

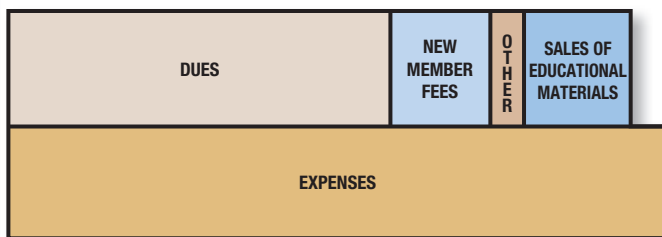
# Financial Activities: Jan. – Dec. 2003

The financial statements of Toastmasters International were audited by the independent certified public accounting firm of Moore, Stephens, Wurth, Frazer & Torbet, LLP. The statements were prepared in conformity with generally accepted accounting principles.

The Board of Directors of Toastmasters International controls the organization's funds and, with the Executive Director, is responsible for assuring that management fulfills its fiduciary responsibility. The Bylaws of Toastmasters International require that the corporation's financial status be reported to its member clubs annually. To keep our entire membership informed, we are exceeding this requirement by reporting our financial results to all members.

Following are the year-end financial statements. The format includes a bar graph and pie chart, which we hope will provide a clearer picture of Toastmasters International's financial activities.

**Exhibit A**



## Revenues/Expenses

Exhibit A shows the relationship of individual revenue sources to expenses. You can see that income generated from dues renewals, new-member fees, charter fees and miscellaneous sources is insufficient to cover expenses.

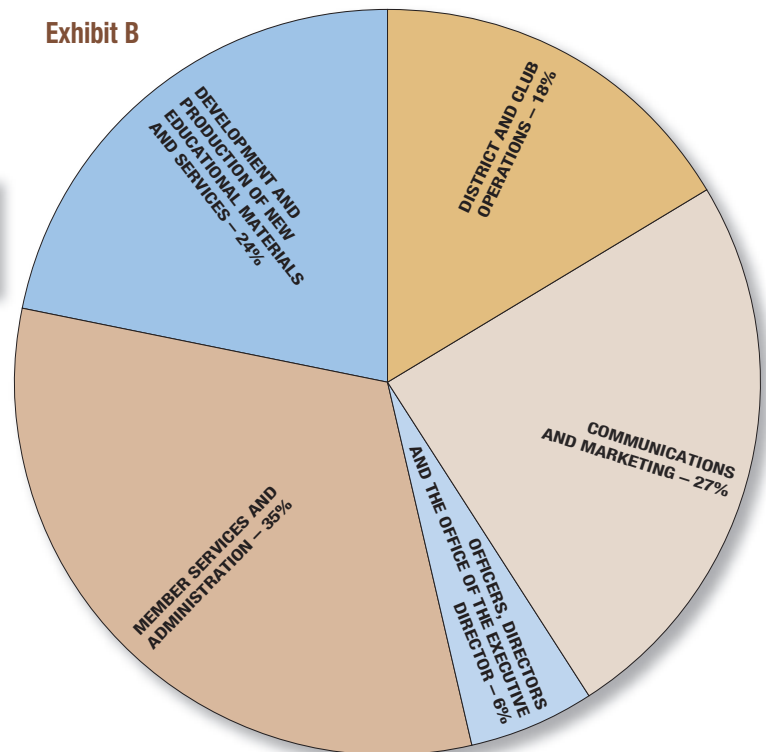
## Membership Dues

Exhibit B shows how revenue is spent. The glossary below and on the next page gives an explanation of expenditures.

## Glossary of Expenses:

- **OFFICERS, DIRECTORS AND THE OFFICE OF THE EXECUTIVE DIRECTOR** – Includes travel and expenses at Board meetings, district visits, regional conferences and outside professional services, such as legal counsel. Board policy ensures smooth operation of the organization and ideas for new and exciting programs. District visits help in building new clubs, strengthening membership and bringing new ideas to members.
- **COMMUNICATIONS AND MARKETING** – Information systems and technology. Develops new member and new club materials. Also includes developing membership and new club building programs, promotions and awards. The costs of production and mailing *The Toastmaster* is included.

**Exhibit B**



- **MEMBER SERVICES AND ADMINISTRATION** – Administrative services to clubs and districts. Includes processing of dues renewals, officer lists, club and district billings, new member applications and educational awards, as well as updating member and officer information. Also includes financial reports and governing documents administration.
- **DISTRICT AND CLUB OPERATIONS** – District, division and area services and development, production, field testing and promotion of educational program materials. Includes

district operations, developing club and district administrative and training materials. Administering the Distinguished District, Division, and Area Programs. Planning and operating the Regional Conferences and the International Convention.

■ **DEVELOPMENT AND PRODUCTION OF NEW EDUCATIONAL MATERIALS AND SERVICES** – Production of materials and distribution of educational, promotional and administrative materials. The most useful, up-to-date materials are available through the Supply Catalog to help every member succeed. **T**

## TI FINANCIAL STATEMENT JANUARY-DECEMBER 2003

### STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2003

ASSETS	
Cash and short-term investments .....	\$ 2,791,658
Restricted cash and short-term investments.....	\$ 890,272
Marketable securities .....	\$ 14,455,693
Accounts receivable, net of allowance for doubtful accounts of \$5,000 .....	\$ 147,123
Inventories .....	\$ 893,210
Deposits, prepaid postage and other.....	\$ 371,563
Property, building and equipment, net of accumulated depreciation .....	\$ 5,106,087
<b>TOTAL ASSETS .....</b>	<b>\$ 24,655,606</b>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 736,692
Funds held for Toastmasters International Regions..	\$ 144,933
<b>Total Liabilities .....</b>	<b>\$ 881,625</b>
Net Assets:	
Unrestricted.....	\$ 8,576,451
Temporarily Restricted .....	\$ 15,182,511
Permanently Restricted.....	\$ 15,019
<b>Total Net Assets .....</b>	<b>\$ 23,773,981</b>
<b>TOTAL LIABILITIES AND NET ASSETS .....</b>	<b>\$ 24,655,606</b>

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2003

REVENUE:	
Membership charges:	
Member fees.....	\$ 5,061,131
New member service charges.....	\$ 1,257,460
<b>Total membership charges .....</b>	<b>\$ 6,318,591</b>
Sales of educational materials and supplies.....	\$ 1,909,262
Annual Convention revenues .....	\$ 395,269
Charter fees.....	\$ 90,630
Interest .....	\$ 23,358
Royalty .....	\$ 6,435
Magazine advertising.....	\$ 71,505
Other.....	\$ 49,474
<b>Total revenue.....</b>	<b>\$ 8,864,524</b>
EXPENSES:	
Executive Director; Officers; Board .....	\$ 501,972
Communications and Marketing.....	\$ 2,390,624
Member Services and Administration .....	\$ 2,538,449
Production .....	\$ 614,209
District and Club Operations.....	\$ 1,054,581
Annual Convention Expenses.....	\$ 526,243
Cost of educational materials and supplies.....	\$ 1,605,821
Magazine advertising.....	\$ 12,600
Depreciation – Technology .....	\$ 198,651
Depreciation – Other .....	\$ 366,425
<b>Total expenses.....</b>	<b>\$ 9,809,575</b>
<b>SURPLUS (LOSS).....</b>	<b>\$ (945,051)</b>

### The Ralph C. Smedley Memorial Fund

This fund was established to provide financial support for Toastmasters International's educational programs.

These include the creation of new and innovative educational materials for club and member use, the development of promotional material designed to spread the word about Toastmasters, and development of new educational programs, such as the Leadership Excellence Series. It also includes market and member research.

The fund is comprised of donations from individual Toastmasters and Toastmasters clubs, interest earned and the increase in the value of investments on those donations. Contributions from January 1 - December 31, 2003 totaled \$12,034. The fund had a balance of \$834,716 as of December 31, 2003.

**Y**ou have the opportunity to continue the legacy of our organization's founder by contributing to the Ralph C. Smedley Memorial Fund. The fund is used to develop new and innovative educational and promotional materials, such as the videos *Meeting Excellence*, *Everyone's Talking About Toastmasters*, *Effective Evaluation*, and the High Performance Leadership Program. Our online Supply Catalog at [www.toastmasters.org](http://www.toastmasters.org) was also made possible by contributions to the fund. Contribute \$10 and receive a special Toastmasters International paper weight. Donors of \$100 or more receive a special plaque and have their names permanently inscribed on a donor recognition plaque at World Headquarters. Every contributor is recognized in *The Toastmaster* magazine.

Contributions are tax deductible. Your support will result in more people learning, growing and

## Keep the Legacy *Alive!*

achieving through Toastmasters. Contributions should be sent to:

### **The Ralph C. Smedley Memorial Fund**

**TOASTMASTERS INTERNATIONAL**

P.O. Box 9052 • Mission Viejo CA 92690-9052, U.S.A.

Contributions may be made via check, money order, Visa, Mastercard, American Express or Discover cards. If making an honorary or memorial contribution, please indicate the name and address of any person(s) to whom acknowledgement should be sent.



**Ralph C. Smedley**