178                     | 256                       | -  | 114                       | 5,333                  | -                 | 5,333                  | 7,130               |               |
| Travel                             | 16,908                         | 19,532                    | 342                       | -  | 2,845                     | 39,627                 | -                 | 39,627                 | 47,654              |               |
| <b>Totals</b>                      | <b>\$ 550,942</b>              | <b>\$ 443,539</b>         | <b>\$ 73,364</b>          | <b>\$ 1,572</b>                                  | <b>\$ 32,736</b>          | <b>\$ 1,102,153</b>    | <b>\$ 122,004</b> | <b>\$ 1,224,157</b>    | <b>\$ 1,389,415</b> |               |

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

*ICON Community Services, Inc.*

*Statement of Cash Flows*

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**Year Ended June 30, 2008, with Comparative Totals for 2007**

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|   | <u>2008</u>       | <u>2007</u>       |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                     |                   |                   |
| Change in net assets  | \$ (80,966)       | \$ (78,351)       |
| Adjustments to reconcile to net cash from operating activities: |                   |                   |
| Depreciation and amortization                                   | 9,128             | 9,823             |
| Change in:  |                   |                   |
| Accounts receivable, prepaid expenses and other assets          | 25,180            | 29,392            |
| Accounts payable and accrued expenses                           | (4,355)           | (5,691)           |
| Deferred rent and lease incentives                              | (4,240)           | (2,911)           |
| <b>Net cash from operating activities</b>                       | <u>(55,253)</u>   | <u>(47,738)</u>   |
| <b>Cash flows from investing activities</b>                     |                   |                   |
| Investment in certificate of deposit                            | (441)             | (455)             |
| Purchase of property and equipment                              | (1,746)           | (2,063)           |
| <b>Net cash from investing activities</b>                       | <u>(2,187)</u>    | <u>(2,518)</u>    |
| <b>Net change in cash and cash equivalents</b>                  | (57,440)          | (50,256)          |
| <b>Cash and cash equivalents - beginning of year</b>            | <u>331,794</u>    | <u>382,050</u>    |
| <b>Cash and cash equivalents - end of year</b>                  | <u>\$ 274,354</u> | <u>\$ 331,794</u> |

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

# *ICON Community Services, Inc.*

## *Notes to Financial Statements*

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June 30, 2008

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### 1. Organization and Nature of Activities

*ICON Community Services, Inc.* (Organization), a tax-exempt charitable organization as defined in Section 501(c)(3) of the Internal Revenue Code (Code), serves to broaden public awareness and improve access to opportunities in the community for people who have historically been excluded because of disability. The Organization derives the majority of its revenue from services rendered to local government agencies. Under Section 170 of the Code, contributions to the Organization qualify as charitable deductions for tax purposes by the donor. The Organization prepares its financial statements using the accrual basis of accounting.

### 2. Summary of Significant Accounting Policies

#### **Contributions and Basis of Presentation**

The Organization receives contributions from the general public. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use. The Organization also receives contributed services in various capacities from volunteers to help accomplish its program objectives. The estimated value of donated, nonprofessional services are not reflected in the statements as these services do not meet the criteria for recognition as contributions.

The Organization records the value of donated goods when there is an estimated value greater than \$200.

The Organization classifies its resources for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. The financial statements report separately by class of net assets as follows:

**Unrestricted** net assets include revenue and expenses associated with the principal mission of the Organization that are not restricted by donor stipulation. Unrestricted net assets include designated net assets set aside by the Board of Directors for the funding of special programs.

**Temporarily restricted** net assets are grants or gifts which have been stipulated by donors for specific operating purposes or for the acquisition of property or equipment. When a donor 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. Temporarily restricted net assets totaled \$127,485 at June 30, 2008 (see Note 6).

**Permanently restricted** net assets include gifts that require, by donor restriction, that the corpus be invested in perpetuity and only the income is available for program operations in accordance with donor restriction. The Organization has no permanently restricted net assets.

## **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 of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

## **Cash and Cash Equivalents**

For purposes of reporting the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

## **Certificate of Deposit**

The Organization reports its investments at fair value in the statement of financial position. Gains and losses, both realized and unrealized, are included in the change in net assets. Investment earnings are included as a component of investment income.

## **Property and Equipment**

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded at fair value and recognized as contribution income. Depreciation is provided on a straight-line basis over the estimated useful service lives of the respective assets as follows:

|                         |               |
|-------------------------|---------------|
| Furniture and equipment | 3 to 10 years |
| Leasehold improvements  | 10 years      |

The Organization capitalizes property and equipment acquired with a value in excess of \$500. When the assets are sold or disposed of, the cost and corresponding accumulated depreciation are removed from the accounts with any gain or loss reflected in operations. Expenditures for maintenance and repairs are expensed as incurred.

## **Accounts Receivable**

Accounts receivable represents amounts due primarily from local government agencies and other customers for services rendered by the Organization. The Organization classifies all accounts receivable as current assets, and provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on credit evaluation and specific circumstances of the parties involved. At June 30, 2008, management's assessment was that all outstanding balances were determined to be collectible. There was no bad debt expense for 2008.

## **Functional Allocation of Expenses**

The costs of providing the various 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 supporting services benefited.

## **Advertising**

The Organization expenses advertising costs as they are incurred.

## **Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code on income other than unrelated business income. No provision for federal income taxes was required at June 30, 2008, since the Organization had no taxable unrelated business income.

## **Concentrations of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash invested at a financial institution in excess of Federal Deposit Insurance Corporation (FDIC) coverage and accounts receivable.

Bank deposit accounts exceeded federally insured limits by \$105,985 at June 30, 2008. The Organization has not experienced any losses as a result of the concentration, and management believes it is not exposed to any significant credit risk.

## **Economic Dependency**

The Organization receives a significant portion of its support from local government agencies. Reductions in this support could have a significant impact on its operations.

## **Reclassification**

Certain amounts from the 2007 financial statements have been reclassified to conform to the current year presentation.

### **3. Investment in Certificate of Deposit**

The Organization's investment in a certificate of deposit consisted of the following at June 30, 2008:

|   |                 |
|---|-----------------|
| Certificate of deposit, 4.76%, due 10/19/08 | <u>\$ 9,354</u> |
|---|-----------------|

### **4. Lease and Other Commitments**

The Organization occupies office space in Alexandria, Virginia, under a lease that expires May 31, 2012. The terms of the lease include various incentives as well as fixed escalation clauses, which are being amortized on a straight-line basis over the term of the lease. The cumulative difference between actual cash payments for rent and the amortized amount at June 30, 2008, is shown as deferred rent and lease incentives in the accompanying financial statements.

The Organization has a month-to-month lease arrangement with a storage facility with a monthly fee of \$131.

Future minimum lease commitments under noncancelable operating leases are as follows for the years ending June 30:

|      |                   |
|------|-------------------|
| 2009 | \$ 46,972         |
| 2010 | 48,381            |
| 2011 | 49,832            |
| 2012 | <u>46,885</u>     |
|      | <u>\$ 192,070</u> |

Rental expense totaled \$41,690 for 2008.

## 5. Concentration

The Organization receives a substantial portion of service fees from local community services boards under contracts that are renewed annually. For 2008, the revenue attributable to these contracts, totaled \$880,769 (77.04% of total revenue). At June 30, 2008, accounts receivable from these governmental agencies totaled \$95,013.

## 6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available to the following programs at June 30, 2008:

|                                 |                   |
|---------------------------------|-------------------|
| AccuTek Extension Project       | \$ 109,735        |
| Consumer Emergency Expense Fund | 9,319             |
| Discretionary Service Fund      | 7,337             |
| Speakers Fund                   | <u>1,094</u>      |
|                                 | <u>\$ 127,485</u> |

## 7. Line of Credit

The Organization entered into a line of credit, dated April 4, 2008, of up to \$75,000 that expires on March 15, 2009. Security will be provided by the Organization's right and interest in all personal property, to include accounts receivable. Interest will be due monthly on any open balance at a rate specified in the note at the time of borrowing. A maximum rate equal to the highest rate per annum charged by the Bank will be assessed if the rate is unstated. There was no balance due under the line of credit at June 30, 2008, and there was no interest expense for 2008.

## 8. Contingencies

Revenue from state and local government contracts is subject to audit under terms of the contracts. The Organization does not have any contracts currently under audit by the agencies. Management believes that no significant liability will result from future audit adjustments, if any.

## 9. Comparative Totals

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such 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 information should be read in conjunction with the Organization's financial statements for 2007, from which the summarized information was derived.

\* \* \* \* \*