

Financial Activities: Jan.-Dec. 2008

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 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 2008 financial activities.

Exhibit A

REVENUE FROM OPERATIONS			
Membership Dues – 62%	Sales of Educational Materials 16%	New Member Fee 14.4%	Other 7.6%
Expenses – 94%			

Revenues and Expenses from Operations

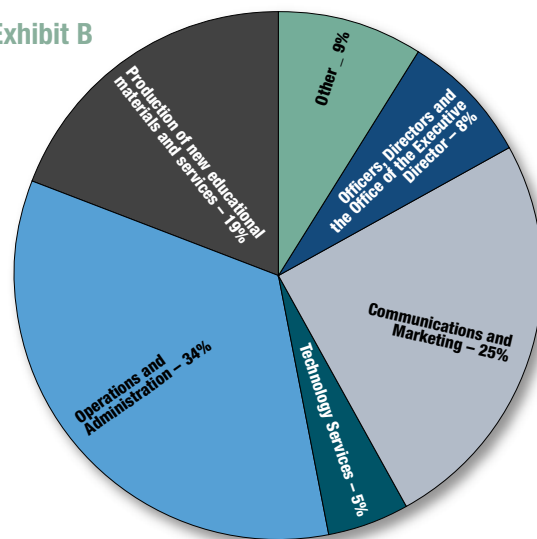
Exhibit A shows the relationship of individual revenue sources to expenses. You can see that income generated from dues renewals, new-member fees, charter fees and miscellaneous sources was sufficient to cover expenses.

Exhibit B shows how revenue is spent. The glossary below and on the next page gives an explanation of expenses.

Glossary of Expenses:

- **Officers, Directors and the Office of the Executive Director** – Includes travel and expenses for Board meetings, district visits, regional conferences and outside professional services, such as legal counsel. Board meetings ensure 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 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.
- **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

Exhibit B



and educational awards, as well as updating member and officer information. It also includes accounting and financial reporting, governing documents administration and meeting planning.

- **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 to help every member succeed.
- **Other** – Includes annual convention expense, magazine advertising commissions, interest on operating accounts and depreciation.
- **Technology Services** – This section includes expenses related to the software and support of our computer systems.
- **Investment (Expense) Revenues, Net** – This section includes any gains, losses, income and investment expense for the unrestricted marketable securities.

TI SELECTED FINANCIAL INFORMATION JANUARY-DECEMBER 2008

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2008

ASSETS	
Cash and short-term investments	\$ 4,925,194
Restricted cash and short-term investments	\$ 1,759,145
Total cash, restricted cash and short-term investments	\$ 6,684,339
Marketable securities	\$ 15,447,064
Accounts receivable, net of allowance for doubtful accounts of \$5,000 in 2008 and 2007	\$ 48,194
Inventories, net.....	\$ 1,152,001
Deposits, prepaid postage and other.....	\$ 352,068
Land, building and equipment, net of accumulated depreciation.....	\$ 3,527,119
Total assets	\$ 27,210,785
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 858,638
Funds held for Toastmasters International regions	\$ 173,198
Total liabilities	\$ 829,210
Net Assets:	
Unrestricted.....	\$ 8,974,124
Unrestricted – reserved per policy.....	\$ 14,917,250
Total unrestricted.....	\$ 23,891,374
Temporarily restricted.....	\$ 2,287,575
Total net assets	\$ 26,178,949
Total liabilities and net assets	\$ 27,210,785

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2008

CHANGES IN UNRESTRICTED NET ASSETS:

REVENUE FROM OPERATIONS:

Membership dues and fees:	
Member dues	\$ 9,390,831
New member fees	\$ 2,180,836
Charter fees	\$ 150,123
Total membership dues and fees.....	\$ 11,721,790
Other revenues:	
Sales of educational materials.....	\$ 2,410,759
Annual convention.....	\$ 622,750
Interest.....	\$ 130,190
Royalties.....	\$ 8,331
Magazine advertising	\$ 186,778
Other.....	\$ 23,658
Total other revenues	\$ 3,382,466
Total revenue.....	\$ 15,104,256

OPERATING EXPENSES:

Executive director; officers; board.....	\$ 1,172,166
Communications and marketing	\$ 3,531,643
Technology services.....	\$ 756,537
Operations and administration.....	\$ 4,809,748
Production	\$ 897,692
Cost of educational materials.....	\$ 1,757,413
Annual convention.....	\$ 878,662
Magazine advertising	\$ 37,350
Depreciation – other.....	\$ 207,040
Depreciation – technology	\$ 170,556
Total operating expenses	\$ 14,218,807
Increase in unrestricted net assets from operations	\$ 885,449

INVESTMENT (EXPENSES) REVENUES, NET:

Marketable securities	
Interest and dividend income	\$ 665,668
Net realized (loss) gain on marketable securities	\$ (1,388,642)
Capital gain distributions.....	\$ 45,122
Net unrealized (loss) on marketable securities	\$ (5,064,496)
Investment Fees	\$ (176,883)
Total investment revenues, net	\$ (5,919,231)
(Decrease) increase in unrestricted net assets ...	\$ (5,033,782)

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, 2008 totaled \$19,518. The fund had a balance of \$529,814 as of December 31, 2008.

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