The financial statements of Toastmasters International were audited by the independent certified public accounting firm of SingerLewak LLP. The auditors stated that the 2013 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 company’s revenue is derived from membership dues and fees. This revenue category is up 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. Investment income is the third largest revenue source; it is earned in the form of interest, dividends, realized and unrealized gains and losses from the organization’s investment portfolio. The largest component of investment income is the unrealized gains and losses, which are dependent on global markets. Sale of educational materials is the fourth largest revenue source. Revenues derived from the Annual convention consist of ticket registration, bookstore sales and sponsorships.

The company’s expenses are broken into 11 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; Member Support; Communications and Marketing; Cost of Educational Materials; Logistics; Information Technology; Executive Director, Officers and Board; Finance; Annual Convention; Human Resources; and Depreciation. The following graphs provide a percentage breakdown of 2013 revenue and expenses:
2013 REVENUE BY CATEGORY

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues and fees</td>
<td>67%</td>
</tr>
<tr>
<td>District income</td>
<td>15%</td>
</tr>
<tr>
<td>Investments</td>
<td>10%</td>
</tr>
<tr>
<td>Sales of educational materials</td>
<td>5%</td>
</tr>
<tr>
<td>Annual convention</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

2013 EXPENSE BY FUNCTIONAL AREA

<table>
<thead>
<tr>
<th>Area</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>District expenses</td>
<td>30%</td>
</tr>
<tr>
<td>Communications and marketing</td>
<td>23%</td>
</tr>
<tr>
<td>Member support</td>
<td>12%</td>
</tr>
<tr>
<td>Logistics</td>
<td>8%</td>
</tr>
<tr>
<td>Cost of educational materials</td>
<td>6%</td>
</tr>
<tr>
<td>Executive director, officers, board</td>
<td>6%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>5%</td>
</tr>
<tr>
<td>Finance</td>
<td>4%</td>
</tr>
<tr>
<td>Annual convention</td>
<td>3%</td>
</tr>
<tr>
<td>Human resources</td>
<td>2%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1%</td>
</tr>
</tbody>
</table>
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 2013 audited financial statements:

### Statement of Position as of December 31, 2013

**ASSETS**

Current assets
- Cash and cash equivalents ............................................. $17,681,689
- Investments ................................................................. 25,179,985
- Accounts receivable, net of allowance for doubtful accounts of $7,000 ........................................... 131,952
- Inventory ........................................................................... 778,391
- Prepaid expenses and other current assets ...................... 800,410
- Total current assets ......................................................... 44,572,427

Restricted cash and cash equivalents ................................ 14,380
Property and equipment, net .............................................. 4,514,692
Total assets .......................................................................... $49,101,499

**LIABILITIES AND NET ASSETS**

Current liabilities
- Accounts payable and accrued liabilities ......................... $2,035,871
- Deferred membership and other income ......................... 5,136,865
- Total current liabilities .................................................... 7,172,736

Net assets
- Unrestricted ...................................................................... 41,914,383
- Temporarily restricted ..................................................... 14,380
- Total net assets ................................................................. 41,928,763

Total liabilities and net assets .............................................. $49,101,499

### Statement of Activities for the Year Ended December 31, 2013

**Net revenue**
- Membership dues .............................................................. $20,497,346
- New member fees ............................................................. 2,957,759
- Charter fees ...................................................................... 192,875
- District income ................................................................ 5,111,492
- Net realized and unrealized gains on investments ............. 3,086,067
- Interest and dividends ....................................................... 555,499
- Sales of educational materials ......................................... 1,828,251
- Annual convention ............................................................ 790,440
- Other income ................................................................... 58,424
- Magazine advertising ...................................................... 28,750
- Contributions .................................................................. 15,474
- Total net revenue .............................................................. $35,122,377

**Functional expenses**

Program-related expenses
- District expenses ............................................................. $8,925,562
- Communications and marketing .................................... 7,067,833
- Member support ............................................................. 3,512,619
- Logistics .......................................................................... 2,567,981
- Cost of educational materials ......................................... 1,681,328
- Annual convention .......................................................... 805,980
- Total program expenses .................................................. $24,561,303

**Support services**
- Executive director, officers, board ................................... $1,809,106
- Information Technology .................................................... 1,506,812
- Finance ............................................................................ 1,164,469
- Human resources ........................................................... 591,527
- Depreciation .................................................................... 376,168
- Total support services ....................................................... $5,448,082
- Total expenses ................................................................. $30,009,385

**Increase in unrestricted net assets** ................................... $5,112,992