

**ZONTA INTERNATIONAL AND
AFFILIATED FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)**



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ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
TABLE OF CONTENTS
YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
ZONTA INTERNATIONAL:	
STATEMENT OF FINANCIAL POSITION	22
STATEMENT OF ACTIVITIES	23
STATEMENT OF FUNCTIONAL EXPENSES	24
ZONTA INTERNATIONAL FOUNDATION:	
STATEMENT OF FINANCIAL POSITION	25
STATEMENT OF ACTIVITIES	26
STATEMENT OF FUNCTIONAL EXPENSES	27



INDEPENDENT AUDITORS' REPORT

Board of Directors
Zonta International and Affiliated Foundation
Oak Brook, Illinois

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Zonta International and Affiliated Foundation (collectively, the Organization), which comprise the consolidated statement of financial position as of May 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2019, the Organization adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying statement of financial position, statement of activities, and statement of functional expenses for the year ended May 31, 2019 for Zonta International, and the statement of financial position, statement of activities, and statement of functional expenses for Zonta International Foundation is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Oak Brook, Illinois
October 23, 2019

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 5,643,352	\$ 6,446,397
Receivables:		
Contributions Receivable	67,546	54,231
Pledges Receivable	164,084	344,919
Other	21,453	17,281
Prepaid Expenses:		
Convention	42,177	376,866
Other	64,671	76,142
Investments	17,134,635	16,601,734
Office Equipment and Computers, Net	118,150	126,609
Other Assets	28,297	19,365
	<u>\$ 23,284,365</u>	<u>\$ 24,063,544</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 46,491	\$ 45,535
Accrued and Other Liabilities	53,950	73,497
Awards Payable	2,166,000	-
Deferred Revenue:		
Membership	1,757,471	1,811,679
Convention	-	1,264,103
Deferred Rent	1,755	19,533
Total Liabilities	<u>4,025,667</u>	<u>3,214,347</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	12,629,377	12,477,127
Designated by the Board - Convention Fund	598,308	431,039
Total Without Donor Restrictions	<u>13,227,685</u>	<u>12,908,166</u>
With Donor Restrictions	6,031,013	7,941,031
Total Net Assets	<u>19,258,698</u>	<u>20,849,197</u>
	<u>\$ 23,284,365</u>	<u>\$ 24,063,544</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Membership Dues and Fees	\$ 2,280,805	\$ -	\$ 2,280,805	\$ 2,347,032
Z-Club Dues and Fees	2,465	-	2,465	2,699
U.S. and Canadian Liability Premiums	21,838	-	21,838	22,780
Convention Events and Programs	1,369,196	-	1,369,196	-
Merchandise Royalties	15,741	-	15,741	6,703
Zontian Subscription	17	-	17	8
Program Contributions	591,279	1,460,429	2,051,708	2,951,572
Endowment Contributions	-	453,568	453,568	1,033,862
Returned Grant Funds	-	1,699	1,699	3,686
Loss from Write Off of Uncollectible Pledge	-	(14,550)	(14,550)	(10,000)
Other Income	5,483	-	5,483	-
Net Assets Released from Restrictions	3,906,224	(3,906,224)	-	-
Total Revenue and Support	<u>8,193,048</u>	<u>(2,005,078)</u>	<u>6,187,970</u>	<u>6,358,342</u>
EXPENSES				
Program Services:				
Member Services	1,414,777	-	1,414,777	1,598,686
Convention	1,288,669	-	1,288,669	-
Education Programs	4,498,075	-	4,498,075	537,650
Total Program Services	<u>7,201,521</u>	<u>-</u>	<u>7,201,521</u>	<u>2,136,336</u>
Supporting Services:				
Management and General	521,418	-	521,418	565,684
Fundraising	274,809	-	274,809	289,975
Total Supporting Services	<u>796,227</u>	<u>-</u>	<u>796,227</u>	<u>855,659</u>
Total Expenses	<u>7,997,748</u>	<u>-</u>	<u>7,997,748</u>	<u>2,991,995</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS	195,300	(2,005,078)	(1,809,778)	3,366,347
NONOPERATING GAINS (LOSSES)				
Interest Income, Net	364,479	128,824	493,303	518,712
Depreciation and Amortization	(61,506)	-	(61,506)	(75,681)
Realized and Unrealized Gains (Losses), Net	(160,897)	(33,764)	(194,661)	4,364
Foreign Currency Translation	(17,857)	-	(17,857)	75,033
Total Nonoperating Gains	<u>124,219</u>	<u>95,060</u>	<u>219,279</u>	<u>522,428</u>
CHANGE IN NET ASSETS	319,519	(1,910,018)	(1,590,499)	3,888,775
Net Assets - Beginning of Year	<u>12,908,166</u>	<u>7,941,031</u>	<u>20,849,197</u>	<u>16,960,422</u>
NET ASSETS - END OF YEAR	<u>\$ 13,227,685</u>	<u>\$ 6,031,013</u>	<u>\$ 19,258,698</u>	<u>\$ 20,849,197</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

	2019							2018	
	Program Services				Supporting Services			Total Expenses	Total Expenses
	Member Services	Convention	Education Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and Wages	\$ 602,516	\$ -	\$ -	\$ 602,516	\$ 141,706	\$ 143,779	\$ 285,485	\$ 888,001	\$ 926,456
Employee Benefits	103,600	-	-	103,600	24,301	-	24,301	127,901	155,722
Payroll Taxes	63,506	-	-	63,506	14,896	-	14,896	78,402	80,900
Fees for Services:									
Legal	-	-	-	-	9,951	-	9,951	9,951	8,267
Accounting	50,002	-	-	50,002	38,019	-	38,019	88,021	90,360
Other	59,805	-	-	59,805	-	-	-	59,805	36,105
Office Expenses	58,709	-	-	58,709	24,991	-	24,991	83,700	129,230
Information Technology	25,519	-	-	25,519	65,583	-	65,583	91,102	96,604
Occupancy	220,892	-	-	220,892	99,241	-	99,241	320,133	342,279
Conferences, Conventions, and Meetings	-	1,288,669	-	1,288,669	-	-	-	1,288,669	-
Travel	10,905	-	-	10,905	-	-	-	10,905	2,299
Depreciation and Amortization	42,439	-	-	42,439	19,067	-	19,067	61,506	75,681
Insurance	22,651	-	-	22,651	19,119	-	19,119	41,770	37,090
Bank Fees	-	-	-	-	40,961	-	40,961	40,961	57,508
Communications	-	-	-	-	-	9,268	9,268	9,268	12,680
Donor Recognition	-	-	-	-	-	40,472	40,472	40,472	26,592
Endowment Campaign	-	-	-	-	-	41,649	41,649	41,649	74,399
Grants	-	-	4,498,075	4,498,075	-	-	-	4,498,075	537,650
Database	-	-	-	-	-	26,377	26,377	26,377	21,719
Licensing Fees	-	-	-	-	5,331	-	5,331	5,331	11,473
Board/International Committees	97,818	-	-	97,818	93	-	93	97,911	214,665
Zontian Magazine	60,179	-	-	60,179	-	-	-	60,179	52,930
Miscellaneous Expenses	16,762	-	-	16,762	35,733	-	35,733	52,495	29,929
U.S./Canada Club Liability	20,582	-	-	20,582	-	-	-	20,582	22,835
Other Direct Operating	-	-	-	-	1,493	13,264	14,757	14,757	24,303
Eva Mowbray	1,331	-	-	1,331	-	-	-	1,331	-
Total Expenses	<u>1,457,216</u>	<u>1,288,669</u>	<u>4,498,075</u>	<u>7,243,960</u>	<u>540,485</u>	<u>274,809</u>	<u>815,294</u>	<u>8,059,254</u>	<u>3,067,676</u>
Less Expenses Included in Nonoperating Losses on the Statement of Activities:									
Depreciation and Amortization	<u>(42,439)</u>	<u>-</u>	<u>-</u>	<u>(42,439)</u>	<u>(19,067)</u>	<u>-</u>	<u>(19,067)</u>	<u>(61,506)</u>	<u>(75,681)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,414,777</u>	<u>\$ 1,288,669</u>	<u>\$ 4,498,075</u>	<u>\$ 7,201,521</u>	<u>\$ 521,418</u>	<u>\$ 274,809</u>	<u>\$ 796,227</u>	<u>\$ 7,997,748</u>	<u>\$ 2,991,995</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,590,499)	\$ 3,888,775
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	61,506	75,681
Net Realized and Unrealized (Gains) Losses on Investments	194,661	(4,364)
Dividend Reinvestments	(182,817)	(140,670)
Contributions Restricted for Long-Term Investment	(453,568)	(1,033,862)
Loss from Write-Off of Uncollectible Pledge	14,550	10,000
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	(13,315)	14,159
Pledges Receivable	166,285	(74,868)
Receivables - Other	(4,172)	2,727
Prepaid Expenses and Other Assets	337,228	(300,320)
Accounts Payable	956	25,064
Accrued and Other Liabilities	(19,547)	11,833
Grants Payable	2,166,000	(2,000,000)
Deferred Membership Revenue	(54,208)	435,336
Deferred Convention Revenue	(1,264,103)	1,264,103
Deferred Rent	(17,778)	(12,855)
Net Cash Provided (Used) by Operating Activities	(658,821)	2,160,739
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Office and Computer Equipment	(53,047)	(2,960)
Purchase of Investments	(5,628,578)	(5,992,849)
Proceeds from Sale of Investments	5,083,833	3,605,198
Net Cash Used by Investing Activities	(597,792)	(2,390,611)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Investment in Endowment	453,568	1,033,862
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(803,045)	803,990
Cash and Cash Equivalents - Beginning of Year	6,446,397	5,642,407
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,643,352	\$ 6,446,397

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Zonta International (Zonta) is a global, nonprofit organization of professionals empowering women worldwide through service and advocacy. Zonta clubs and Zonta members work to expand access to education, healthcare, economic opportunities, and safe living conditions for women.

Zonta is affiliated with the Zonta International Foundation (the Foundation), which was formed in 1984 for charitable purposes to support the programs of Zonta. The Foundation raises and accepts contributions, ensures that funds are used according to donors' wishes and invests the Foundation's funds for maximum safe return.

Zonta International and Zonta International Foundation (the Organization) conduct their activities from offices in Oak Brook, Illinois. The Organization's fiscal year ends on May 31. Significant accounting policies followed by the Organization are presented below.

Use of Estimates in Preparing Consolidated Financial Statements

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

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Zonta and the Foundation. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

Revenues and expenses are recorded on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, and short-term highly liquid investments that are readily convertible into cash within 90 days of purchase. Short-term investments include a money market account, certificates of deposit, and treasury bills. For purposes of reporting cash flows, the Organization considers all highly liquid instruments with maturities of 90 days or less as of the date of purchase to be cash equivalents.

Contributions and Pledges Receivable

Contributions and pledges receivable are reported at fair value at the date the promise is made. The carrying amount of contributions and pledges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful account is based on management's assessment of the collectability of specific balances and the aging of the related balance. If actual collections are lower than historical experience, management's estimates of the recoverability of recorded amounts due to the Organization could be adversely affected. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for doubtful accounts.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are presented at fair market value. Publicly traded securities are valued at closing sale price, or in the absence of a recorded sale, at closing bid.

The Organization's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is at least reasonable possible that changes in the value of investments could occur in the near term and could materially affect the amounts reported in the consolidated statements of financial position.

Office Equipment and Computers

Office equipment and computers are carried at cost and are depreciated on the straight-line method over their estimated useful lives of three to five years.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Awards Payable

Awards payable represent all unconditional grants and contributions that have been authorized prior to year-end, but remain unpaid as of the consolidated statement of financial position date. Conditional awards are expensed and considered payable in the period the conditions are substantially satisfied.

Deferred Revenue and Prepaid Expenses

Deferred membership revenue represents payments received from individual members and clubs for dues and fees to be recognized as revenue in the future over the membership period and as services are provided.

Zonta holds a biennial convention. Revenues and expenses relating to a particular convention are included in the consolidated statement of activities for the fiscal year in which the convention occurs. Receipts and disbursements relating to future conventions are deferred and reflected in the consolidated statement of financial position as "Deferred Revenue" and "Prepaid Expenses" until the fiscal year in which the convention occurs. Allocated expenses such as personnel and similar costs, which would be incurred without regard to the timing of the convention and convention site selection expenses, are expensed in the year of occurrence and not deferred.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

Contributions

Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of any donor restrictions. All contributions are considered to be available without restriction unless specifically restricted by the donor. Donor-restricted contributions are reported as an increase in net assets with donor restrictions when made and are then released from restrictions when the funds are spent as stipulated by the donor. Upon satisfaction of the restriction, net assets are reclassified to net assets without donor restrictions. If the contribution is expected to be received more than one year in the future, the revenue and related receivable are discounted to its net present value using risk-free interest rates applicable to the years in which the promises are received.

Functional Expenses

The costs of providing various programs or other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management using an equitable basis. The expenses that are allocated include salaries, benefits, occupancy, and insurance expenses, which are allocated on the basis of management's estimate of time and effort.

Collections

The "fine and decorative arts" collections, which were acquired through contributions since the Organization's inception, are not recognized as assets on the consolidated statement of financial position. Contributed collection items are not reflected on the consolidated financial statements.

The Organization's collections are made up of artifacts of historical significance and fine and decorative art objects. Based upon an independent appraisal, the approximate fair market value of the collections is \$88,550.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

Zonta is classified under Section 501(c)(4) of the United States (U.S.) Internal Revenue Code (IRC) as a fraternal association and is exempt from U.S. federal and Illinois income taxes on income related to its purpose as a fraternal organization.

The Foundation is classified under Section 501(c)(3) of the IRC as a charitable organization and is exempt from U.S. federal and Illinois income taxes on income related to its charitable, scientific, and educational purposes. The Foundation is not a private foundation and contributions are tax deductible in the U.S. to the extent allowed by law.

The Organization follows the requirements for accounting for uncertain tax positions. The Organization has determined that they are not required to record a liability related to uncertain tax positions as of May 31, 2019 and 2018.

Measure of Operations

The Organization's change in net assets before nonoperating gains on the consolidated statements of activities includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other nonoperating funds to support current operating activities. The measure of operations excludes gains (losses) from investment income, depreciation and amortization, realized and unrealized gains (losses) on investments, and foreign currency translation adjustments.

Comparative Amounts

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset category. Such information does not include sufficient detail to constitute a comparative presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended May 31, 2018, from which the summarized consolidated financial information was derived.

Adoption of New Accounting Standard

In 2018, the Organization adopted Accounting standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes to the financial statements about a nonprofit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications. The ASU has been applied retrospectively to all periods presented which resulted in no change to the previously reported net assets.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 2 LIQUIDITY

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing activities related to membership, service and advocacy as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Organization's endowment funds are entirely donor restricted endowments. The Organization's endowments are subject to an annual spending rate of 3% to 5%, as described in Note 11.

The following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures for the years ended May 31:

	2019			2018
	Zonta	Foundation	Total	Total
Financial Assets at Year-End:				
Cash and Cash Equivalents	\$ 3,164,305	\$ 2,479,047	\$ 5,643,352	\$ 6,446,397
Investments	3,612,004	13,522,631	17,134,635	16,601,734
Receivables	21,453	-	21,453	17,281
Contribution Receivable	-	67,546	67,546	54,231
Pledges Receivable, Net	-	164,084	164,084	344,919
Total Financial Assets	<u>6,797,762</u>	<u>16,233,308</u>	<u>23,031,070</u>	<u>23,464,562</u>
Less Amounts Not Available to be Used Within One Year:				
Restricted by Donor with Purpose Restrictions	81,555	1,027,765	1,109,320	3,511,092
Reserves Designated for Future Programs	-	7,199,681	7,199,681	8,271,059
Endowments	-	4,921,693	4,921,693	4,429,939
Certificates of Deposit Maturing Beyond One Year	480,000	-	480,000	971,532
Receivables	-	16,028	16,028	135,509
Total Financial Assets Not Available	<u>561,555</u>	<u>13,149,139</u>	<u>13,710,694</u>	<u>17,319,131</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 6,236,207</u>	<u>\$ 3,084,169</u>	<u>\$ 9,320,376</u>	<u>\$ 6,145,431</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 3 FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. The fair value measurement framework 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. It also defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets, and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Fair values of assets measured on a recurring basis at May 31, 2019 and 2018 are as follows:

	2019			
	Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	\$ 3,362,370	\$ -	\$ 3,362,370	\$ -
Mutual Funds - Fixed Income	7,527,047	7,527,047	-	-
Mutual Funds - Equities	3,487,395	3,487,395	-	-
Mutual Funds - Index Fund	2,508,189	2,508,189	-	-
Government Securities	99,824	-	99,824	-
Corporate Bonds	149,810	-	149,810	-
Total	<u>\$ 17,134,635</u>	<u>\$ 13,522,631</u>	<u>\$ 3,612,004</u>	<u>\$ -</u>
	2018			
Certificates of Deposit	\$ 3,599,258	\$ -	\$ 3,599,258	\$ -
Mutual Funds - Fixed Income	6,701,589	6,701,589	-	-
Mutual Funds - Equities	4,152,500	4,152,500	-	-
Mutual Funds - Index Fund	1,801,065	1,801,065	-	-
Government Securities	98,775	-	98,775	-
Corporate Bonds	248,547	-	248,547	-
Total	<u>\$ 16,601,734</u>	<u>\$ 12,655,154</u>	<u>\$ 3,946,580</u>	<u>\$ -</u>

Fair value for Level 1 investments include securities listed on a national market or exchange and are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of Level 2 investments are determined by reference to quoted market transactions in a less active market for assets similar to those held to support the underlying assets. The carrying amounts of all other assets and liabilities reflected in the consolidated statement of financial position for the Organization's financial instruments approximates the respective fair values due to the short-term maturities of those instruments.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31 consist of the following:

	2019		
	Zonta	Foundation	Total
Cash	\$ 2,598,897	\$ 1,892,445	\$ 4,491,342
Money Market Fund	565,408	586,602	1,152,010
Total	\$ 3,164,305	\$ 2,479,047	\$ 5,643,352
	2018		
	Zonta	Foundation	Total
Cash	\$ 2,371,553	\$ 2,544,695	\$ 4,916,248
Money Market Fund	1,081,396	448,753	1,530,149
Total	\$ 3,452,949	\$ 2,993,448	\$ 6,446,397

The Organization maintains cash balances and cash equivalents at Bank of America, Merrill Lynch, and Charles Schwab Institutional. All accounts held at these financial institutions, with the exception of two, are located in the U.S. The Organization held cash balances of \$894,355 and \$825,804 at Bank of America in a Euro account in London, England, at May 31, 2019 and 2018, respectively. At times, the U.S. balances may exceed federally insured limits; however, the Organization has not experienced any losses in such accounts and limits its exposure to credit risk by maintaining its cash and cash equivalents in highly reputable financial institutions.

NOTE 5 PLEDGES RECEIVABLE

The following is a summary of the Organization's pledges receivable balance at May 31:

	2019	2018
Total Amounts Due in:		
One Year	\$ 148,056	\$ 209,410
Two to Five Years	27,437	143,522
Total	175,493	352,932
Less:		
Provision for Uncollectible Pledges	(10,100)	(1,300)
Discount	(1,309)	(6,713)
Total	\$ 164,084	\$ 344,919

Management has calculated the discount on long-term pledges receivable using discount rates ranging from 1.95% – 2.54% for the years ended May 31, 2019 and 2018.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 6 INVESTMENTS

Investments held by the Organization consist of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<u>May 31, 2019:</u>			
Certificate of Deposit	\$ 3,360,000	\$ 3,362,370	\$ 2,370
Mutual Funds - Fixed Income	7,665,291	7,527,047	(138,244)
Mutual Funds - Equities	3,450,762	3,487,395	36,633
Mutual Funds - Index Fund	1,880,383	2,508,189	627,806
Government Securities	99,914	99,824	(90)
Corporate Bonds	152,895	149,810	(3,085)
Total	<u>\$ 16,609,245</u>	<u>\$ 17,134,635</u>	<u>\$ 525,390</u>
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<u>May 31, 2018:</u>			
Certificate of Deposit	\$ 3,605,000	\$ 3,599,258	\$ (5,742)
Mutual Funds - Fixed Income	7,106,351	6,701,589	(404,762)
Mutual Funds - Equities	4,522,293	4,152,500	(369,793)
Mutual Funds - Index Fund	1,111,925	1,801,065	689,140
Government Securities	99,915	98,775	(1,140)
Corporate Bonds	254,504	248,547	(5,957)
Total	<u>\$ 16,699,988</u>	<u>\$ 16,601,734</u>	<u>\$ (98,254)</u>

Investment income at May 31 consists of the following:

	2019	2018
Realized and Unrealized Gains, Net	\$ (194,661)	\$ 4,364
Investment Income	493,303	518,712
Total	<u>\$ 298,642</u>	<u>\$ 523,076</u>

Total investments are held at Charles Schwab Institutional and Merrill Lynch.

NOTE 7 OFFICE EQUIPMENT AND COMPUTERS

A summary of office equipment and computers, at cost, as of May 31 is as follows:

	2019	2018
Leasehold Improvements	\$ 53,047	\$ -
Office Equipment	77,253	77,253
Computers	654,491	654,491
Total, at Cost	784,791	731,744
Less: Accumulated Depreciation	666,641	605,135
Office Equipment and Computers, Net	<u>\$ 118,150</u>	<u>\$ 126,609</u>

Depreciation expense on office equipment and computers for the years ended May 31, 2019 and 2018 totaled \$61,506 and \$75,681, respectively.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 8 AWARDS PAYABLE

Multi-year awards, contributions, and scholarships are made at the direction of the board and are reflected as expenses when committed and approved. The liability for awards payable at May 31, 2019 represents the unexpended portion of unconditional grants and promises. No discount on awards payable was recorded as of May 31, 2019, as the amount approximates zero. The commitments outstanding at May 31, 2019 will be paid during the year ending May 31, 2020, and are a current liability in the consolidated statement of financial position. There were no awards payable at May 31, 2018.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of May 31, 2019 and 2018 are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Eva Mowbray	\$ 81,555	\$ 82,886
International Service Program	-	991,553
ZISVAW Program	10,425	1,350,862
YWPA Program	592,501	611,991
Jane M. Klausman Women in Business Scholarship Program	<u>424,839</u>	<u>473,800</u>
Total	1,109,320	3,511,092
Endowments:		
Amounts To Be Held In Perpetuity, the Income From Which is Expendable to Support:		
Endowment	3,495,419	3,080,551
Amelia Earhart Fellowship Endowment	<u>415,039</u>	<u>390,889</u>
Total	3,910,458	3,471,440
Subject to Endowment Spending Policy and Appropriation:		
Endowment	777,911	738,335
Amelia Earhart Fellowship Endowment	<u>233,324</u>	<u>220,164</u>
Total	<u>1,011,235</u>	<u>958,499</u>
Total Endowments	<u>4,921,693</u>	<u>4,429,939</u>
Total	<u>\$ 6,031,013</u>	<u>\$ 7,941,031</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of time or other events specified by donors as follows for the years ended May 31:

	<u>2019</u>	<u>2018</u>
Satisfaction of Purpose Restrictions:		
Eva Mowbray	\$ 1,331	\$ -
Amelia Earhart Fellowship Program	173,220	265,215
International Service Program	1,491,349	300
ZISVAW Program	2,000,000	-
YWPA Program	88,000	72,225
Jane M. Klausman Women in Business Scholarship Program	<u>110,000</u>	<u>115,100</u>
Total	3,863,900	452,840
 Release of Appropriated Endowment Returns for Expenditure:		
Endowment	<u>42,324</u>	<u>-</u>
 Total	<u>\$ 3,906,224</u>	<u>\$ 452,840</u>

NOTE 11 ENDOWMENTS

The Organization's endowments consist of donor-restricted endowment funds established to support its mission and a variety of scholarships and grants. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of the Organization follows the Uniform Prudent Management Institutional Funds Act (UPMIFA). UPMIFA requires 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 retains in perpetuity:

- The original value of gifts donated to the endowment, and
- The original value of subsequent gifts to the endowment.

The remaining portion of the endowment fund net assets with donor restriction not classified as perpetual are classified as expendable with donor restriction until those amounts are appropriated for expenditure by the Organization's board.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The investment policy of the Organization is guided by three basic objectives: safety, liquidity, and return on investment. The Organization supports the investment of funds in a variety of vehicles, including bank instruments, money market funds, equity funds, bond funds, and real estate funds. The Organization works with professional advisors on the investment portfolio.

Spending Policy

The Organization has a policy of appropriating for distribution each year 3% to 5% of the endowment fund's current market value, not to exceed accumulated investment income available for general use. Notwithstanding this policy, no distribution shall be made from the general endowment fund that will cause the balance of the fund to be less than \$1,000,000. No distribution shall be made from the Amelia Earhart Fellowship Endowment Fund that will cause the balance of the fund to be less than \$500,000.

In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

Strategies Employed for Achieving Objectives

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization targets a diversified asset allocation that emphasizes fixed-income securities to achieve its long-term objectives within prudent risk constraints.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 11 ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds with donor restrictions may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of May 31, 2019 and 2018.

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

	<u>With Donor Restriction</u>	
	<u>2019</u>	<u>2018</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained in Perpetuity by Donor	\$ 3,910,458	\$ 3,471,440
Accumulated Investment Gains	1,011,235	958,499
Total	<u>\$ 4,921,693</u>	<u>\$ 4,429,939</u>

During the year ended May 31, 2015, the Organization launched the Centennial Anniversary Endowment Campaign (the Campaign), whose purpose is to increase the Endowment and Amelia Earhart Fellowship Endowment Funds. Since the inception of the Campaign, the Organization has received contributions for these endowment funds totaling \$2,789,574 as of May 31, 2019.

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

	<u>With Donor Restrictions</u>
Balance - May 31, 2017	\$ 3,326,249
Investment Return:	
Investment Income, Net	103,667
Net Depreciation	(23,839)
Total	<u>79,828</u>
Contributions	1,033,862
Loss on Write Off of Uncollectible Pledges Receivable	<u>(10,000)</u>
Balance - May 31, 2018	4,429,939
Investment Return:	
Investment Income, Net	128,824
Net Depreciation	(33,764)
Total	<u>95,060</u>
Contributions	453,568
Appropriation of Assets for Expenditure	(42,324)
Loss on Write Off of Uncollectible Pledges Receivable	<u>(14,550)</u>
Balance - May 31, 2019	<u>\$ 4,921,693</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 12 OPERATING LEASE

The Organization leased office space under a noncancelable operating lease agreement beginning on February 1, 2009. The lease had an original term of 65 months and contained a rent escalation clause whereby the monthly rental payments started at \$17,467 and increased to \$19,365 over the lease term, which were to expire in June 2014. The Organization entered into a first amendment to the original lease agreement, which extended the lease term through June 30, 2019. This amended lease agreement contained a rent escalation clause whereby monthly rental payments start at \$17,644 and increase to \$20,927 over the lease term, which expires in June 2019. The Organization records rent expense equally over the lease term and recognized the difference between the rent expense recorded and the amount paid as a deferred rent obligation on the consolidated statement of financial position. The Organization was also responsible for its share of operating expenses and real estate taxes.

The Organization entered into a lease agreement for new office space effective July 1, 2019, and is set to expire on January 31, 2027. The lease contains rent escalation and rent abatement for certain months over the lease term. The Organization will continue to be responsible for its share of operating expenses and real estate taxes.

Minimum annual commitments under these agreements for the years ended May 31 are as follows:

<u>Year Ending May 31.</u>	<u>Amount</u>
2020	\$ 100,250
2021	89,022
2022	90,966
2023	92,909
2024	94,852
Thereafter	268,710
Total	<u>\$ 736,709</u>

Rent expense for the years ended May 31, 2019 and 2018 was \$250,241 and \$255,090, respectively.

NOTE 13 401(K) PLAN

The Organization maintains a defined contribution plan and a 401(k) with a money purchase provision for its eligible employees. Each year, the Organization contributes 5% of eligible wages. The Organization contributed approximately \$37,685 and \$33,344 for the years ended May 31, 2019 and 2018, respectively.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 14 CONCENTRATIONS

The Organization relies on dues as its primary source of revenue, excluding convention activities. Dues revenue, which included membership dues and charter and new member fees, represented approximately 60% and 95% of the total operational revenues, excluding Foundation activities, for the years ended May 31, 2019 and 2018, respectively.

NOTE 15 CASH FLOW DISCLOSURES

There was no cash paid for interest or taxes for the years ended May 31, 2019 and 2018. There were no noncash investing and financing transactions for the years ended May 31, 2019 and 2018.

NOTE 16 SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Organization has entered into various contracts and agreements as of May 31, 2019, relating to future conventions, including various service contracts, rental agreements for convention sites, and arrangements for hotel attendees.

NOTE 17 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 23, 2019, the date the consolidated financial statements were available to be issued. Events or transactions occurring after May 31, 2019, but prior to October 23, 2019, that provided additional evidence about conditions that existed at May 31, 2019, have been recognized in the consolidated financial statements for the year ended May 31, 2019. Events or transactions that provided evidence about conditions that did not exist at May 31, 2019, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended May 31, 2019.

NOTE 18 UPCOMING ACCOUNTING PRONOUNCEMENTS

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts. The guidance requires the Organization to recognize revenue to depict the transfer of goods or services in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts. Additionally, qualitative and quantitative disclosures are required regarding contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the year ending May 31, 2020.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR MAY 31, 2018)

NOTE 18 UPCOMING ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Clarifying Scope and the Accounting Guidance for Contributions

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in subtopic 958-605, *Not-for-Profit Entities Revenue Recognition with Customers*, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The guidance should be applied on a modified retrospective basis. As a resource recipient and resource provider, the guidance will be effective for the Organization for the years ending May 31, 2020 and 2021, respectively. Early adoption is permitted.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The amendments in the guidance are effective for the Organization for the year ending May 31, 2022, with the possibility of being further delayed. Early adoption is permitted.

Management is evaluating the impact of these pronouncements on the Organization's consolidated financial statements.

ZONTA INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
MAY 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

Cash and Cash Equivalents	\$	3,164,305
Other Receivables		21,453
Prepaid Expenses:		
Convention		42,177
Other		45,016
Investments		3,612,004
Office Equipment and Computers, Net		118,150
Other Assets		28,297
		28,297
Total Assets	\$	7,031,402

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	23,910
Accrued and Other Liabilities		53,950
Due to Zonta International Foundation		26,476
Deferred Membership Revenue		1,757,471
Deferred Rent		1,755
		1,755
Total Liabilities		1,863,562

NET ASSETS

Without Donor Restrictions:		
Undesignated		4,487,977
Designated by the Board - Convention Fund		598,308
		5,086,285
With Donor Restrictions		81,555
Total Net Assets		5,167,840
Total Liabilities and Net Assets	\$	7,031,402

ZONTA INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions			With Donor Restrictions	
	Undesignated	Designated by	Total	Eva Mowbray	Total
		the Board - Convention Fund	Without Donor Restrictions		
REVENUE AND SUPPORT					
Membership Dues and Fees	\$ 2,280,805	\$ -	\$ 2,280,805	\$ -	\$ 2,280,805
Z-Club Dues and Fees	2,465	-	2,465	-	2,465
U.S. and Canadian Liability Premiums	21,838	-	21,838	-	21,838
Convention Events and Programs	-	1,369,196	1,369,196	-	1,369,196
Merchandise Royalties	15,741	-	15,741	-	15,741
Zontian Subscription	17	-	17	-	17
Management Fee	96,000	-	96,000	-	96,000
Other income	5,483	-	5,483	-	5,483
Net Assets Released from Restrictions	1,331	-	1,331	(1,331)	-
Total Revenue and Support	2,423,680	1,369,196	3,792,876	(1,331)	3,791,545
EXPENSES					
Program Services:					
Member Services	1,414,777	-	1,414,777	-	1,414,777
Convention	86,742	1,201,927	1,288,669	-	1,288,669
Total Program Services	1,501,519	1,201,927	2,703,446	-	2,703,446
Supporting Services:					
Management and General	675,041	-	675,041	-	675,041
Total Expenses	2,176,560	1,201,927	3,378,487	-	3,378,487
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	247,120	167,269	414,389	(1,331)	413,058
NONOPERATING GAINS (LOSSES)					
Interest Income, Net	103,728	-	103,728	-	103,728
Depreciation and Amortization	(61,506)	-	(61,506)	-	(61,506)
Realized and Unrealized Gains, Net	10,424	-	10,424	-	10,424
Foreign Currency Translation	(17,857)	-	(17,857)	-	(17,857)
Total Nonoperating Gains	34,789	-	34,789	-	34,789
CHANGE IN NET ASSETS	281,909	167,269	449,178	(1,331)	447,847
Net Assets - Beginning of Year	4,206,068	431,039	4,637,107	82,886	4,719,993
NET ASSETS - END OF YEAR	<u>\$ 4,487,977</u>	<u>\$ 598,308</u>	<u>\$ 5,086,285</u>	<u>\$ 81,555</u>	<u>\$ 5,167,840</u>

ZONTA INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services			Supporting Services	Total Expenses
	Member Services	Convention	Total	Management and General	
Salaries and Wages	\$ 602,516	\$ -	\$ 602,516	\$ 141,331	\$ 743,847
Employee Benefits	103,600	-	103,600	24,301	127,901
Payroll Taxes	63,506	-	63,506	14,896	78,402
Fees for Services:					
Legal	-	-	-	9,951	9,951
Accounting	50,002	-	50,002	38,019	88,021
Other	59,805	-	59,805	-	59,805
Office Expenses	58,709	-	58,709	24,991	83,700
Information Technology	25,519	-	25,519	65,583	91,102
Occupancy	220,892	-	220,892	99,241	320,133
Travel	10,905	-	10,905	-	10,905
Conferences, Conventions, and Meetings	-	1,288,669	1,288,669	-	1,288,669
Payments on Behalf of Affiliate	-	-	-	201,876	201,876
Depreciation and Amortization	42,439	-	42,439	19,067	61,506
Insurance	22,651	-	22,651	19,119	41,770
Board/International Committees	97,818	-	97,818	-	97,818
Zontian Magazine	60,179	-	60,179	-	60,179
Eva Mowbray	1,331	-	1,331	-	1,331
Miscellaneous Expenses	16,762	-	16,762	35,733	52,495
U.S./Canada Club Liability	20,582	-	20,582	-	20,582
Total Expenses	1,457,216	1,288,669	2,745,885	694,108	3,439,993
Less Expenses Included in Nonoperating Gains (Losses) on the Statement of Activities:					
Depreciation and Amortization	(42,439)	-	(42,439)	(19,067)	(61,506)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 1,414,777	\$ 1,288,669	\$ 2,703,446	\$ 675,041	\$ 3,378,487

**ZONTA INTERNATIONAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
MAY 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS

Cash and Cash Equivalents	\$ 2,479,047
Receivables:	
Contributions Receivable	67,546
Pledges Receivable, Net	164,084
Prepaid Expenses:	
Other	19,655
Due from Zonta International	26,476
Investments	<u>13,522,631</u>
Total Assets	<u><u>\$ 16,279,439</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 22,581
Awards Payable	<u>2,166,000</u>
Total Liabilities	<u>2,188,581</u>

NET ASSETS

Without Donor Restrictions	8,141,400
With Donor Restrictions	<u>5,949,458</u>
Total Net Assets	<u>14,090,858</u>
Total Liabilities and Net Assets	<u><u>\$ 16,279,439</u></u>

ZONTA INTERNATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program Contributions	\$ 793,155	\$ 1,460,429	\$ 2,253,584
Endowment Contributions	-	453,568	453,568
Returned Grant Funds	-	1,699	1,699
Loss from Write off of Uncollectible Pledges	-	(14,550)	(14,550)
Net Assets Released from Restriction	3,904,893	(3,904,893)	-
Total Revenue and Support	4,698,048	(2,003,747)	2,694,301
EXPENSES			
Program Services:			
Education Programs	4,498,075	-	4,498,075
Supporting Services:			
Management and General	144,253	-	144,253
Fundraising	274,809	-	274,809
Total Supporting Services	419,062	-	419,062
Total Expenses	4,917,137	-	4,917,137
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS	(219,089)	(2,003,747)	(2,222,836)
NONOPERATING GAINS			
Interest Income	260,751	128,824	389,575
Realized and Unrealized Losses, Net	(171,321)	(33,764)	(205,085)
Total Nonoperating Gains	89,430	95,060	184,490
CHANGE IN NET ASSETS	(129,659)	(1,908,687)	(2,038,346)
Net Assets - Beginning of Year	8,271,059	7,858,145	16,129,204
NET ASSETS - END OF YEAR	\$ 8,141,400	\$ 5,949,458	\$ 14,090,858

**ZONTA INTERNATIONAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services		Supporting Services		Total Expenses
	Education Programs	Management and General	Fundraising	Total Supporting Services	
Bank Fees	\$ -	\$ 40,961	\$ -	\$ 40,961	\$ 40,961
Communications	-	-	9,268	9,268	9,268
Donor Recognition	-	-	40,472	40,472	40,472
Endowment Campaign	-	-	41,649	41,649	41,649
Grants	4,498,075	-	-	-	4,498,075
International Committees	-	93	-	93	93
Database	-	-	26,377	26,377	26,377
Licensing Fees	-	5,331	-	5,331	5,331
Management Fees	-	96,000	-	96,000	96,000
Other Direct Operating	-	1,493	13,264	14,757	14,757
Salaries	-	375	143,779	144,154	144,154
Total Expenses	\$ 4,498,075	\$ 144,253	\$ 274,809	\$ 419,062	\$ 4,917,137

