2018 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 2018 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 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. The annual convention is the third-largest revenue source. Revenues derived from the annual convention consist of ticket registration, bookstore sales, convention on demand and sponsorships. Sales of educational materials is the fourth-largest revenue source. Investment income is earned in the form of interest, dividends and net realized and unrealized gains and losses from the organization’s investment portfolio.

During April 2018, the organization sold the office facility in California. The sale of the building resulted in a gain.

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: Communications and Marketing; District Expenses; Member Support; Information Technology; Chief Executive Officer, Officers and Board; Logistics; Costs of Educational Materials; Finance; Annual Convention; Human Resources; Depreciation and Other Expenses. The following graphs provide a percentage breakdown of 2018 revenue and expenses:
### 2018 Revenue by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Dues and Fees</td>
<td>73.5%</td>
</tr>
<tr>
<td>District Income</td>
<td>7.2%</td>
</tr>
<tr>
<td>Annual Convention</td>
<td>2.6%</td>
</tr>
<tr>
<td>Sales of Educational Materials</td>
<td>2.1%</td>
</tr>
<tr>
<td>Investments and Others</td>
<td>0.2%</td>
</tr>
<tr>
<td>Gain on Sale of Building</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

### 2018 Expense by Functional Area

<table>
<thead>
<tr>
<th>Category</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications and Marketing</td>
<td>21.6%</td>
</tr>
<tr>
<td>District Expenses</td>
<td>21.0%</td>
</tr>
<tr>
<td>Member Support</td>
<td>17.8%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>10.3%</td>
</tr>
<tr>
<td>Logistics</td>
<td>6.1%</td>
</tr>
<tr>
<td>CEO, Officers, Board</td>
<td>6.2%</td>
</tr>
<tr>
<td>Costs of Educational Materials</td>
<td>4.6%</td>
</tr>
<tr>
<td>Finance</td>
<td>3.7%</td>
</tr>
<tr>
<td>Annual Convention</td>
<td>3.3%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2.1%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2.1%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
Consolidated Statement of Position as of December 31, 2018

**ASSETS**

Current assets  
- Cash and cash equivalents: $17,323,225  
- Investments: 7,526,305  
- Inventory, net: 691,482  
- Prepaid expenses and other current assets: 1,402,920  
  - Total current assets: 26,943,932

Restricted cash: 20,272  
Property and equipment, net: 25,924,644  
  - Total assets: $52,888,848

**LIABILITIES AND NET ASSETS**

Current liabilities  
- Accounts payable and accrued liabilities: $3,837,469  
- Deferred membership and other revenue: 8,189,135  
  - Total current liabilities: 12,026,604

Net assets  
- Without donor restrictions: 40,841,972  
- With donor restrictions: 20,272  
  - Total net assets: 40,862,244

  - Total liabilities and net assets: $52,888,848

Consolidated Statement of Activities for the Year Ended as of December 31, 2018

**Net revenue**  
- Membership dues: $30,253,591  
- New member fees: 2,892,760  
- Charter fees: 192,125  
- District income: 3,248,286  
- Net realized and unrealized losses on investments: (253,302)  
- Interest and dividends: 278,045  
- Sales of educational materials: 933,671  
- Annual convention: 1,180,846  
- Gain on sale of building: 6,519,172  
- Other income (expense): (8,333)  
- Contributions: 104,141  
  - Total net revenue: $45,341,002

**Functional expenses**  
- Program-related expenses  
  - Member support: $7,385,642  
  - District expenses: 8,691,160  
  - Communications and marketing: 8,946,913  
  - Logistics: 2,538,556  
  - Costs of educational materials: 1,893,335  
  - Annual convention: 1,366,983  
  - Total program services: 30,822,589

- Support services  
  - Finance: $1,528,650  
  - Chief executive officer, officers, board: 2,547,602  
  - Information technology: 4,275,332  
  - Human resources: 871,301  
  - Other expenses: 484,907  
  - Depreciation: 858,967  
  - Total support services: 10,566,759

- Total functional expenses: 41,389,348

- Increase in net assets: 3,951,654