

# 2016 FINANCIAL REPORT

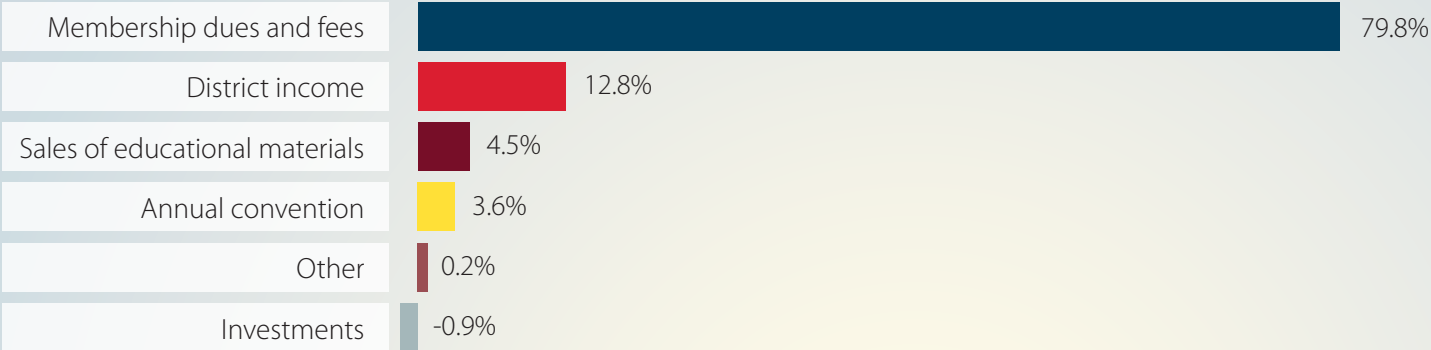


The consolidated financial statements of Toastmasters International were audited by the independent certified public accounting firm of Squar Milner LLP. The auditors stated that the 2016 consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

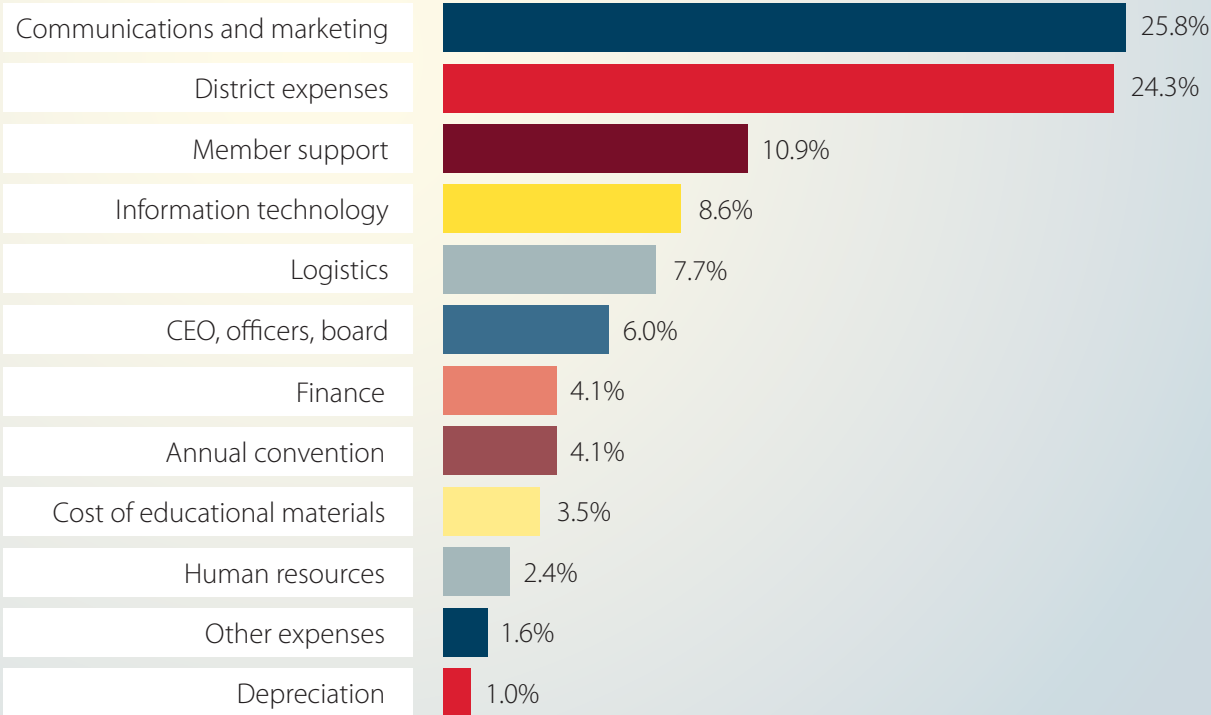
The majority of the organization's revenue is derived from membership dues and fees. This revenue category is up 8.6 percent over last year and consists of membership dues, new-member fees and charter fees. The district income is the second largest revenue source; it is earned from conferences, fundraising, district store sales and donations. Sale 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 (loss) is earned in the form of interest, dividends, realized and unrealized gains and losses from the organization's investment portfolio.

The organization's expenses are broken into 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: Communications and Marketing; District Expenses; Member Support; Information Technology; Logistics; Chief Executive Officer, Officers and Board; Finance; Annual Convention; Cost of Educational Materials; Human Resources; Other Expenses and Depreciation. The following graphs provide a percentage breakdown of 2016 revenue and expenses:

# 2016 REVENUE BY CATEGORY



# 2016 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 2016 audited consolidated financial statements:

### Consolidated Statement of Position as of December 31, 2016

#### ASSETS

##### Current assets

Cash and cash equivalents .....	\$13,622,431
Investments .....	7,109,140
Accounts receivable, net of allowance for doubtful accounts of \$18,000.....	113,040
Inventory, net .....	863,245
Prepaid expenses and other current assets.....	<u>1,069,082</u>
Total current assets.....	22,776,938
Restricted cash .....	18,300
Property and equipment, net .....	<u>25,641,830</u>
<b>Total assets</b> .....	<u>\$48,437,068</u>

#### LIABILITIES AND NET ASSETS

##### Current liabilities

Accounts payable and accrued liabilities.....	\$3,261,585
Deferred membership and other revenue .....	<u>7,250,185</u>
Total current liabilities .....	10,511,770

##### Net assets

Unrestricted.....	37,906,998
Temporarily restricted .....	<u>18,300</u>
Total net assets.....	37,925,298

<b>Total liabilities and net assets</b> .....	<u>\$48,437,068</u>
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### Consolidated Statement of Activities for the Year Ended December 31, 2016

#### Net revenue

Membership dues.....	\$25,145,810
New member fees.....	3,320,776
Charter fees .....	209,750
District income.....	4,605,520
Net realized and unrealized losses on investments.....	(718,277)
Interest and dividends.....	389,517
Sales of educational materials .....	1,621,835
Annual convention .....	1,278,570
Other income .....	7,303
Magazine advertising.....	20,000
Contributions .....	<u>40,364</u>
Total net revenue .....	\$35,921,168

#### Functional expenses

Program-related expenses	
Member support .....	\$4,219,486
District expenses .....	9,357,988
Communications and marketing .....	9,955,874
Logistics.....	2,964,660
Cost of educational material .....	1,338,614
Annual convention .....	<u>1,583,306</u>
Total program services .....	\$29,419,928

#### Support services

Finance .....	\$1,595,183
Chief executive officer, officers, board .....	2,331,513
Information technology .....	3,313,931
Human resources .....	929,575
Other expenses .....	616,931
Depreciation .....	<u>378,526</u>
Total support services.....	\$9,165,659
Total functional expenses .....	\$38,585,587

<b>Decrease in unrestricted net assets</b>	<u>\$ (2,664,419)</u>
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