

2017 FINANCIAL REPORT



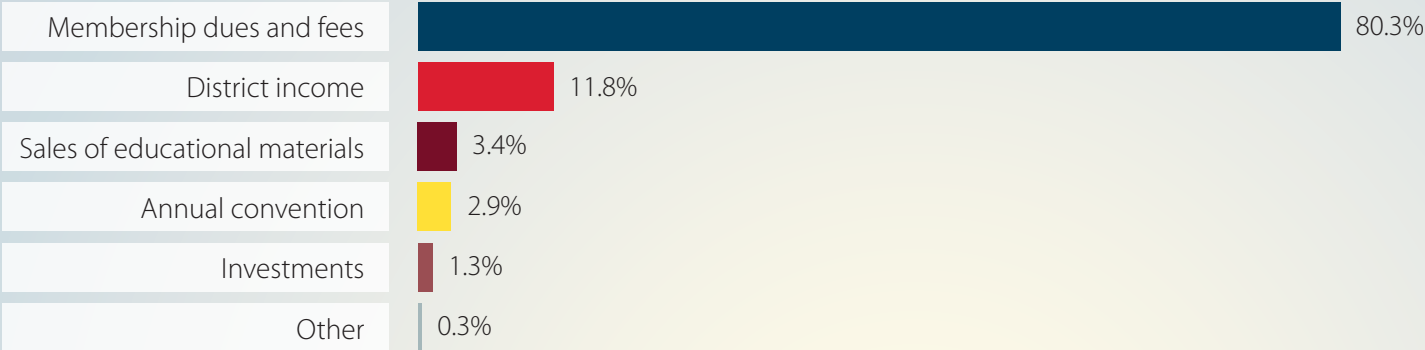
The consolidated financial statements of Toastmasters International were audited by the independent certified public accounting firm of Squar Milner LLP. The auditors stated that the 2017 consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

A line of credit was opened in 2017 to fund the organization's relocation to Colorado as short-term financing while owning two buildings. This line of credit was paid off in full upon the sale of the California building in April 2018.

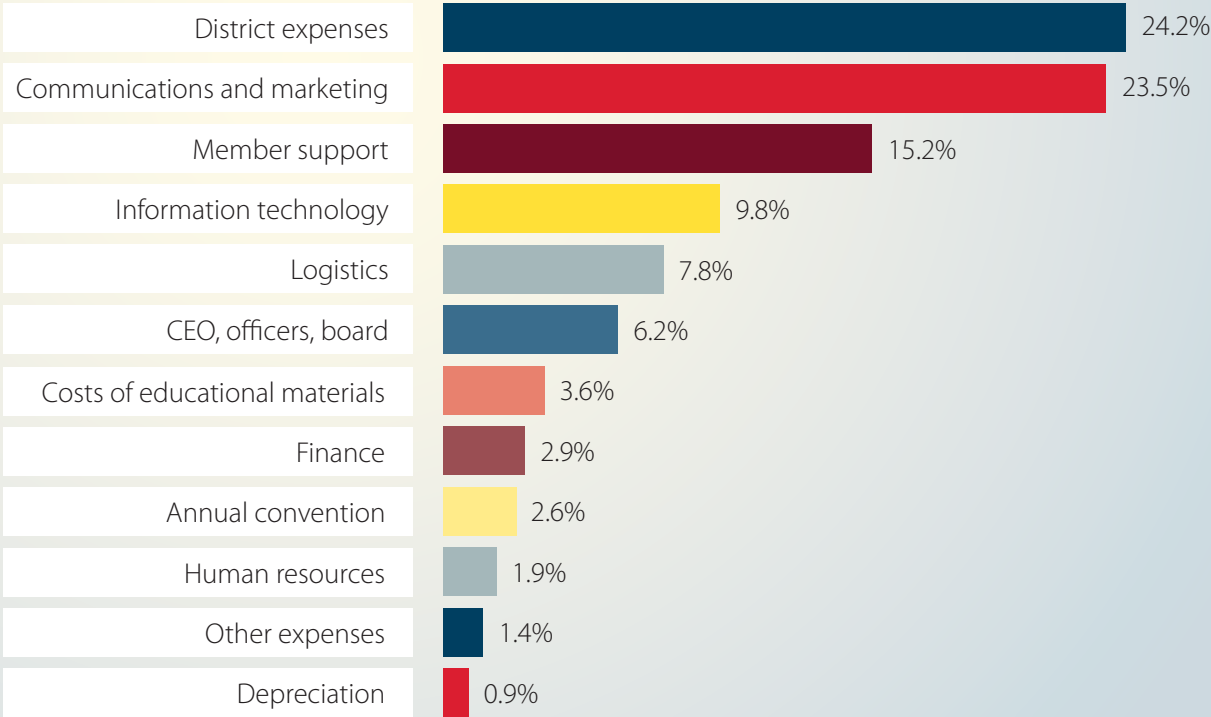
The majority of the organization's revenue is derived from membership dues and fees. This revenue category is up 16.6 percent over last year and consists of membership dues, new-member fees and charter fees. District income is the second-largest revenue source; it is earned from conferences, fundraising, district store sales and donations. Sales of educational materials is the third-largest revenue source. Revenues derived from the annual Convention consist of ticket registration, bookstore sales and sponsorships. Investment income is earned in the form of interest, dividends and net realized and unrealized gains from the organization's investment portfolio.

The organization's expenses are categorized in 12 functional areas. Each functional area includes all costs associated with operating that particular area, including payroll, supplies, technology, postage and utilities. The functional expense categories are: District Expenses; Communications and Marketing; Member Support; Information Technology; Logistics; Chief Executive Officer, Officers and Board; Costs of educational materials; Finance; Annual Convention; Human Resources; Other Expenses and Depreciation. The following graphs provide a percentage breakdown of 2017 revenue and expenses:

2017 REVENUE BY CATEGORY



2017 EXPENSE BY FUNCTIONAL AREA



The Toastmasters International Board of Directors controls the organization's funds and, with the Chief Executive Officer, is responsible for ensuring fiduciary compliance. The following is condensed information from the 2017 audited consolidated financial statements:

Consolidated Statement of Position as of December 31, 2017

ASSETS

Current assets

Cash and cash equivalents	\$13,792,009
Investments	7,628,329
Accounts receivable, net	103,205
Inventory, net	793,145
Prepaid expenses and other current assets	1,160,995
Total current assets	23,477,683
Restricted cash	18,258
Property and equipment, net	28,325,856
Total assets	<u>\$51,821,797</u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued liabilities	\$4,862,478
Deferred membership and other revenue	7,479,208
Lines of credit	2,569,521
Total current liabilities	14,911,207

Net assets

Unrestricted	36,892,332
Temporarily restricted	18,258
Total net assets	36,910,590

Total liabilities and net assets	<u>\$51,821,797</u>
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Consolidated Statement of Activities for the Year Ended December 31, 2017

Net revenue

Membership dues	\$30,057,706
New member fees	3,192,313
Charter fees	195,500
District income	4,901,692
Net realized and unrealized gains on investments	324,079
Interest and dividends	223,643
Sales of educational materials	1,420,822
Annual convention	1,204,792
Other income	29,155
Magazine advertising	12,500
Contributions	75,912
Total net revenue	\$41,638,114

Functional expenses

Program-related expenses	
Member support	\$6,469,150
District expenses	10,332,877
Communications and marketing	10,007,601
Logistics	3,326,749
Costs of educational materials	1,534,233
Annual convention	1,130,070
Total program services	\$32,800,680

Support services

Finance	\$1,223,297
Chief executive officer, officers, board	2,652,007
Information technology	4,173,098
Human resources	808,958
Other expenses	629,403
Depreciation	365,379
Total support services	\$9,852,142
Total functional expenses	\$42,652,822

Decrease in unrestricted net assets	<u>\$(1,014,708)</u>
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