

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

Financial Statements
Years Ended December 31, 2016 and 2015

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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 Canada Board of Trustees:

We have audited the accompanying combining financial statements of CREW Network, CREW Network Foundation, and CREW Network Foundation Canada (Organization), which comprise the combining statements of financial position as of December 31, 2016 and the related combining statements of activities and combined cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combining 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 combining 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 combining financial statements based on our audits. We conducted our audits 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 combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining 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 combining 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 combining 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 combining financial statements referred to above present fairly, in all material respects, the individual and combined financial positions of CREW Network, CREW Network Foundation, and CREW Network Foundation Canada as of December 31, 2016 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.

Report on Summarized Comparative Information

We have audited the Organization's 2015 combining financial statements, and expressed an unmodified opinion on those audited combining financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited combining financial statements from which it has been derived.

Summers, Spencer & Company P.A.

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

June 14, 2017

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

Combining Statement of Financial Position
December 31, 2016
(with summarized comparative information for 2015)

	2016				2015	
	CREW Network	CREW Network Foundation	CREW Network Foundation Canada	Eliminations	Total	Total
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 616,806	\$ 67,550	\$ -	\$ -	\$ 684,356	\$ 1,596,924
Chapter agency cash	4,574,476	-	-	-	4,574,476	4,396,508
Investments	5,333,451	2,388,867	-	-	7,722,318	6,654,469
Accounts receivable	251,516	5,437	3,507	(20,288)	240,172	172,458
Pledges receivable	-	30,077	-	-	30,077	49,732
Prepaid expenses	161,764	-	-	-	161,764	47,168
Accrued interest receivable	8,157	5,266	-	-	13,423	14,814
Other current assets	42,515	-	-	-	42,515	36,485
Total current assets	<u>10,988,685</u>	<u>2,497,197</u>	<u>3,507</u>	<u>(20,288)</u>	<u>13,469,101</u>	<u>12,968,558</u>
Property and equipment:						
Software	1,373,109	-	-	-	1,373,109	1,134,120
Hardware	207,663	-	-	-	207,663	177,214
Furniture and equipment	40,698	-	-	-	40,698	40,698
Leasehold improvements	3,999	-	-	-	3,999	3,999
Total property and equipment	<u>1,625,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,625,469</u>	<u>1,356,031</u>
Less accumulated depreciation and amortization	<u>(1,288,687)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,288,687)</u>	<u>(1,209,231)</u>
Property and equipment, net	<u>336,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,782</u>	<u>146,800</u>
Total assets	<u>\$ 11,325,467</u>	<u>\$ 2,497,197</u>	<u>\$ 3,507</u>	<u>\$ (20,288)</u>	<u>\$ 13,805,883</u>	<u>\$ 13,115,358</u>

The accompanying notes are an integral part of these statements

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

Combining Statement of Financial Position
December 31, 2016
(with summarized comparative information for 2015)

	2016				2015	
	CREW Network	CREW Network Foundation	CREW Network Foundation Canada	Eliminations	Total	Total
<u>Liabilities and Net Assets</u>						
Current liabilities:						
Accounts payable	\$ 599,599	\$ 45,938	\$ -	\$ (20,288)	\$ 625,249	\$ 565,989
Accrued payroll and payroll taxes	113,209	-	-	-	113,209	82,258
Accrued 401(k) liability	67,297	-	-	-	67,297	67,548
Deferred revenues	639,263	2,500	-	-	641,763	804,669
Prepaid sponsorships	226,500	-	-	-	226,500	294,000
Chapter agency funds liability	4,574,476	-	-	-	4,574,476	4,396,508
Total current liabilities	<u>6,220,344</u>	<u>48,438</u>	<u>-</u>	<u>(20,288)</u>	<u>6,248,494</u>	<u>6,210,972</u>
Net assets:						
Unrestricted:						
Undesignated	851,122	913,378	-	-	1,764,500	1,369,426
Board designated:						
Sustaining Reserves	3,354,001	-	-	-	3,354,001	3,227,604
Business Development Reserves	500,000	-	-	-	500,000	500,000
Infrastructure Reserves	400,000	-	-	-	400,000	400,000
Career Outreach	-	91,439	-	-	91,439	103,816
Operating	-	120,000	-	-	120,000	120,000
Scholarship Endowment	-	282,988	-	-	282,988	282,988
Temporarily restricted	-	295,521	3,507	-	299,028	242,360
Permanently restricted	-	745,433	-	-	745,433	658,192
Total net assets	<u>5,105,123</u>	<u>2,448,759</u>	<u>3,507</u>	<u>-</u>	<u>7,557,389</u>	<u>6,904,386</u>
Total liabilities and net assets	<u>\$ 11,325,467</u>	<u>\$ 2,497,197</u>	<u>\$ 3,507</u>	<u>\$ (20,288)</u>	<u>\$ 13,805,883</u>	<u>\$ 13,115,358</u>

The accompanying notes are an integral part of these statements

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

Combining Statement of Activities
For the Year Ended December 31, 2016
(with summarized comparative information for 2015)

	CREW Network	CREW Network Foundation		CREW Network Foundation Canada			Totals		
	Unrestricted	Unrestricted	Temporarily restricted	Permanently restricted	Unrestricted	Temporarily restricted	Eliminations	2016	2015
Support and revenue:									
Membership dues	\$ 1,741,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,741,930	\$ 1,667,297
Sponsorships	1,344,000	-	145,907	-	-	-	(10,000)	1,479,907	1,270,400
Conferences and conventions	1,166,940	-	-	-	-	-	-	1,166,940	727,580
Administrative services income	537,596	2,950	-	-	-	-	(80,192)	460,354	462,260
Contributions	-	274,938	93,673	87,241	-	3,910	-	459,762	449,009
Special events revenue	-	132,992	90,486	-	-	-	-	223,478	146,156
Investment income	197,697	(9,063)	17,277	-	-	-	-	205,911	94,626
Leadership summit income	291,600	-	-	-	-	-	-	291,600	136,980
Career outreach funding	28,914	-	-	-	-	-	(28,914)	-	-
Miscellaneous income	14,164	-	-	-	-	-	-	14,164	9,989
Net assets released from restrictions	-	294,182	(294,182)	-	403	(403)	-	-	-
Total support and revenue	<u>5,322,841</u>	<u>695,999</u>	<u>53,161</u>	<u>87,241</u>	<u>403</u>	<u>3,507</u>	<u>(119,106)</u>	<u>6,044,046</u>	<u>4,964,297</u>
Expenses:									
Program expenses:									
Conferences and conventions	2,594,484	24,284	-	-	-	-	(15,173)	2,603,595	1,440,778
Member services and programs	1,024,396	8,392	-	-	-	-	(8,331)	1,024,457	1,069,204
Special events	-	128,827	-	-	-	-	-	128,827	110,256
Grants paid	-	188,965	-	-	-	-	(38,914)	150,051	159,794
Total program expenses	<u>3,618,880</u>	<u>350,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,418)</u>	<u>3,906,930</u>	<u>2,780,032</u>
Supporting services expenses:									
Management and general	1,288,159	64,915	-	-	377	-	(47,156)	1,306,295	1,012,549
Fundraising	143,476	43,848	-	-	26	-	(9,532)	177,818	153,549
Total supporting services expenses	<u>1,431,635</u>	<u>108,763</u>	<u>-</u>	<u>-</u>	<u>403</u>	<u>-</u>	<u>(56,688)</u>	<u>1,484,113</u>	<u>1,166,098</u>
Total expenses	<u>5,050,515</u>	<u>459,231</u>	<u>-</u>	<u>-</u>	<u>403</u>	<u>-</u>	<u>(119,106)</u>	<u>5,391,043</u>	<u>3,946,130</u>
Change in net assets	272,326	236,768	53,161	87,241	-	3,507	-	653,003	1,018,167
Net assets at beginning of year	4,832,797	1,171,037	242,360	658,192	-	-	-	6,904,386	5,886,219
Net assets at end of year	<u>\$ 5,105,123</u>	<u>\$ 1,407,805</u>	<u>\$ 295,521</u>	<u>\$ 745,433</u>	<u>\$ -</u>	<u>\$ 3,507</u>	<u>\$ -</u>	<u>\$ 7,557,389</u>	<u>\$ 6,904,386</u>

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
For the Year Ended December 31, 2016
(with summarized comparative information for 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from memberships, contributions, program fees and sales	\$ 5,472,429	\$ 4,946,936
Cash paid to employees, suppliers and others	(5,342,253)	(3,832,587)
Interest received	154,495	113,251
Net cash provided by operating activities	284,671	1,227,600
Cash flows from investing activities:		
Purchase of property and equipment	(269,438)	(118,558)
Proceeds from sales and maturities of investments	1,887,958	3,069,147
Purchases of investments	(2,903,000)	(3,451,271)
Net cash used in investing activities	(1,284,480)	(500,682)
Cash flows from financing activities:		
Permanently restricted contributions	87,241	64,803
Net cash provided by financing activities	87,241	64,803
Net change in cash and cash equivalents	(912,568)	791,721
Cash and cash equivalents at beginning of year	1,596,924	805,203
Cash and cash equivalents at end of year	\$ 684,356	\$ 1,596,924
Reconciliation of change in net assets		
to net cash provided (used) by operating activities:		
Change in net assets	\$ 653,003	\$ 1,018,167
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	79,456	75,543
Gain/loss on sale of property & equipment	-	989
Permanently restricted contributions	(87,241)	(64,803)
Unrealized (gain) loss on investments	(52,807)	9,576
Net Change in:		
Accounts receivable	(67,714)	(56,966)
Pledges receivable	19,655	34,997
Accrued interest receivable	1,391	9,049
Prepaid expenses and other assets	(120,626)	(5,001)
Accounts payable	59,260	34,919
Accrued payroll, payroll taxes and 401(k)	30,700	7,093
Prepaid sponsorships and deferred revenues	(230,406)	164,037
Total adjustments	(368,332)	209,433
Net cash provided by operating activities	\$ 284,671	\$ 1,227,600

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

Notes to Financial Statements Years Ended December 31, 2016 and 2015

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.

During 2016, Commercial Real Estate Women Network Foundation (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 donation 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 Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.

Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund the donor intentions.

The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, expenditures of the previously restricted net assets are released from the temporarily restricted net assets and reported in the statement of activities.

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

Notes to Financial Statements
Years Ended December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation

The financial statements include certain prior year summarized comparative information in total but not by net asset class or company. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived. Although the financial statements include confirmed balances for agency funds as defined in Note 7, the financial statements for individual CREW Chapters have not been audited, nor are their activities included in the combining financial statements.

c. Principles of Combination

The accompanying combining financial statements include the accounts of CREW Network, CREW Network Foundation, and CREW Network Foundation Canada, which are combined for financial statement purposes since they are under common management. Significant inter-organizational balances and transactions have been eliminated. 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

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Financial Statements
Years Ended December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

f. Investments

Investments consist of brokerage cash accounts and certificates of deposit held at Wells Fargo with various maturity dates through August 2021, as well as other investment securities. Realized and unrealized gains and losses and interest on investments are reflected in the statement of activities.

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.

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.

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 or investments with market values approximating fair value due to their pricing being at market rates. Since valuations are based on quoted prices that are readily and regularly available in an active market and at market rates, 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.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Financial Statements
Years Ended December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (Continued)

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. 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.

j. 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.

3. Investments at Fair Value

Investments include the following at December 31:

	<u>2016</u>		<u>2015</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Brokerage cash	\$ 291,706	\$ 291,706	\$2,100,535	\$2,100,535
Certificates of deposit	4,196,922	4,238,017	3,947,635	3,956,000
Investment securities	<u>3,233,690</u>	<u>3,123,691</u>	<u>606,299</u>	<u>607,248</u>
	<u>\$7,722,318</u>	<u>\$7,653,414</u>	<u>\$6,654,469</u>	<u>\$6,663,783</u>

The following table presents the investments by hierarchy level as of December 31, 2016:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Brokerage cash	\$ 291,706	\$ -	\$ -	\$ 291,706
Certificates of deposit	4,196,922	-	-	4,196,922
Investment securities:				
Short-term fixed income	413,539	-	-	413,539
Intermediate fixed income	1,309,206	-	-	1,309,206
Long-term fixed income	78,141	-	-	78,141
Large cap equity	771,624	-	-	771,624
Mid cap equity	195,494	-	-	195,494
Small Cap Equity	100,003	-	-	100,003
International Equity	171,738	-	-	171,738
REITs and MLPs	<u>193,945</u>	<u>-</u>	<u>-</u>	<u>193,945</u>
Total	<u>\$7,722,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,722,318</u>

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Financial Statements
Years Ended December 31, 2016 and 2015

3. Investments at Fair Value (Continued)

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

	<u>2016</u>	<u>2015</u>
Interest and realized gain on investments	\$ 153,104	\$ 104,202
Unrealized gain (loss) on investments	<u>52,807</u>	<u>(9,576)</u>
Total investment income	<u>\$ 205,911</u>	<u>\$ 94,626</u>

4. Concentrations

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

5. 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:

	<u>2016</u>	<u>2015</u>
Unconditional promises to give	\$ 7,210	\$ 7,615
Annual Scholarships fund pledges	35	-
Scholarship endowment pledges	<u>22,832</u>	<u>42,117</u>
Total pledges receivable	<u>\$30,077</u>	<u>\$49,732</u>

6. Prepaid Expenses

Prepaid expenses are as follows:

	<u>2016</u>	<u>2015</u>
Software support	\$143,605	\$11,205
Office rent	8,160	8,160
Insurance	4,999	17,882
Other	<u>5,000</u>	<u>9,921</u>
Total prepaid expenses	<u>\$161,764</u>	<u>\$47,168</u>

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Notes to Financial Statements
Years Ended December 31, 2016 and 2015

7. 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>2016</u>	<u>2015</u>
Bank checking accounts	\$2,604,570	\$3,063,418
Certificates of deposit held in investment accounts	<u>1,969,906</u>	<u>1,333,090</u>
Total agency funds	<u>\$4,574,476</u>	<u>\$4,396,508</u>

8. Board Designated Net Assets

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 96% of its target balance as of December 31, 2016.

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, 2016.

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, 2016.

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Notes to Financial Statements
Years Ended December 31, 2016 and 2015

8. Board Designated Net Assets (Continued)

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 majority of the funds consist of revenue from prior year CREW Careers 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 \$120,000 is based on the annual core business operating expenses. The Operating Reserve was fully funded as of December 31, 2016.

Scholarship Endowment: See Note 10 for description.

9. Temporarily Restricted Net Assets

CREW Network Foundation:

Chapter Partnership Activity: Temporarily restricted net assets 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 temporarily restricted net assets related to chapter partnership activity at December 31, 2016 and 2015 was \$124,534 and \$80,334, respectively.

Annual Scholarships: Temporarily restricted net assets include donor restricted funds and investment earnings on endowed funds for scholarships to be used for funding current scholarships. The balance of temporarily restricted net assets related to annual scholarship contributions and investment activity at December 31, 2016 and 2015 was \$133,355 and \$133,768, respectively.

Research: Temporarily restricted net assets include donor restricted funds to be used for industry research studies. The balance of temporarily restricted net assets related to research at December 31, 2016 and 2015 was \$37,632 and \$28,258, respectively.

CREW Network Foundation Canada:

Annual Scholarships: Temporarily restricted net assets include donor restricted funds to be used for funding current scholarships. The balance of temporarily restricted net assets related to annual scholarship contributions at December 31, 2016 and 2015 was \$3,507 and \$-0-, respectively.

**CREW NETWORK, CREW NETWORK FOUNDATION, AND
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Notes to Financial Statements
Years Ended December 31, 2016 and 2015

10. 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 unrestricted net assets 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 temporarily restricted-annual scholarship net asset balance.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
<u>2016</u>				
Donor restricted endowment funds	\$ -	\$ -	\$745,433	\$ 745,433
Board designated endowment funds	<u>282,988</u>	<u>-</u>	<u>-</u>	<u>282,988</u>
	<u>\$282,988</u>	<u>\$ -</u>	<u>\$745,433</u>	<u>\$1,028,421</u>
<u>2015</u>				
Donor restricted endowment funds	\$ -	\$ -	\$658,192	\$658,192
Board designated endowment funds	<u>282,988</u>	<u>-</u>	<u>-</u>	<u>282,988</u>
	<u>\$282,988</u>	<u>\$ -</u>	<u>\$658,192</u>	<u>\$941,180</u>

Changes in endowment net assets for the years ended December 31 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, December 31, 2014	\$282,988	\$ -	\$593,389	\$876,377
Contributions	<u>-</u>	<u>-</u>	<u>64,803</u>	<u>64,803</u>
Endowment net assets, December 31, 2015	282,988	-	658,192	941,180
Contributions	<u>-</u>	<u>-</u>	<u>87,241</u>	<u>87,242</u>
Endowment net assets, December 31, 2016	<u>\$282,988</u>	<u>\$ -</u>	<u>\$745,433</u>	<u>\$1,028,422</u>

**CREW NETWORK AND CREW NETWORK FOUNDATION, AND
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Notes to Financial Statements
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11. 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 2016 and 2015 was \$31,203 and \$27,056, respectively. Software is amortized over three years. Amortization expense for 2016 and 2015 was \$48,252 and \$48,487, respectively.

12. Operating Lease

The Organization leases office space in Lawrence, Kansas. The future minimum rent payments required under the lease terms are as follows:

Year ending December 31,	
2017	\$103,064
Thereafter	<u>43,297</u>
Total	<u>\$146,361</u>

Rent expense was \$101,210 and \$99,066, respectively, for the years ended December 31, 2016 and 2015.

13. 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.

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. The tax returns for the years 2012 and after are open to examination by federal and state authorities.

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Notes to Financial Statements
Years Ended December 31, 2016 and 2015

14. 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 makes a discretionary annual contribution 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 2016 and 2015 was \$82,813 and \$71,037, respectively.

15. Subsequent Events

Management has evaluated subsequent events through June 14, 2017, the date which the financial statements were available to be issued.