

**CREW NETWORK AND
CREW FOUNDATION**

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

CREW NETWORK AND CREW NETWORK FOUNDATION

Combined Financial Statements Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined financial statements of CREW Network and CREW Network Foundation, (Organization) which comprise the combined statement of financial position as of December 31, 2015 and the related combined statements of activities 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 and CREW Network Foundation as of December 31, 2015 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.

Prior Period Financial Statements

The financial statements of CREW Network and CREW Network Foundation as of December 31, 2014 were audited by other auditors whose report dated April 29, 2015, expressed an unmodified opinion on those statements.

Report on Summarized Comparative Information

The prior auditors audited the Organization's 2014 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, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Summers, Spencer & Company P.A.

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

June 22, 2016

CREW NETWORK AND CREW NETWORK FOUNDATION

Combined Statement of Financial Position
Years Ended December 31,

	2015				2014			
	CREW Network	CREW Network Foundation	Eliminations	Total	CREW Network	CREW Network Foundation	Eliminations	Total
<u>Assets</u>								
Current assets:								
Cash and cash equivalents	\$ 960,143	\$ 636,781	\$ -	\$ 1,596,924	\$ 405,440	\$ 399,763	\$ -	\$ 805,203
Chapter agency funds	4,396,508	-	-	4,396,508	3,170,971	-	-	3,170,971
Investments	5,215,877	1,438,592	-	6,654,469	5,033,473	1,248,448	-	6,281,921
Accounts receivable	221,404	16,150	(65,096)	172,458	127,203	9,520	(21,231)	115,492
Pledges receivable	-	49,732	-	49,732	-	84,729	-	84,729
Prepaid expenses	47,168	-	-	47,168	53,392	-	-	53,392
Accrued interest receivable	9,384	5,430	-	14,814	19,425	4,438	-	23,863
Other assets	36,485	-	-	36,485	25,260	-	-	25,260
Total current assets	<u>10,886,969</u>	<u>2,146,685</u>	<u>(65,096)</u>	<u>12,968,558</u>	<u>8,835,164</u>	<u>1,746,898</u>	<u>(21,231)</u>	<u>10,560,831</u>
Property and equipment:								
Software	1,134,120	-	-	1,134,120	1,060,030	-	-	1,060,030
Hardware	177,214	-	-	177,214	137,461	-	-	137,461
Furniture and equipment	40,698	-	-	40,698	39,907	-	-	39,907
Leasehold improvements	3,999	-	-	3,999	3,999	-	-	3,999
Total property and equipment	1,356,031	-	-	1,356,031	1,241,397	-	-	1,241,397
Less accumulated depreciation and amortization	<u>(1,209,231)</u>	<u>-</u>	<u>-</u>	<u>(1,209,231)</u>	<u>(1,136,623)</u>	<u>-</u>	<u>-</u>	<u>(1,136,623)</u>
Property and equipment, net	<u>146,800</u>	<u>-</u>	<u>-</u>	<u>146,800</u>	<u>104,774</u>	<u>-</u>	<u>-</u>	<u>104,774</u>
 Total assets	 <u>\$11,033,769</u>	 <u>\$2,146,685</u>	 <u>\$ (65,096)</u>	 <u>\$13,115,358</u>	 <u>\$8,939,938</u>	 <u>\$1,746,898</u>	 <u>\$ (21,231)</u>	 <u>\$10,665,605</u>

The accompanying notes are an integral part of these statements

CREW NETWORK AND CREW NETWORK FOUNDATION

Combined Statement of Financial Position
Years Ended December 31,

	2015				2014			
	CREW Network	CREW Network Foundation	Eliminations	Total	CREW Network	CREW Network Foundation	Eliminations	Total
<u>Liabilities and Net Assets</u>								
Current liabilities:								
Accounts payable	\$ 555,989	\$ 75,096	\$ (65,096)	\$ 565,989	\$ 521,070	\$ 31,231	\$ (21,231)	\$ 531,070
Accrued payroll and payroll taxes	82,258	-	-	82,258	82,780	-	-	82,780
Accrued 401(k) liability	67,548	-	-	67,548	59,933	-	-	59,933
Deferred revenues	804,669	-	-	804,669	729,632	-	-	729,632
Prepaid sponsorships	294,000	-	-	294,000	205,000	-	-	205,000
Chapter agency funds liability	4,396,508	-	-	4,396,508	3,170,971	-	-	3,170,971
Total current liabilities	<u>6,200,972</u>	<u>75,096</u>	<u>(65,096)</u>	<u>6,210,972</u>	<u>4,769,386</u>	<u>31,231</u>	<u>(21,231)</u>	<u>4,779,386</u>
Net assets:								
Unrestricted:								
Undesignated	705,193	664,233	-	1,369,426	374,070	426,389	-	800,459
Board designated:								
Sustaining Reserves	3,227,604	-	-	3,227,604	2,896,482	-	-	2,896,482
Business Development Reserves	500,000	-	-	500,000	500,000	-	-	500,000
Infrastructure Reserves	400,000	-	-	400,000	400,000	-	-	400,000
Career Outreach	-	103,816	-	103,816	-	114,583	-	114,583
Operating	-	120,000	-	120,000	-	120,000	-	120,000
Research	-	-	-	-	-	10,000	-	10,000
Scholarship endowment	-	282,988	-	282,988	-	282,988	-	282,988
Temporarily restricted	-	242,360	-	242,360	-	168,318	-	168,318
Permanently restricted	-	658,192	-	658,192	-	593,389	-	593,389
Total net assets	<u>4,832,797</u>	<u>2,071,589</u>	<u>-</u>	<u>6,904,386</u>	<u>4,170,552</u>	<u>1,715,667</u>	<u>-</u>	<u>5,886,219</u>
Total liabilities and net assets	<u>\$11,033,769</u>	<u>\$2,146,685</u>	<u>\$ (65,096)</u>	<u>\$13,115,358</u>	<u>\$8,939,938</u>	<u>\$1,746,898</u>	<u>\$ (21,231)</u>	<u>\$10,665,605</u>

The accompanying notes are an integral part of these statements

CREW NETWORK AND CREW NETWORK FOUNDATION

Combined Statement of Activities
Years Ended December 31,

	<u>CREW Network</u>	<u>CREW Network Foundation</u>			<u>Eliminations</u>	<u>Totals</u>	
	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		<u>2015</u>	<u>2014</u>
Support and revenue:							
Membership dues	\$1,667,297	\$ -	\$ -	\$ -	\$ -	\$1,667,297	\$1,618,422
Sponsorships	1,114,500	-	155,900	-	-	1,270,400	1,112,254
Conferences and conventions	727,580	-	-	-	-	727,580	862,285
Administrative services income	537,873	3,212	-	-	(78,825)	462,260	455,106
Contributions	-	277,755	106,451	64,803	-	449,009	443,646
Special events revenue	-	89,300	56,856	-	-	146,156	166,284
Investment income	66,257	7,701	20,668	-	-	94,626	39,602
Leadership and council meeting income	136,980	-	-	-	-	136,980	100,800
Career outreach funding	22,604	-	-	-	(22,604)	-	-
Miscellaneous income	9,469	520	-	-	-	9,989	8,524
Net assets released from restrictions	-	265,833	(265,833)	-	-	-	-
Total support and revenue	<u>4,282,560</u>	<u>644,321</u>	<u>74,042</u>	<u>64,803</u>	<u>(101,429)</u>	<u>4,964,297</u>	<u>4,806,923</u>
Expenses:							
Program expenses:							
Conferences and conventions	1,433,314	22,300	-	-	(14,836)	1,440,778	1,907,912
Member services and programs	1,068,999	9,165	-	-	(8,960)	1,069,204	1,094,527
Special event	-	110,256	-	-	-	110,256	120,136
Grants paid	-	182,398	-	-	(22,604)	159,794	147,869
Total program expenses	<u>2,502,313</u>	<u>324,119</u>	<u>-</u>	<u>-</u>	<u>(46,400)</u>	<u>2,780,032</u>	<u>3,270,444</u>
Supporting services expenses:							
Management and general	997,700	60,971	-	-	(46,122)	1,012,549	948,391
Fundraising	120,302	42,154	-	-	(8,907)	153,549	139,304
Total supporting services expenses	<u>1,118,002</u>	<u>103,125</u>	<u>-</u>	<u>-</u>	<u>(55,029)</u>	<u>1,166,098</u>	<u>1,087,695</u>
Total expenses	<u>3,620,315</u>	<u>427,244</u>	<u>-</u>	<u>-</u>	<u>(101,429)</u>	<u>3,946,130</u>	<u>4,358,139</u>
Change in net assets	662,245	217,077	74,042	64,803	-	1,018,167	448,784
Net assets at beginning of year	4,170,552	953,960	168,318	593,389	-	5,886,219	5,437,435
Net assets at end of year	<u>\$4,832,797</u>	<u>\$1,171,037</u>	<u>\$ 242,360</u>	<u>\$ 658,192</u>	<u>\$ -</u>	<u>\$6,904,386</u>	<u>\$5,886,219</u>

The accompanying notes are an integral part of these statements

CREW NETWORK AND CREW NETWORK FOUNDATION

Combined Statement of Cash Flows Years Ended December 31,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from memberships, contributions, program fees and sales	\$4,946,936	\$4,831,115
Cash paid to employees, supplies and others	(3,832,587)	(4,717,654)
Interest received	<u>113,251</u>	<u>95,136</u>
Net cash provided by operating activities	<u>1,227,600</u>	<u>208,597</u>
Cash flows from investing activities:		
Purchase of property and equipment	(118,558)	(36,715)
Proceeds from sales and maturities of investments	3,069,147	148,836
Purchases of investments	<u>(3,451,271)</u>	<u>(939,953)</u>
Net cash used in investing activities	<u>(500,682)</u>	<u>(827,832)</u>
Cash flows from financing activities:		
Permanently restricted contributions	<u>64,803</u>	<u>117,395</u>
Net cash provided by financing activities	<u>64,803</u>	<u>117,395</u>
Net change in cash and cash equivalents	791,721	(501,840)
Cash and cash equivalents at beginning of year	<u>805,203</u>	<u>1,307,043</u>
Cash and cash equivalents at end of year	<u>\$1,596,924</u>	<u>\$ 805,203</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	<u>\$1,018,167</u>	<u>\$ 448,784</u>
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	75,543	92,558
Loss on sale of property and equipment	989	2,250
Permanently restricted contributions	(64,803)	(117,395)
Unrealized loss on investments	9,576	59,675
Net change in:		
Accounts receivable	(56,966)	20,121
Pledges receivable	34,997	(36,403)
Accrued interest receivable	9,049	(4,141)
Prepaid expenses and other assets	(5,001)	17,035
Accounts payable	34,919	(416,860)
Accrued payroll, payroll taxes and 401(k)	7,093	(28,123)
Accrued expenses	-	(7,090)
Prepaid sponsorships and deferred revenues	<u>164,037</u>	<u>177,916</u>
Total adjustments	<u>209,433</u>	<u>(240,187)</u>
Net cash provided by operating activities	<u>\$1,227,600</u>	<u>\$ 208,597</u>

The accompanying notes are an integral part of these statements

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

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.

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 AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

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, 2014, 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 combined financial statements.

c. Principles of Combination

The accompanying combined financial statements include the accounts of CREW Network and CREW Network Foundation 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 AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

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 October 2020, 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.

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.

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

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:

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Brokerage cash	\$2,100,535	\$2,100,535	\$ 266,592	\$ 266,592
Certificates of deposit	3,947,635	3,956,000	6,015,329	5,995,846
Investment securities	606,299	607,248	-	-
	<u>\$6,654,469</u>	<u>\$6,663,783</u>	<u>\$6,281,921</u>	<u>\$6,262,438</u>

The following table presents the investments by hierarchy level as of December 31, 2015:

	(Level 1)	(Level 2)	(Level 3)	Total
Brokerage cash	\$2,100,535	\$ -	\$ -	\$2,100,535
Short-term fixed income	4,112,260	-	-	4,112,260
Intermediate fixed income	145,146	-	-	145,146
Long-term fixed income	27,195	-	-	27,195
Large cap equity	170,767	-	-	170,767
Mid cap equity	50,803	-	-	50,803
Small Cap Equity	22,004	-	-	22,004
International Equity	9,813	-	-	9,813
REITs and MLPs	15,946	-	-	15,946
Total	<u>\$6,654,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,654,469</u>

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

3. Investments at Fair Value (Continued)

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

	<u>2015</u>	<u>2014</u>
Interest	\$ 104,202	\$ 99,278
Change in market value	<u>(9,576)</u>	<u>(59,675)</u>
Total investment income	<u>\$ 94,626</u>	<u>\$ 39,602</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>2015</u>	<u>2014</u>
Unconditional promises to give	\$ 7,615	\$24,493
Scholarship endowment pledges	<u>42,117</u>	<u>60,236</u>
Total pledges receivable	<u>\$49,732</u>	<u>\$84,729</u>

6. Prepaid Expenses

Prepaid expenses are as follows:

	<u>2015</u>	<u>2014</u>
Software support	\$11,205	\$20,949
Office rent	8,160	8,160
Insurance	17,882	17,805
Other	<u>9,921</u>	<u>6,478</u>
Total prepaid expenses	<u>\$47,168</u>	<u>\$53,392</u>

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

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>2015</u>	<u>2014</u>
Bank checking accounts	\$3,063,418	\$2,515,186
Certificates of deposit held in investment accounts	<u>1,333,090</u>	<u>655,785</u>
Total agency funds	<u>\$4,396,508</u>	<u>\$3,170,971</u>

8. Board Designated Net Assets

The CREW Network and 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 92% of its target balance as of December 31, 2015.

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, 2015.

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, 2015.

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

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, 2015.

Research: The Research Reserves include funds that the CREW Network Foundation Board of Trustees has agreed to set aside for the purpose of funding grants to CREW Network for industry research benchmark studies and white paper production.

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, 2015 and 2014 was \$80,334 and \$49,229, 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, 2015 and 2014 was \$133,768 and \$101,269, 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, 2015 and 2014 was \$28,258 and \$17,820, respectively.

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.

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014

10. Endowment (Continued)

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>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total Endowment <u>Assets</u>
<u>2015</u>				
Donor restricted endowment funds	\$ -	\$ -	\$658,192	\$658,192
Board designated endowment funds	<u>282,988</u>	-	-	<u>282,988</u>
	<u>\$282,988</u>	\$ -	<u>\$658,192</u>	<u>\$941,180</u>
<u>2014</u>				
Donor restricted endowment funds	\$ -	\$ -	\$593,389	\$593,389
Board designated endowment funds	<u>282,988</u>	-	-	<u>282,988</u>
	<u>\$282,988</u>	\$ -	<u>\$593,389</u>	<u>\$876,377</u>

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

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total Endowment <u>Assets</u>
Endowment net assets, December 31, 2013	\$282,988	\$ -	\$475,994	\$758,982
Contributions	-	-	<u>117,395</u>	<u>117,395</u>
Endowment net assets, December 31, 2014	282,988	-	593,389	876,377
Contributions	-	-	<u>64,803</u>	<u>64,803</u>
Endowment net assets, December 31, 2015	<u>\$282,988</u>	\$ -	<u>\$658,192</u>	<u>\$941,180</u>

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 2015 and 2014 was \$27,056 and \$28,907, respectively. Software is amortized over three years. Amortization expense for 2015 and 2014 was \$48,487 and \$63,651, respectively.

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements Years Ended December 31, 2015 and 2014

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,	
2016	\$ 101,044
2017	103,064
Thereafter	<u>43,297</u>
Total	\$ <u>247,405</u>

Rent expense was \$99,066 and \$97,280, respectively, for the years ending December 31, 2015 and 2014.

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.

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 federal and state 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 2011 and after are open to examination by federal and state authorities.

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 2015 and 2014 was \$71,037 and \$60,279, respectively.

CREW NETWORK AND CREW NETWORK FOUNDATION

Notes to Combined Financial Statements
Years Ended December 31, 2015 and 2014

15. Subsequent Events

Management has evaluated subsequent events through June 22, 2016, the date which the financial statements were available to be issued.