

Financial Statements
Years Ended
June 30, 2005 and 2004

ICON Community Services, Inc.

Goodman
& COMPANY

Certified Public Accountants
Financial Planning
Specialized Services

ICON Community Services, Inc.

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Certified Public Accountants
Specialized Services
Business Solutions

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, 2005, and the related statements of activities, functional expenses, and cash flows for the years 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.

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, 2005, and the changes in its net assets and its functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Information for the year ended June 30, 2004, is presented for comparative purposes only and was extracted from the financial statements presented by net assets for that year on which an unqualified opinion dated September 2, 2004, was expressed.

Goodman & Company LLP

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September 9, 2005

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ICON Community Services, Inc.

Statement of Financial Position

June 30, 2005, With Comparative Totals for 2004

	2005	2004
Assets		
Current assets		
Cash and cash equivalents	\$ 78,858	\$ 206,314
Certificate of deposit	8,246	8,094
Accounts receivable	277,753	201,347
Prepaid expenses	4,545	4,447
Total current assets	369,402	420,202
Property and equipment		
Furniture and equipment	117,157	108,047
Leasehold improvements	25,862	25,862
	143,019	133,909
Less-accumulated depreciation and amortization	(98,357)	(87,412)
Total property and equipment - net	44,662	46,497
Other assets		
Security deposit	3,360	3,401
	\$ 417,424	\$ 470,100
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 7,386	\$ 30,647
Accrued payroll and payroll tax	51,370	43,320
Accrued vacation	16,587	18,252
Deferred rent and lease incentives	38,882	39,252
Total current liabilities	114,225	131,471
Net assets		
Unrestricted		
Undesignated	272,315	306,674
Board designated	3,064	-
Total unrestricted	275,379	306,674
Temporarily restricted	27,820	31,955
Total net assets	303,199	338,629
	\$ 417,424	\$ 470,100

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

ICON Community Services, Inc.

Statement of Activities

Year Ended June 30, 2005, With Comparative Totals for 2004

	Unrestricted		Temporarily Restricted	2005	2004
	Undesignated	Designated			
Revenue and support					
Service fees					
Community Services Boards	\$ 1,067,119	\$ -	\$ -	\$ 1,067,119	\$ 1,116,210
Department of Rehabilitative Services	182,523	-	-	182,523	98,404
Other service fees	170,566	-	-	170,566	261,256
ECSCCE grant	26,248	-	-	26,248	-
BIA-NIDRR grant	9,156	-	-	9,156	7,610
Technical assistance, seminars and consultations	9,084	-	-	9,084	600
Contributions	1,760	7,000	3,560	12,320	22,100
Interest income	791	-	-	791	1,292
Net assets released from restrictions					
Satisfaction of restrictions	7,695	-	(7,695)	-	-
Total revenue and support	1,474,942	7,000	(4,135)	1,477,807	1,507,472
Expenses					
Program services					
Individual employment services	710,623	-	-	710,623	706,498
Community living services	550,964	-	-	550,964	552,190
Group employment services	61,432	-	-	61,432	65,342
ECSCCE grant	28,221	-	-	28,221	-
BIA-NIDRR grant	9,156	-	-	9,156	7,610
Technical assistance, seminars and consultations	873	-	-	873	51,971
Speaker fund	200	-	-	200	-
AccuTek project	-	3,936	-	3,936	-
Management and general	147,832	-	-	147,832	140,510
Total expenses	1,509,301	3,936	-	1,513,237	1,524,121
Change in net assets	(34,359)	3,064	(4,135)	(35,430)	(16,649)
Net assets - beginning of year	306,674	-	31,955	338,629	355,278
Net assets - end of year	\$ 272,315	\$ 3,064	\$ 27,820	\$ 303,199	\$ 338,629

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

ICON Community Services, Inc.

Statement of Functional Expense:

Year Ended June 30, 2005, With Comparative Totals for 2004

	Program Services										2005 Expenses	2004 Expenses
	Individual Employment Services	Community Living Services	Group Employment Services	Technical Assistance, Seminars and Consultation	BIA-NIDRR Grant	ECSC Grant	Speaker Fund	AccuTek Project	Total Program Services	Management and General		
Salaries and temporary labor	\$ 498,471	\$ 375,297	\$ 45,119	\$ -	\$ 8,369	\$ 21,448	\$ -	\$ 3,308	\$ 952,012	\$ 109,119	\$ 1,061,131	\$ 1,044,888
Employee benefits	68,260	45,489	6,194	-	87	2,739	-	327	123,096	18,922	142,018	151,886
Payroll taxes	41,369	30,905	4,045	-	700	1,779	-	-	78,798	8,349	87,147	83,662
Audit	-	-	-	-	-	-	-	-	-	7,800	7,800	8,212
Business property tax	701	643	69	-	-	-	-	-	1,413	-	1,413	1,634
CARF accreditation	46	-	4	-	-	-	-	-	50	-	50	51
Conferences and training	3,099	2,462	160	25	-	355	-	44	6,145	-	6,145	5,977
Community access	114	155	-	-	-	-	-	-	269	-	269	302
CSB consumer expense	-	1,276	-	-	-	-	-	-	1,276	-	1,276	1,700
Consumer services	6,221	-	-	-	-	-	-	-	6,221	-	6,221	3,903
Amortization	1,284	1,176	126	-	-	-	-	-	2,586	-	2,586	2,586
Depreciation	4,151	3,802	406	-	-	-	-	-	8,359	-	8,359	11,021
Dues	2,469	2,233	242	-	-	-	-	-	4,944	-	4,944	3,878
Equipment and software maintenance	1,651	1,517	171	-	-	-	-	-	3,339	176	3,515	4,202
Fees	628	604	47	-	-	-	-	69	1,348	-	1,348	929
Insurance	5,381	4,930	527	-	-	-	-	-	10,838	-	10,838	17,307
Office supplies	7,677	7,107	782	-	-	343	-	-	15,909	1,015	16,924	17,766
Parking	1,072	983	105	-	-	-	-	-	2,160	-	2,160	2,160
Postage and shipping	1,048	954	108	-	-	-	-	-	2,110	65	2,175	1,834
Printing and duplicating	-	-	-	-	-	-	-	-	-	-	-	2,863
Professional fees	2,126	3,653	165	-	-	-	-	-	5,944	-	5,944	14,215
Promotion	3,308	3,104	293	-	-	-	-	-	6,705	-	6,705	5,802
Recruitment	170	-	-	-	-	-	-	-	170	-	170	1,117
Rent	20,443	18,881	2,013	-	-	-	-	-	41,337	2,075	43,412	43,079
Site modification	206	-	-	-	-	-	-	-	206	-	206	34,000
Speaking engagements	-	-	-	-	-	-	-	-	200	-	200	-
Subscriptions and publications	342	131	27	-	-	-	-	-	500	21	521	619
Telephone and internet	6,205	7,029	528	-	-	403	-	27	14,192	290	14,482	16,197
Travel	34,181	38,633	301	848	-	1,154	-	161	75,278	-	75,278	76,297
Totals	\$ 710,623	\$ 550,964	\$ 61,432	\$ 873	\$ 9,156	\$ 28,221	\$ 200	\$ 3,936	\$ 1,365,405	\$ 147,832	\$ 1,513,237	\$ 1,524,121

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

ICON Community Services, Inc.

Statement of Cash Flows

Year Ended June 30, 2005, With Comparative Totals for 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Change in net assets	\$ (35,430)	\$ (16,649)
Adjustments to reconcile to net cash from operating activities:		
Depreciation and amortization	10,945	13,607
Change in:		
Accounts receivable, prepaid expenses and other assets	(76,463)	(25,532)
Accounts payable and accrued expenses	(16,876)	(32,916)
Deferred rent and lease incentives	(370)	846
Net cash from operating activities	<u>(118,194)</u>	<u>(60,644)</u>
Cash flows from investing activities		
Investment in certificate of deposit	(152)	(110)
Purchase of property and equipment	(9,110)	(12,412)
Net cash from investing activities	<u>(9,262)</u>	<u>(12,522)</u>
Net change in cash and cash equivalents	(127,456)	(73,166)
Cash and cash equivalents - beginning of year	<u>206,314</u>	<u>279,480</u>
Cash and cash equivalents - end of year	<u>\$ 78,858</u>	<u>\$ 206,314</u>

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

ICON Community Services, Inc.

Notes to Financial Statements

June 30, 2005, With Comparative Totals for 2004

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, 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

Basis of Presentation

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 net asset classes are: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net assets presented in these financial statements are unrestricted net assets and temporarily restricted net assets (see Note 7).

Unrestricted net assets include the following:

Undesignated net assets – revenue and expenses associated with the principle mission of the Organization, which are not restricted by donor stipulations.

Designated net assets – net assets set aside by the Board of Directors for the funding of special programs (see Note 6).

Property and Equipment

Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over estimated useful lives ranging from three to ten years. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated life of the improvement.

It is the Organization's policy to capitalize assets purchased with a value in excess of \$500.

Accounts Receivable

Accounts receivable represents amounts due primarily from 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, 2005 and 2004, management's assessment was that all accounts receivable were determined to be collectible. There was no bad debt expense for 2005 and 2004.

Promises to Give

Unconditional promises to give (pledges) are recognized as revenue or gains in the period received and as assets and decreases of liabilities or expenses depending upon the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

During 2005 and 2004, unconditional promises to give were not material to the Organization's activities and were accounted for as revenues when received.

Contributions

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 value of these contributed services is not reflected in the statements as there is no reasonably determinable fair value.

The Organization reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donation. When a donor 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 changes in net assets as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted if the donor-imposed restrictions are satisfied within the same year in which the contribution was received. Temporarily restricted net assets totaled \$27,820 and \$31,955 at June 30, 2005 and 2004, respectively (see Note 6).

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.

Cash and Cash Equivalents

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

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's best estimates and judgments.

