

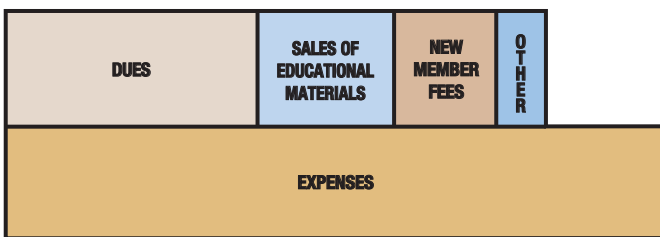
# Financial Activities: Jan. – Dec. 2004

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

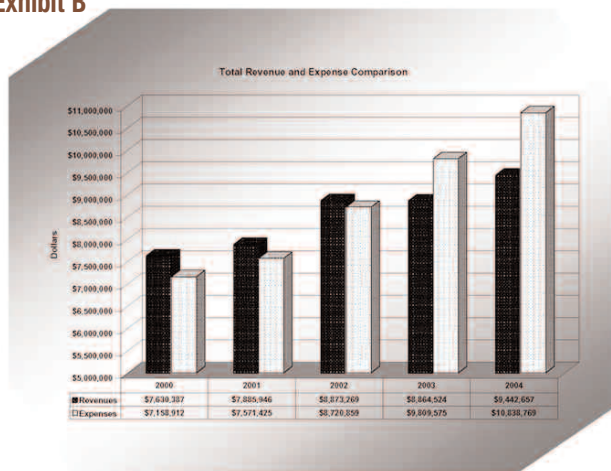
The Board of Directors of Toastmasters International controls the organization's funds and, with the Executive Director, is responsible for assuring that management fulfills its fiduciary responsibility. The Bylaws of Toastmasters International require that the corporation's financial status be reported 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**



**Exhibit B**

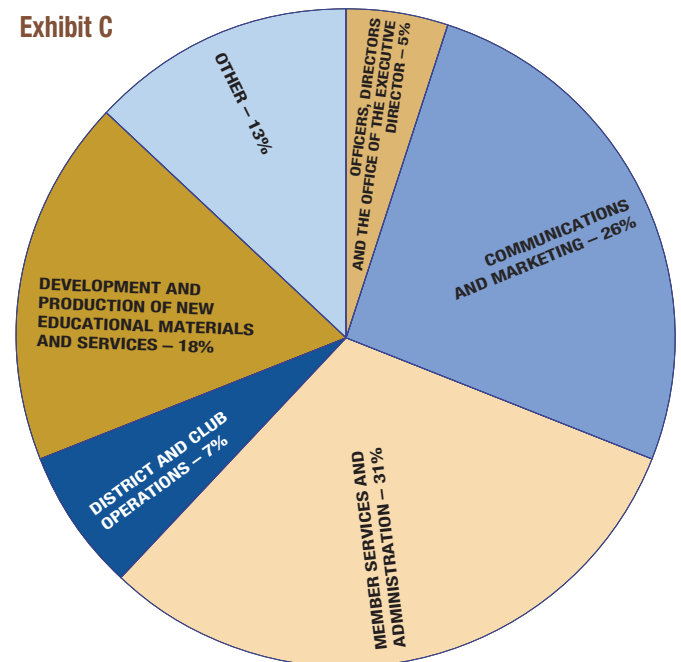


## Revenues/Expenses

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.

Exhibit B shows the relationship of total revenues to total expenses for the years 2000-2004. As you can see, revenue

**Exhibit C**



has increased annually. However, for 2003 and 2004, expenses exceeded total revenues.

## Membership Dues

Exhibit C 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 pro-

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.

■ **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 accounting and financial reporting 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, and 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.

■ **OTHER** – Includes annual convention expense, magazine advertising commissions and depreciation. **T**

## TI FINANCIAL STATEMENT JANUARY-DECEMBER 2004

### STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2004

ASSETS	
Cash and short-term investments .....	\$ 1,909,191
Restricted cash and short-term investments.....	\$ 1,077,687
Marketable securities .....	\$ 15,284,583
Accounts receivable, net of allowance for doubtful accounts of \$5,000 .....	\$ 71,139
Inventories, net .....	\$ 975,026
Deposits, prepaid postage and other .....	\$ 352,605
Property, building and equipment, net of accumulated depreciation.....	\$ 4,701,495
<b>Total Assets .....</b>	<b>\$ 24,371,726</b>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 908,323
Funds held for Toastmasters International Regions..	\$ 163,595
<b>Total Liabilities .....</b>	<b>\$ 1,071,918</b>
Net Assets:	
Unrestricted .....	\$ 7,180,339
Temporarily restricted .....	\$ 16,105,114
Permanently restricted.....	\$ 14,355
<b>Total Net Assets .....</b>	<b>\$ 23,299,808</b>
<b>TOTAL LIABILITIES AND NET ASSETS .....</b>	<b>\$ 24,371,726</b>

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUE:	
Membership and service fees:	
Member fees .....	\$ 5,476,790
New member service fees .....	\$ 1,348,586
Charter fees .....	\$ 105,165
<b>Total membership charges .....</b>	<b>\$ 6,930,541</b>
Sales of educational materials and supplies.....	\$ 1,881,080
Annual convention revenues.....	\$ 461,322
Interest .....	\$ 20,482
Royalty .....	\$ 7,434
Magazine advertising.....	\$ 76,517
Other .....	\$ 65,281
<b>Total revenue.....</b>	<b>\$ 9,442,657</b>
EXPENSES:	
Executive director; officers; board .....	\$ 536,661
Communications and marketing .....	\$ 2,834,503
Member services and administration .....	\$ 3,312,608
District and club operations .....	\$ 804,634
Production .....	\$ 697,916
Cost of educational materials and supplies.....	\$ 1,272,424
Annual Convention Expenses.....	\$ 519,563
Magazine advertising.....	\$ 16,931
Depreciation – other .....	\$ 343,232
Depreciation – technology .....	\$ 500,297
<b>Total expenses.....</b>	<b>\$ 10,838,769</b>
<b>LOSS .....</b>	<b>\$ (1,396,112)</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, 2004 totaled \$11,432. The fund had a balance of \$805,919 as of December 31, 2004.