

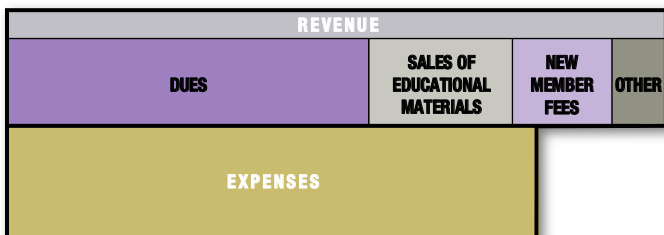
# Financial Activities: Jan.–Dec. 2006

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 is selected information from the year-end financial statements, including a bar graph and pie chart to provide a clearer picture of Toastmasters International’s 2006 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 was sufficient to cover expenses.

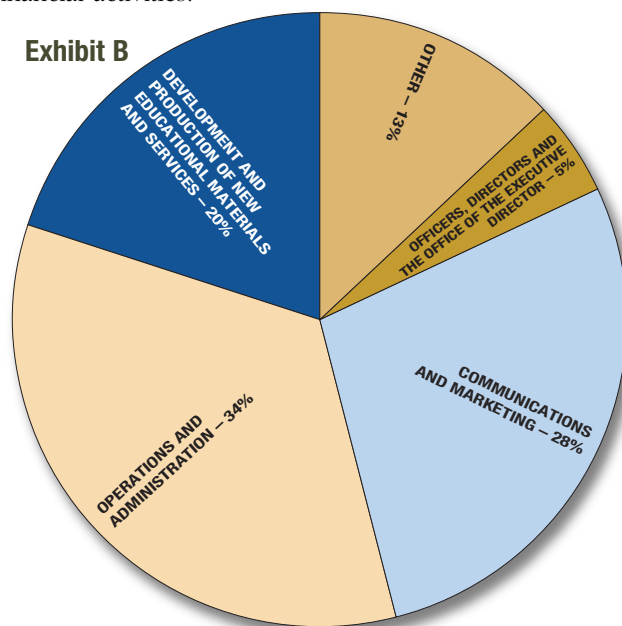
### Membership Dues

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** – This section includes information systems and technology and covers the development of new-member and new-club materials, membership and club-building programs, promotions and awards as well as the costs of producing and mailing *The Toastmaster* magazine.

**Exhibit B**



- Operations and Administration** – This section includes member services and administrative services to clubs and districts and covers processing of dues renewals, officer lists, club and district billings, new-member applications and educational awards, as well as updating member and officer information. It also includes accounting and financial reporting, governing documents administration and meeting planning.
- 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 *TI Supply Catalog* or online at [www.toastmasters.org](http://www.toastmasters.org) to help every member succeed.
- Other** – Includes annual convention expense, magazine advertising commissions and depreciation.

# TI SELECTED FINANCIAL INFORMATION JANUARY-DECEMBER 2006

## STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2006

ASSETS	
Cash and short-term investments .....	\$ 3,833,467
Restricted cash and short-term investments.....	\$ 1,408,230
Marketable securities .....	\$ 18,368,223
Accounts receivable, net of allowance for doubtful accounts of \$5,000.....	\$ 16,079
Inventories, net .....	\$ 1,076,166
Deposits, prepaid postage and other.....	\$ 356,738
Property, building and equipment, net of accumulated depreciation.....	\$ 3,578,108
<b>Total Assets .....</b>	<b>\$ 28,637,011</b>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 607,180
Funds held for Toastmasters International regions	\$ 187,352
<b>Total Liabilities.....</b>	<b>\$ 794,532</b>
Net Assets:	
Unrestricted.....	\$ 8,271,600
Temporarily restricted .....	\$ 19,553,243
Permanently restricted.....	\$ 17,636
<b>Total Net Assets.....</b>	<b>\$ 27,842,479</b>
<b>TOTAL LIABILITIES AND NET ASSETS.....</b>	<b>\$ 28,637,011</b>

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006 CHANGES IN UNRESTRICTED NET ASSETS:

REVENUE:	
Membership dues and fees:	
Member dues .....	\$ 8,485,179
New member fees.....	\$ 1,856,160
Charter fees .....	\$ 125,086
<b>Total membership dues and service fees....</b>	<b>\$ 10,466,425</b>
Sales of educational materials and supplies.....	\$ 2,356,264
Annual convention revenues.....	\$ 623,393
Interest .....	\$ 193,885
Royalties.....	\$ 70,572
Magazine advertising .....	\$ 136,753
Contributions .....	\$ 85
Other .....	\$ 41,388
<b>Total revenue .....</b>	<b>\$ 13,888,765</b>
EXPENSES:	
Executive director; officers; board .....	\$ 648,978
Communications and marketing .....	\$ 3,262,501
Operations and administration.....	\$ 3,985,185
Production .....	\$ 803,078
Cost of educational materials and supplies.....	\$ 1,577,518
Annual convention.....	\$ 772,989
Magazine advertising .....	\$ 24,976
Depreciation - other.....	\$ 212,441
Depreciation - technology .....	\$ 515,287
<b>Total expenses .....</b>	<b>\$ 11,802,953</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS ...</b>	<b>\$ 2,085,812</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, 2006 totaled \$15,767. The fund had a balance of \$770,793 as of December 31, 2006.

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