

**CREW NETWORK,
CREW NETWORK FOUNDATION, AND
CREW NETWORK FOUNDATION CANADA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

**CREW NETWORK, CREW NETWORK FOUNDATION, AND
CREW NETWORK FOUNDATION CANADA**

Combined Financial Statements
Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the CREW Network Board of Directors, the CREW Network Foundation Board of Trustees, and the CREW Network Foundation of Canada Board of Trustees:

We have audited the accompanying combined financial statements of CREW Network, CREW Network Foundation, and CREW Network Foundation Canada, (Organization) which comprise the combined statements of financial position as of December 31, 2018 and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of CREW Network, CREW Network Foundation, and CREW Network Foundation Canada as of December 31, 2018 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Summers, Spencer & Company P.A.

Summers, Spencer & Company, P.A.
Lawrence, KS

May 18, 2019

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Combined Statement of Financial Position

Year Ended December 31, 2018

	<u>CREW Network</u>	<u>CREW Network Foundation</u>	<u>CREW Network Foundation Canada</u>	<u>Eliminations</u>	<u>Total</u>
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 1,049,814	\$ 268,157	\$ 10,840	\$ -	\$ 1,328,811
Chapter agency cash	6,170,648	-	-	-	6,170,648
Investments	6,251,298	2,841,094	-	-	9,092,392
Accounts receivable	602,829	7,411	16,401	(40,677)	585,964
Pledges receivable	-	34,663	-	-	34,663
Prepaid expenses	109,791	-	-	-	109,791
Accrued interest receivable	15,456	12,612	-	-	28,068
Other current assets	115,012	-	-	-	115,012
Total current assets	<u>14,314,848</u>	<u>3,163,937</u>	<u>27,241</u>	<u>(40,677)</u>	<u>17,465,349</u>
Software, net	516,649	-	-	-	516,649
Hardware, net	56,202	-	-	-	56,202
Other property and equipment, net	24,196	-	-	-	24,196
Total assets	<u>\$ 14,911,895</u>	<u>\$ 3,163,937</u>	<u>\$ 27,241</u>	<u>\$ (40,677)</u>	<u>\$ 18,062,396</u>
<u>Liabilities and net assets</u>					
Current liabilities					
Accounts payable	\$ 707,729	\$ 73,657	\$ -	\$ (40,677)	\$ 740,709
Accrued expenses and other liabilities	214,776	20,000	-	-	234,776
Deferred revenue	1,089,361	-	-	-	1,089,361
Prepaid sponsorships	850,000	-	-	-	850,000
Chapter agency funds liability	6,170,648	-	-	-	6,170,648
Total current liabilities	<u>9,032,514</u>	<u>93,657</u>	<u>-</u>	<u>(40,677)</u>	<u>9,085,494</u>
Net assets					
Without donor restrictions					
Undesignated	641,204	676,822	-	-	1,318,026
Board designated:					
Sustaining reserves	3,741,130	-	-	-	3,741,130
Business development reserves	500,000	-	-	-	500,000
Infrastructure reserves	400,000	-	-	-	400,000
Career Outreach	-	52,907	-	-	52,907
Operating reserves	-	200,000	-	-	200,000
Scholarship endowment	-	1,000,000	-	-	1,000,000
Invested in capital assets, net	597,047	-	-	-	597,047
Total net assets without donor restrictions	<u>5,879,381</u>	<u>1,929,729</u>	<u>-</u>	<u>-</u>	<u>7,809,110</u>
With donor restrictions					
Perpetual in nature	-	835,375	-	-	835,375
Purpose restrictions	-	305,176	27,241	-	332,417
Total net assets with donor restrictions	<u>-</u>	<u>1,140,551</u>	<u>27,241</u>	<u>-</u>	<u>1,167,792</u>
Total net assets	<u>5,879,381</u>	<u>3,070,280</u>	<u>27,241</u>	<u>-</u>	<u>8,976,902</u>
Total net assets and liabilities	<u>\$ 14,911,895</u>	<u>\$ 3,163,937</u>	<u>\$ 27,241</u>	<u>\$ (40,677)</u>	<u>\$ 18,062,396</u>

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Combined Statement of Activities
Year Ended December 31, 2018

	CREW Network	CREW Network Foundation		CREW Network Foundation Canada		Eliminations	Totals
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Operating Activities:							
Membership dues	\$ 1,926,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,926,467
Sponsorships	1,259,500	-	224,120	-	-	-	1,483,620
Convention	1,175,568	-	-	-	-	-	1,175,568
Leadership summit	146,250	-	-	-	-	-	146,250
Other education	153,800	-	-	-	-	-	153,800
Administrative services income	715,171	4,675	-	-	-	(105,361)	614,485
Contributions and grants	52,498	285,583	113,278	-	26,639	(80,548)	397,450
Special events revenue	-	120,491	36,056	-	-	-	156,547
Investment income / (loss)	(203,244)	11,827	9,064	-	-	-	(182,353)
Other revenue	7,717	-	-	-	-	-	7,717
Total revenue and support before releases	<u>5,233,727</u>	<u>422,576</u>	<u>382,518</u>	<u>-</u>	<u>26,639</u>	<u>(185,909)</u>	<u>5,879,551</u>
Net assets released from restrictions	<u>-</u>	<u>316,377</u>	<u>(316,377)</u>	<u>14,534</u>	<u>(14,534)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,233,727</u>	<u>738,953</u>	<u>66,141</u>	<u>14,534</u>	<u>12,105</u>	<u>(185,909)</u>	<u>5,879,551</u>
Expenses:							
Program Expenses							
Conferences and covention	2,018,588	-	-	-	-	-	2,018,588
Member services and programs	1,309,917	3,966	-	-	-	(3,966)	1,309,917
Special events	-	198,186	-	-	-	(6,634)	191,552
Grants paid	-	185,888	-	14,534	-	(96,158)	104,264
Total program expenses	<u>3,328,505</u>	<u>388,040</u>	<u>-</u>	<u>14,534</u>	<u>-</u>	<u>(106,758)</u>	<u>3,624,321</u>
Supporting services expenses							
Management and general	1,617,756	101,991	-	-	-	(75,875)	1,643,872
Fundraising and development	141,509	28,619	-	-	-	(3,276)	166,852
Total supporting services expenses	<u>1,759,265</u>	<u>130,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,151)</u>	<u>1,810,724</u>
Total Expenses	<u>5,087,770</u>	<u>518,650</u>	<u>-</u>	<u>14,534</u>	<u>-</u>	<u>(185,909)</u>	<u>5,435,045</u>
Change in Net Assets	145,957	220,303	66,141	-	12,105	-	444,506
Net Assets, Beginning of Year	5,733,424	1,709,426	1,074,410	-	15,136	-	8,532,396
Net Assets, End of Year	<u>\$ 5,879,381</u>	<u>\$ 1,929,729</u>	<u>\$ 1,140,551</u>	<u>\$ -</u>	<u>\$ 27,241</u>	<u>\$ -</u>	<u>\$ 8,976,902</u>

The accompanying notes are an integral part of these statements

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Combined Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services				Total	Management and General	Fundraising and Development	Total
	Conferences and Convention	Member Services and Programs	Special Events	Grants Paid				
Salaries and wages	\$ 191,917	\$ 514,495	\$ -	\$ -	\$ 706,412	\$ 784,410	\$ 61,469	\$ 1,552,291
Employee benefits	40,859	109,536	-	-	150,395	167,001	13,087	330,483
Payroll taxes	13,094	35,101	-	-	48,195	53,516	4,194	105,905
Information technology	41,182	121,623	-	-	162,805	168,324	13,190	344,319
Depreciation and amortization	45,326	121,511	-	-	166,837	185,259	14,517	366,613
Occupancy	14,557	39,026	-	-	53,583	59,500	4,663	117,746
Insurance	2,441	38,945	-	-	41,386	9,979	782	52,147
Professional fees	4,096	10,980	-	-	15,076	27,479	1,312	43,867
General office	3,763	10,088	-	-	13,851	15,379	1,205	30,435
Events	1,180,507	20,320	184,544	-	1,385,371	84,404	25,994	1,495,769
Advertising and promotion	24,671	164,708	-	-	189,379	-	-	189,379
Grants paid	-	19,649	-	99,644	119,293	-	-	119,293
Program supplies	66,745	20,895	7,008	4,620	99,268	4,217	26,439	129,924
Contract Services	329,095	48,206	-	-	377,301	-	-	377,301
Travel	60,335	34,834	-	-	95,169	84,404	-	179,573
Total expenses by function	\$ 2,018,588	\$ 1,309,917	\$ 191,552	\$ 104,264	\$ 3,624,321	\$ 1,643,872	\$ 166,852	\$ 5,435,045

The accompanying notes are an integral part of these statements

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Combined Statement of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities:	
Cash received from memberships and contributions	\$ 4,082,410
Cash received from program fees and other	2,254,366
Cash paid to employees	(1,552,291)
Cash paid to suppliers and others	(3,538,402)
Interest and dividends received	191,447
Net cash provided by operating activities	<u>1,437,530</u>
Cash flows from investing activities:	
Purchase of property and equipment	(110,785)
Proceeds from the sales and maturities of investments	1,327,151
Purchases of investments	(2,363,219)
Net cash used for investing activities	<u>(1,146,853)</u>
Cash flows from financing activities:	
Permanently restricted contributions	<u>21,396</u>
Net cash provided by financing activities	<u>21,396</u>
Net change in cash and cash equivalents	312,072
Cash and cash equivalents at beginning of year	<u>1,016,739</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,328,811</u></u>

CREW NETWORK, CREW NETWORK FOUNDATION, AND CREW NETWORK FOUNDATION CANADA

Notes to Combined Financial Statements Year Ended December 31, 2018

1. Organization

Commercial Real Estate Women Network (CREW Network), incorporated in 1989, is a national federation of affiliated member organizations of commercial real estate women. The core purpose of CREW Network is to influence the success of the commercial real estate industry by advancing the achievements of women.

In 1998, Commercial Real Estate Women Foundation (CREW Network Foundation) was formed to support CREW Network through charitable and educational activities. Furthermore, CREW Network Foundation supports CREW Network by, among other things, educating the members of CREW Network regarding the benefits of giving and philanthropy, providing educational grants, assisting chapters of CREW Network in their local charitable, philanthropic and education activities, and providing grants and other forms of assistance to charitable organizations benefiting women and girls.

Commercial Real Estate Women Network Foundation Canada (CREW Network Foundation Canada) was incorporated and recognized as a Canadian charitable organization in 2016. The organization is established to provide scholarship awards, funded by donations from Canadian residents.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements.

a. Basis of Reporting

The financial statements have been prepared on the accrual basis of accounting.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Notes to Combined Financial Statements
Year Ended December 31, 2018

2. Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation

Although the financial statements include confirmed balances for agency funds as defined in Note 8, the financial statements for individual CREW Chapters have not been audited, nor are their activities included in the combined financial statements.

c. Principles of Combination

The accompanying combined financial statements include the accounts of CREW Network, CREW Network Foundation, and CREW Network Foundation Canada after elimination of all significant inter-organizational balances and transactions. The individual CREW chapter organizations are separate legal entities and not included in these financial statements.

d. Accounts and Pledges Receivable

The Organization considers accounts and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when the determination is made.

e. Property and Equipment

Property and equipment are carried at cost. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Software costs have been capitalized for internal use software in the application development stage. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

Depreciation is determined on the straight-line basis with estimated useful lives as follows:

	<u>Years</u>
Leasehold improvements	4 – 5 years
Furniture and equipment	3 – 7 years
Hardware	3 – 5 years
Software	3 years

f. Investments

Investments consist of brokerage cash accounts and certificates of deposit held at Wells Fargo with various maturity dates through April 2024, as well as other investment securities. Realized and unrealized gains and losses and interest on investments are reflected in the statement of activities. Investment return is presented net of investment fees.

Investment securities are exposed to various risks, such as interest rate, market fluctuation, and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Notes to Combined Financial Statements
Year Ended December 31, 2018

2. Summary of Significant Accounting Policies (Continued)

g. Fair Value Measurements

The Organization has adopted the provisions of FASB ASC 820-10. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization.

Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

h. Deferred Revenue

Deferred revenues represent receipts of various grants, contracts, membership dues, and other fees, which are deferred and recognized over the periods to which they relate.

i. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function and allocated on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries, benefits, payroll taxes, technology support, depreciation and amortization, insurance, occupancy, professional services, and general office expenses, which are allocated on the basis of estimates of time and effort.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Notes to Combined Financial Statements
Year Ended December 31, 2018

2. Summary of Significant Accounting Policies (Continued)

j. Management Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

k. Cash and Cash Equivalents Defined for Statement of Cash Flows

Cash and cash equivalents include cash in checking, savings and money market accounts held at commercial financial institutions. Cash and cash equivalents does not include chapter agency cash.

l. Change in Accounting Principle

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization’s financial statements:

- The permanently restricted net asset class has been renamed net assets with donor restrictions – perpetual in nature.
- The temporarily restricted net asset class has been renamed net assets with donor restrictions – purpose restriction.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31:

	<u>2018</u>
Total financial assets available within one year of the statement of financial position date for general expenses	\$6,081,988
Less those generally unavailable for expenditures due to:	
Board-designated purposes	(1,152,907)
Donor-imposed purpose restrictions	<u>(332,417)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,596,664</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
CREW NETWORK FOUNDATION CANADA**

Notes to Combined Financial Statements
Year Ended December 31, 2018

4. Investments at Fair Value

Investments include the following at December 31:

	2018	
	Fair Value	Cost
Brokerage cash	\$ 384,679	\$ 384,679
Certificates of deposit	5,469,885	5,579,000
Investment securities	<u>3,237,828</u>	<u>3,118,823</u>
	<u>\$9,092,392</u>	<u>\$9,082,502</u>

The following table presents the investments by hierarchy level as of December 31, 2018:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Brokerage cash	\$ 384,679	\$ -	\$ -	\$ 384,679
Certificates of deposit	5,469,885	-	-	5,469,885
Investment securities:				
Short-term fixed income	551,934	-	-	551,934
Intermediate fixed income	908,008	-	-	907,008
Long-term fixed income	71,883	-	-	71,883
Large cap equity	931,399	-	-	931,399
Mid cap equity	291,324	-	-	291,324
Small Cap Equity	175,908	-	-	175,908
International Equity	23,575	-	-	23,575
REITs and MLPs	<u>283,797</u>	<u>-</u>	<u>-</u>	<u>283,797</u>
Total	<u>\$9,092,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,092,392</u>

Following is a summary of the investment returns for the years ended December 31:

	<u>2018</u>
Interest	\$ 191,447
Change in market value	<u>(373,800)</u>
Total investment income	<u>\$(182,353)</u>

5. Concentrations

From time to time, balances in operating accounts may exceed FDIC insurance thresholds. The respective banks are monitored for financial stability by management.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Combined Financial Statements
Year Ended December 31, 2018

6. Pledges Receivable

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Management believes outstanding pledges will be fully collected within 24 months and, therefore, no allowance for uncollectible pledges has been established. Pledges receivable consist of the following at December 31:

	<u>2018</u>
Unconditional promises to give	\$ 7,490
Scholarship endowment pledges	<u>27,173</u>
Total pledges receivable	<u>\$34,663</u>

7. Prepaid Expenses

Prepaid expenses are as follows at December 31:

	<u>2018</u>
Software support	\$73,427
Office rent	8,490
Insurance	21,882
Other	<u>5,992</u>
Total prepaid expenses	<u>\$109,791</u>

8. Agency Funds

CREW Network acts as an agent on behalf of various member chapters where CREW Network has entered into an agreement to provide accounting services for the chapter. Funds held on behalf of these chapters are classified as both chapter agency accounts and a corresponding liability to the chapters.

Chapter agency funds are held in separate bank and investment accounts. These funds are not considered cash equivalents or investments for financial reporting purposes and, therefore, are not included in the statement of cash flows. Certificates of deposit held in investment accounts are stated at cost. Bank and investment account balances were as follows at December 31:

	<u>2018</u>
Bank checking accounts	\$2,540,062
Certificates of deposit held in investment accounts	<u>3,630,586</u>
Total agency funds	<u>\$6,170,648</u>

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Combined Financial Statements
Year Ended December 31, 2018

9. Net Assets Without Donor Restrictions - Board Designated

The CREW Network and the CREW Network Foundation Boards have designated certain portions of reserves for various purposes. Further descriptions of the respective Board designated net assets are as follows:

CREW Network:

Sustaining Reserves: The purpose of the Sustaining Reserves is to enable operations to continue in the event of future catastrophic events or downturns in the economy. The Board has designated a contribution of 50% of the current annual change in net assets when the annual change in net assets exceeds \$0. The target level for this reserve is 100% of the annual operating expenses of CREW Network as calculated based on a rolling average of the actual operating expenses for the prior 3 fiscal years. The Sustaining Reserve is currently funded at 88% of its target balance as of December 31, 2018.

Business Development Reserves: The purpose of the Business Development Reserve is to provide funding for major business initiatives requiring significant developmental or start-up costs, which are not covered by current operating income. The target balance for this reserve is \$500,000. The Business Development Reserve was fully funded as of December 31, 2018.

Infrastructure Reserves: The purpose of the Infrastructure Reserve is to provide funding for future technology or facility needs that are unable to be covered by current operating income. The target balance for this reserve is \$400,000. The Infrastructure Reserve was fully funded as of December 31, 2018.

CREW Network Foundation:

Career Outreach: The Career Outreach reserves include funds that the CREW Network Foundation Board of Trustees has agreed to set aside for funding future year career outreach programs including: CREW Careers: Building Opportunities, University Outreach (UCREW) and eMentoring. The current balance of the career outreach board designated net assets consists of unrestricted revenue from prior year CREW Careers program sponsors.

Operating: The CREW Network Foundation Board has designated funds to be set aside to protect the Organization against future unforeseen economic circumstances with respect to its operations. The target balance for this reserve at \$200,000 is based on the annual core business operating expenses. The Operating Reserve was fully funded as of December 31, 2018.

Scholarship Endowment: The CREW Network Foundation Board has allocated funds without donor restrictions to be added to the Scholarship Endowment Fund as explained in Note 11.

10. Net Assets with Donor Restrictions – Purpose Restrictions

CREW Network Foundation:

Chapter Partnership Activity: Net assets with donor restrictions include certain contributions that are to be donated to charitable organizations, which have been selected by the chapters that solicited the contributions. The balance of net assets with restrictions related to chapter partnership activity at December 31, 2018 was \$209,639.

**CREW NETWORK, CREW NETWORK FOUNDATION, AND
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Notes to Combined Financial Statements
Year Ended December 31, 2018

10. Net Assets with Donor Restrictions – Purpose Restrictions (Continued)

CREW Network Foundation (continued):

Annual Scholarships: Net assets with donor restrictions include donor restricted funds and investment earnings on endowed funds for scholarships to be used for funding current scholarships. The balance of net assets with restrictions related to annual scholarship contributions and investment activity at December 31, 2018 was \$72,937.

Research: Net assets with restrictions include donor restricted funds to be used for industry research studies. The balance of net assets with restrictions related to research at December 31, 2018 was \$22,600.

CREW Network Foundation Canada:

Annual Scholarships: Net assets with restrictions include donor restricted funds to be used for funding current scholarships. The balance of net assets with restrictions related to annual scholarship contributions at December 31, 2018 was \$27,241.

11. Endowment

CREW Network Foundation:

Scholarship Endowment Fund: In an effort to provide for the continuance of the scholarship program currently facilitated by CREW Network, CREW Network Foundation has established an endowment fund. Donor contributions are set aside to build a permanent fund, with a goal of providing scholarships from the investment earnings. In addition to donor contributions, the Board of Trustees has allocated funds from the Board designated grants reserve and has made additional designations from net assets without restrictions to provide initial funding for the Scholarship Endowment Fund.

As donations and pledge payments are received, funds are deposited into a separate investment account. Any investment earnings are added to the net assets with restrictions-annual scholarships net asset balance.

Endowment net asset composition by type of fund as of December 31 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Endowment <u>Assets</u>
<u>2018</u>			
Donor restricted endowment funds	\$ -	\$835,375	\$ 835,375
Board designated endowment funds	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$1,000,000</u>	<u>\$835,375</u>	<u>\$1,835,375</u>

**CREW NETWORK, CREW NETWORK FOUNDATION, AND
CREW NETWORK FOUNDATION CANADA**

Notes to Combined Financial Statements
Year Ended December 31, 2018

11. Endowment (Continued):

CREW Network Foundation (Continued):

Change in endowment net assets for the year ended December 31 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment net assets, December 31, 2017	\$ 282,988	\$813,979	\$1,096,967
Board designated	717,012	-	717,012
Contributions	<u> -</u>	<u> 21,396</u>	<u> 21,396</u>
Endowment net assets, December 31, 2018	<u>\$1,000,000</u>	<u>\$835,375</u>	<u>\$1,835,375</u>

12. Fixed Assets

The Organization capitalizes property, equipment and software with a cost of over \$1,000 and an estimated useful life of three years or more. Leasehold improvements, equipment and computer hardware are depreciated over their respective useful lives of three to seven years. Depreciation expense for 2018 was \$34,231. Software is amortized over three years. Amortization expense for 2018 was \$332,382.

13. Operating Lease

The Organization leases office space in Lawrence, Kansas. A new four-year lease commenced on June 1, 2018. The future minimum rent payments required under the lease terms are as follows:

Year ending December 31,	
2019	\$101,044
2020	103,064
2021	105,126
Thereafter	<u> 44,163</u>
Total	<u>\$353,397</u>

Rent expense was \$92,234 for the year ending December 31, 2018.

14. Income Tax

CREW Network is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code and CREW Network Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code. CREW Network Foundation Canada is a Canadian charity and is exempt from Canadian income tax under Section 149(1)(f) of the Canadian Income Tax Act, and exempt from United States federal income tax under the United States-Canada Income Tax Treaty.

**CREW NETWORK, CREW NETWORK FOUNDATION, AND
CREW NETWORK FOUNDATION CANADA**

Notes to Combined Financial Statements
Year Ended December 31, 2018

14. Income Tax (Continued)

The Organization's present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period in which, based on all available evidence, management believes it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the Organization.

The Organization's income tax returns are subject to review and examination by U.S. federal, state and Canadian taxing authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

15. Retirement Plan

The Organization maintains a defined contribution pension plan that covers substantially all of its employees. The plan permits employees to make contributions to the plan. The Organization matches 25% of the employee's contributions, up to a maximum of 1.5% of total compensation. The matching contributions are fully vested immediately.

In addition, the Organization may make discretionary annual contributions to the plan up to 5% of the employee's annual salary. The annual contribution is subject to a graduated six-year vesting schedule.

Total retirement expense for 2018 was \$88,090.

16. Pending Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenues from Contracts with Customers and has modified the standard thereafter. This standard replaces existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2014-09 is effective for annual reporting periods in fiscal years that begin after December 15, 2018. It is management's responsibility to ensure proper adoption of ASU 2014-09.

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases, which, among other things, requires the recognition of lease assets and lease liabilities for operating leases on the statement of financial position for lessees, and the disclosure of key information about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2019. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2016-02.

17. Subsequent Events

Management has evaluated subsequent events through May 18, 2019, the date which the financial statements were available to be issued.