

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Combined Financial Statements
Years Ended December 31, 2019 and 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 statement of financial position as of December 31, 2019 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 combined 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 combined 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 combined 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 combined 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, 2019 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 2018 combined financial statements, and expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Effect of Adoption of New Accounting Standards

As discussed in Note 20 of the combined financial statements, the Organization adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* using the retrospective method. The adoption of ASU 2016-18 has a material impact on the financial statements. Accordingly, the prior year financial statements for 2018 have been restated. Our opinion is not modified with respect to that matter.

Summers, Spencer & Company P.A.

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

June 8, 2020

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

Combined Statement of Financial Position
Year Ended December 31,

					2019	2018
	CREW Network	CREW Network Foundation	CREW Network Foundation Canada	Eliminations	Total	Total
<u>Assets</u>						
Current assets						
Cash and cash equivalents	\$ 1,069,000	\$ 352,008	\$ 31,327	\$ -	\$ 1,452,335	\$ 1,328,811
Chapter agency cash	7,407,568	-	-	-	7,407,568	6,170,648
Investments	8,253,002	3,376,780	-	-	11,629,782	9,092,392
Accounts receivable	628,295	16,287	12,266	(12,266)	644,582	585,964
Pledges receivable	-	19,040	-	-	19,040	34,663
Prepaid expenses	150,354	-	-	-	150,354	109,791
Accrued interest receivable	14,939	8,581	-	-	23,520	28,068
Other current assets	167,303	-	-	-	167,303	115,012
Total current assets	<u>17,690,461</u>	<u>3,772,696</u>	<u>43,593</u>	<u>(12,266)</u>	<u>21,494,484</u>	<u>17,465,349</u>
Software, net	205,785	-	-	-	205,785	516,649
Hardware, net	41,776	-	-	-	41,776	56,202
Other property and equipment, net	14,483	-	-	-	14,483	24,196
Other noncurrent assets	78,643	-	-	-	78,643	-
Total assets	<u>\$18,031,148</u>	<u>\$ 3,772,696</u>	<u>\$ 43,593</u>	<u>\$ (12,266)</u>	<u>\$21,835,171</u>	<u>\$18,062,396</u>
<u>Liabilities and net assets</u>						
Current liabilities						
Accounts payable	\$ 976,552	\$ 67,016	\$ 5,054	\$ (12,266)	\$ 1,036,356	\$ 740,709
Accrued expenses and other liabilities	266,427	-	-	-	266,427	234,776
Deferred revenue	1,191,594	-	-	-	1,191,594	1,089,361
Prepaid sponsorships	1,007,000	-	-	-	1,007,000	850,000
Chapter agency funds liability	7,407,568	-	-	-	7,407,568	6,170,648
Total current liabilities	<u>10,849,141</u>	<u>67,016</u>	<u>5,054</u>	<u>(12,266)</u>	<u>10,908,945</u>	<u>9,085,494</u>
Net assets						
Without donor restrictions						
Undesignated	1,390,783	1,174,729	-	-	2,565,512	1,915,073
Board designated:						
Sustaining reserves	4,891,224	-	-	-	4,891,224	3,741,130
Business development reserves	500,000	-	-	-	500,000	500,000
Infrastructure reserves	400,000	-	-	-	400,000	400,000
Career Outreach	-	23,720	-	-	23,720	52,907
Operating reserves	-	200,000	-	-	200,000	200,000
Scholarship endowment	-	1,000,000	-	-	1,000,000	1,000,000
Total net assets without donor restrictions	<u>7,182,007</u>	<u>2,398,449</u>	<u>-</u>	<u>-</u>	<u>9,580,456</u>	<u>7,809,110</u>
With donor restrictions						
Perpetual in nature	-	905,503	-	-	905,503	835,375
Purpose restrictions	-	401,728	38,539	-	440,267	332,417
Total net assets with donor restrictions	<u>-</u>	<u>1,307,231</u>	<u>38,539</u>	<u>-</u>	<u>1,345,770</u>	<u>1,167,792</u>
Total net assets	<u>7,182,007</u>	<u>3,705,680</u>	<u>38,539</u>	<u>-</u>	<u>10,926,226</u>	<u>8,976,902</u>
Total net assets and liabilities	<u>\$18,031,148</u>	<u>\$ 3,772,696</u>	<u>\$ 43,593</u>	<u>\$ (12,266)</u>	<u>\$21,835,171</u>	<u>\$18,062,396</u>

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

Combined Statement of Activities
Year Ended December 31,

	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		2019	2018
Operating Activities:								
Membership dues	\$ 2,342,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,342,671	\$ 1,926,467
Sponsorships	1,518,641	-	137,381	-	-	-	1,656,022	1,483,620
Convention	1,100,024	-	-	-	-	-	1,100,024	1,175,568
Leadership summit	165,000	-	-	-	-	-	165,000	146,250
Other education	202,994	-	-	-	-	-	202,994	153,800
Administrative services income	747,628	7,774	-	-	-	(116,918)	638,484	614,485
Contributions and grants	57,582	442,273	211,163	-	27,247	(113,723)	624,542	397,450
Special events revenue	-	140,800	185,307	-	-	-	326,107	156,547
Investment income / (loss)	850,235	75,498	53,824	-	-	-	979,557	(182,353)
Other revenue	31,993	-	-	-	-	-	31,993	7,717
Total revenue and support before releases	7,016,768	666,345	587,675	-	27,247	(230,641)	8,067,394	5,879,551
Net assets released from restrictions	-	420,995	(420,995)	15,949	(15,949)	-	-	-
Total revenue and support	7,016,768	1,087,340	166,680	15,949	11,298	(230,641)	8,067,394	5,879,551
Expenses:								
Program Expenses								
Conferences and covention	2,091,873	-	-	-	-	-	2,091,873	2,018,588
Member services and programs	2,052,079	7,639	-	-	-	(7,639)	2,052,079	1,309,917
Special events	-	195,895	-	-	-	(5,055)	190,840	191,552
Grants paid	-	285,538	-	15,949	-	(130,503)	170,984	104,264
Total program expenses	4,143,952	489,072	-	15,949	-	(143,197)	4,505,776	3,624,321
Supporting services expenses								
Management and general	1,419,420	110,939	-	-	-	(81,918)	1,448,441	1,643,872
Fundraising and development	150,770	18,609	-	-	-	(5,526)	163,853	166,852
Total supporting services expenses	1,570,190	129,548	-	-	-	(87,444)	1,612,294	1,810,724
Total Expenses	5,714,142	618,620	-	15,949	-	(230,641)	6,118,070	5,435,045
Change in Net Assets	1,302,626	468,720	166,680	-	11,298	-	1,949,324	444,506
Net Assets, Beginning of Year	5,879,381	1,929,729	1,140,551	-	27,241	-	8,976,902	8,532,396
Net Assets, End of Year	\$ 7,182,007	\$ 2,398,449	\$ 1,307,231	\$ -	\$ 38,539	\$ -	\$ 10,926,226	\$ 8,976,902

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,

	Program Services							2019	2018
	Conferences and Convention	Member Services and Programs	Special Events	Grants Paid	Total	Management and General	Fundraising and Development	Total	Total
Salaries and wages	\$ 239,086	\$ 739,943	\$ -	\$ -	\$ 979,029	\$ 710,014	\$ 64,591	\$ 1,753,634	\$ 1,552,291
Employee benefits	43,061	133,269	-	-	176,330	127,878	11,633	315,841	330,483
Payroll taxes	16,101	49,831	-	-	65,932	47,816	4,350	118,098	105,905
Information technology	50,194	166,589	-	-	216,783	149,062	13,560	379,405	344,319
Depreciation and amortization	52,681	163,040	-	-	215,721	156,445	14,232	386,398	366,613
Occupancy	17,517	54,212	-	-	71,729	52,019	4,732	128,480	117,746
Insurance	10,216	40,976	-	-	51,192	8,230	749	60,171	52,147
Professional fees	6,724	20,810	-	-	27,534	19,968	1,817	49,319	43,867
General office	6,851	21,202	-	-	28,053	20,344	1,851	50,248	30,435
Events	1,224,870	14,377	190,290	-	1,429,537	69,049	31,634	1,530,220	1,495,769
Advertising and promotion	31,106	402,219	-	-	433,325	-	-	433,325	189,379
Grants paid	-	15,720	-	167,805	183,525	-	-	183,525	119,293
Program supplies	51,415	49,807	550	3,179	104,951	18,567	14,704	138,222	129,924
Contract Services	287,941	111,267	-	-	399,208	-	-	399,208	377,301
Travel	54,110	68,817	-	-	122,927	69,049	-	191,976	179,573
Total expenses by function	\$ 2,091,873	\$ 2,052,079	\$ 190,840	\$ 170,984	\$ 4,505,776	\$ 1,448,441	\$ 163,853	\$ 6,118,070	\$ 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,

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from memberships and contributions	\$ 4,769,345	\$ 4,082,410
Cash received from program fees and other	2,464,602	2,254,366
Cash paid to employees	(1,753,634)	(1,552,291)
Cash paid to suppliers and others	(3,743,596)	(3,538,402)
Interest and dividends received	267,114	191,447
Net cash provided by operating activities	<u>2,003,831</u>	<u>1,437,530</u>
Cash flows from investing activities:		
Purchase of property and equipment	(51,395)	(110,785)
Purchase of other noncurrent assets	(78,643)	-
Proceeds from the sales and maturities of investments	2,363,673	1,327,151
Purchases of investments	(4,184,070)	(2,363,219)
Net cash used in investing activities	<u>(1,950,435)</u>	<u>(1,146,853)</u>
Cash flows from financing activities:		
Permanently restricted contributions	70,128	21,396
Increase (decrease) in agency cash	570,490	(456,621)
Net cash provided by (used in) financing activities	<u>640,618</u>	<u>(435,225)</u>
Net change in cash and cash equivalents	694,014	(144,548)
Cash and cash equivalents at beginning of year	<u>3,868,874</u>	<u>4,013,422</u>
Cash and cash equivalents at end of year	<u>\$ 4,562,888</u>	<u>\$ 3,868,874</u>

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

Notes to Combined Financial Statements
Years Ended December 31, 2019 and 2018

1. Organization

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

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, whereby 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
Years Ended December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

a. Basis of Reporting (continued)

The Organization's unspent contributions are reported in the net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

b. Agency Funds

Although the financial statements include confirmed balances for Agency Funds as defined in Note 10, 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

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

f. Investments

Investments consist of brokerage cash accounts, certificates of deposit held at Wells Fargo with various maturity dates through April 2024, and 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.

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.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

i. Revenue Recognition

Revenue is recognized when the performance obligation is complete for membership dues, event fees, sponsorship and administrative services, which is recognized over time as the transfer of control of services is passed on to the customer. Payments received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without donor restrictions: Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

Donated materials and services: The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment

j. Revenues and Support

CREW Network's support comes primarily from membership dues, sponsorship, event registration fees, and services provided to affiliated member organizations. CREW Network Foundation's support consists of donations with and without donor-imposed restrictions and special fundraising events. CREW Network Foundation Canada's support primarily comes from donations from individuals and member affiliated organizations.

k. 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.

**CREW NETWORK, CREW NETWORK FOUNDATION AND
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Notes to Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

i. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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, 2018, from which the summarized information was derived.

m. Recently Adopted Accounting Guidance

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which provides a robust framework for addressing revenue recognition issues and replaces most of the existing revenue recognition guidance including industry-specific guidance, in current U.S. GAAP. The standard is effective for nonpublic entities for periods beginning after December 15, 2018. Accordingly, the Organization has adopted this guidance as of January 1, 2019. The Organization has analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and has concluded that no material changes are necessary to conform with the new standard.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made. The guidance assists entities in (1) evaluating whether transactions should be accounted for as contributions or as exchange transactions and (2) determining whether a contribution is conditional. The standard is effective for fiscal years beginning after December 31, 2018. Accordingly, the Organization has adopted this guidance as of January 1, 2019.

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:

Total financial assets available within one year of the statement of financial position date for general expenses.

	<u>2019</u>	<u>2018</u>
Total financial assets available within one year of the statement of financial position date for general expenses	\$7,096,848	\$6,065,587
Less those generally unavailable for expenditures due to:		
Board-designated purposes	(1,123,720)	(1,152,907)
Donor-imposed restrictions	<u>(440,267)</u>	<u>(332,416)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$5,532,861</u>	<u>\$4,580,264</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
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Notes to Combined Financial Statements
Years Ended December 31, 2019 and 2018

4. Cash, Cash Equivalents, and Restricted Cash

For purposes of the statement of cash flows, cash and cash equivalents include cash in checking, savings and money market accounts held at commercial financial institutions. Chapter agency funds include restricted cash held on behalf of the chapters. The following table provides a reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows as of December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$1,452,335	\$1,328,811
Restricted cash included in chapter agency funds	<u>3,110,553</u>	<u>2,540,063</u>
	<u>\$4,562,888</u>	<u>\$3,868,874</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.

6. Investments at Fair Value

Investments include the following at December 31:

	<u>2019</u>		<u>2018</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Brokerage cash	\$ 1,154,538	\$ 1,154,538	\$ 384,679	\$ 384,679
Certificates of deposit	5,883,893	5,830,000	5,469,885	5,579,000
Investment securities	<u>4,591,351</u>	<u>3,898,981</u>	<u>3,237,828</u>	<u>3,118,823</u>
	<u>\$11,629,782</u>	<u>\$10,883,519</u>	<u>\$9,092,392</u>	<u>\$9,092,502</u>

The following table presents the investments by hierarchy level as of December 31, 2019:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Brokerage cash	\$ 1,154,538	\$ -	\$ -	\$ 1,154,538
Certificates of deposit	5,883,893	-	-	5,883,893
Investment securities:				
Short-term fixed income	627,188	-	-	627,188
Intermediate fixed income	1,196,594	-	-	1,196,594
Long-term fixed income	119,915	-	-	119,915
Large cap equity	1,384,581	-	-	1,384,581
Mid cap equity	410,638	-	-	410,638
Small Cap Equity	236,580	-	-	236,580
International Equity	383,880	-	-	383,880
REITs and MLPs	<u>231,975</u>	<u>-</u>	<u>-</u>	<u>231,975</u>
Total	<u>\$11,629,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,629,782</u>

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6. Investments at Fair Value (Continued)

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>

7. 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>2019</u>	<u>2018</u>
Unconditional promises to give	\$ 1,500	\$ 7,490
Scholarship endowment pledges	<u>17,540</u>	<u>27,173</u>
Total pledges receivable	<u>\$19,040</u>	<u>\$34,663</u>

8. Prepaid Expenses

Prepaid expenses are as follows:

	<u>2019</u>	<u>2018</u>
Software support	\$125,148	\$ 73,427
Office rent	8,490	8,490
Insurance	16,716	21,882
Other	<u>-</u>	<u>5,992</u>
Total prepaid expenses	<u>\$150,354</u>	<u>\$109,791</u>

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9. Other Noncurrent Assets

Other noncurrent assets are as follows:	<u>2019</u>	<u>2018</u>
Prepaid expenses - software support	\$ 39,643	\$ -
Deposits – event venue	<u>39,000</u>	<u>-</u>
Total noncurrent assets	\$ <u>78,643</u>	\$ <u>-</u>

10. 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>2019</u>	<u>2018</u>
Bank checking accounts	\$3,110,553	\$2,540,063
Certificates of deposit held in investment accounts	<u>4,297,015</u>	<u>3,630,585</u>
Total agency funds	\$ <u>7,407,568</u>	\$ <u>6,170,648</u>

11. 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 99% of its target balance as of December 31, 2019.

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, 2019.

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, 2019.

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11. Net Assets Without Donor Restrictions – Board Designated (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 \$200,000 is based on the annual core business operating expenses. The Operating Reserve was fully funded as of December 31, 2019.

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 13.

12. 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 donor restrictions related to chapter partnership activity at December 31, 2019 and 2018 was \$319,846 and \$209,639, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors in the amount of \$292,693 and \$184,648 for the years ended December 31, 2019 and 2018, respectively.

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 donor restrictions related to annual scholarship contributions and investment activity at December 31, 2019 and 2018 was \$68,008 and \$72,937, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors in the amount of \$100,237 and \$105,339 for the years ended December 31, 2019 and 2018, respectively.

Career Outreach: Net assets with donor restrictions include donor restricted funds to be used for career outreach programs. The balance of net assets with donor restrictions related to career outreach at December 31, 2019 and 2018 was \$0.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors in the amount of \$8,395 and \$6,389 for the years ended December 31, 2019 and 2018, respectively.

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

CREW Network Foundation: (Continued)

Research: Net assets with donor restrictions include donor restricted funds to be used for industry research studies. The balance of net assets with donor restrictions related to research at December 31, 2019 and 2018 was \$13,874 and \$22,600, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors in the amount of \$20,000 and \$20,000 for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018 was \$38,539 and \$27,241, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors in the amount of \$15,949 and \$14,534 for the years ended December 31, 2019 and 2018, respectively.

13. 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.

As required by U.S. GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

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13. Endowment (Continued)

CREW Network Foundation: (Continued)

Interpretation of relevant law

The Board of Trustees of CREW Network Foundation has interpreted the law (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted, perpetual in nature, net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as donor-restricted, perpetual in nature is classified as donor-restricted, purpose restricted in nature until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law require the Organization to retain as a fund of perpetual duration. There were no deficiencies at December 31, 2019.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to maximize long-term gains with an acceptable level of risk and to provide funding for special projects or initiatives, to act as an emergency source funding source or to fund capital expenditures. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-restricted periods. Under this policy, as approved by the board, the endowment assets are invested in fixed income securities, specifically certificates of deposit with various maturity dates held in a brokerage account.

Spending policy and how the investment objective relate to spending policy

Distribution of endowment funds are approved by the Board of Trustees and are made when deemed appropriate. The board has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary, but also interpret the relevant law as allowing, if prudent to the Organizations, the invasion of the endowment principal. The current Board of Trustees' policy is to provide funding for scholarships from the investment earnings. The amount of the appropriation for scholarships is based on the rate of return of the certificates of deposit in the endowment fund as well as the balance of donor restricted contributions for annual scholarships.

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Notes to Combined Financial Statements
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13. 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 Net Assets</u>
Endowment net assets, December 31, 2017	\$ 282,988	\$813,979	\$1,096,967
Board designated	717,012	-	717,012
Contributions	-	21,396	21,396
Investment Income	4,816	6,470	11,286
Amounts appropriated for expenditure	<u>(4,816)</u>	<u>(6,470)</u>	<u>(11,286)</u>
Endowment net assets, December 31, 2018	\$1,000,000	\$835,375	\$1,835,375
Contributions	-	70,128	70,128
Investment Income	18,775	16,974	35,749
Amounts appropriated for expenditure	<u>(18,775)</u>	<u>(16,974)</u>	<u>(35,749)</u>
Endowment net assets, December 31, 2019	<u>\$1,000,000</u>	<u>\$905,503</u>	<u>\$1,905,503</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
<u>2019</u>			
Donor restricted endowment funds	\$ -	\$905,503	\$ 905,503
Board designated endowment funds	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$1,000,000</u>	<u>\$905,503</u>	<u>\$1,905,503</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>

14. 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 2019 and 2018 was \$43,383 and \$34,231, respectively. Software is amortized over three years. Amortization expense for 2019 and 2018 was \$343,015 and \$332,382, respectively. Total accumulated depreciation is \$136,255 and \$109,517 at December 31, 2019 and 2018, respectively. Total accumulated amortization is \$841,034 and \$1,221,840 at December 31, 2019 and 2018, respectively.

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15. Operating Lease

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

Year ending December 31,	
2020	\$103,064
2021	105,126
Thereafter	<u>44,163</u>
Total	<u>\$252,353</u>

Rent expense was \$101,210 and \$92,234, respectively, for the years ending December 31, 2019 and 2018.

16. 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.

17. 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.

18. 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 2019 and 2018 was \$100,102 and \$88,090, respectively.

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19. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

20. Accounting Change

During 2019, the Organization adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the users of its financial statements. Before the change, restricted cash and restricted cash equivalents were not included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the statement of cash flows.

The Organization applied the change on a retrospective basis beginning in 2018. The effect of this change was to increase total cash, cash equivalents, restricted cash and restricted cash equivalents at the beginning of the year in the statement of cash flows by \$2,996,683 for restricted cash included in chapter agency funds at the end of 2017.

21. Pending Accounting Pronouncements

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, 2020. 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.

22. Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date which the financial statements were available to be issued.

As a result of significant disruption in the U.S. economy due to the outbreak of the COVID-19 coronavirus in 2020, uncertainties have arisen which are likely to negatively impact future operating results. The duration and extent to which COVID-19 may impact financial performance is unknown at this time. The outbreak caused the global markets to experience significant declines in value. The Organization is closely monitoring its investments and its liquidity and is actively working to minimize the impact of these declines. The financial statements do not include adjustments to fair value that have resulted from these declines.