

**ZONTA INTERNATIONAL AND
AFFILIATED FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)**



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ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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YEAR ENDED MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

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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, 2020, 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 consolidated 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 Organization's preparation and fair presentation of the consolidated 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 Organization'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, 2020, 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 previously audited the Organization's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019, is consistent, in all material respects, with the audited consolidated 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, 2020 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 2020 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

CliftonLarsonAllen LLP

Oak Brook, Illinois
October 28, 2020

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 6,927,414	\$ 5,643,352
Receivables:		
Contributions Receivable	83,350	67,546
Pledges Receivable	28,044	164,084
Other	87,034	21,453
Prepaid Expenses:		
Convention	90,599	42,177
Other	78,264	64,671
Investments	16,919,678	17,134,635
Beneficial Interest in Remainder Trust	72,000	-
Office Equipment and Computers, Net	263,802	118,150
Other Assets	7,932	28,297
	\$ 24,558,117	\$ 23,284,365
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 779,874	\$ 46,491
Accrued and Other Liabilities	116,046	53,950
Awards Payable	-	2,166,000
Deferred Revenue:		
Membership	1,484,649	1,757,471
Deferred Rent	7,200	1,755
Total Liabilities	2,387,769	4,025,667
NET ASSETS		
Without Donor Restrictions:		
Undesignated	12,902,518	12,629,377
Designated by the Board - Convention Fund	386,643	598,308
Designated by the Board - ZIF Dividend and Interest Fund	392,433	-
Total Without Donor Restrictions	13,681,594	13,227,685
With Donor Restrictions	8,488,754	6,031,013
Total Net Assets	22,170,348	19,258,698
	\$ 24,558,117	\$ 23,284,365
Total Liabilities and Net Assets	\$ 24,558,117	\$ 23,284,365

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Membership Dues and Fees	\$ 2,467,500	\$ -	\$ 2,467,500	\$ 2,280,805
Z-Club Dues and Fees	2,949	-	2,949	2,465
U.S. and Canadian Liability Premiums	20,547	-	20,547	21,838
Convention Events and Programs	-	-	-	1,369,196
Merchandise Royalties	5,284	-	5,284	15,741
Zontian Subscription	8	-	8	17
Program Contributions	686,169	1,830,949	2,517,118	2,051,708
Endowment Contributions	-	916,556	916,556	453,568
Returned Grant Funds	-	32,095	32,095	1,699
Loss from Write Off of Uncollectible Pledge	-	(3,225)	(3,225)	(14,550)
Other Income	5,739	-	5,739	5,483
Net Assets Released from Restrictions	428,539	(428,539)	-	-
Total Revenue and Support	<u>3,616,735</u>	<u>2,347,836</u>	<u>5,964,571</u>	<u>6,187,970</u>
EXPENSES				
Program Services:				
Member Services	1,374,826	-	1,374,826	1,414,777
Convention	211,665	-	211,665	1,288,669
Education Programs	900,317	-	900,317	4,498,075
Total Program Services	<u>2,486,808</u>	<u>-</u>	<u>2,486,808</u>	<u>7,201,521</u>
Supporting Services:				
Management and General	769,931	-	769,931	521,418
Fundraising	244,803	-	244,803	274,809
Total Supporting Services	<u>1,014,734</u>	<u>-</u>	<u>1,014,734</u>	<u>796,227</u>
Total Expenses	<u>3,501,542</u>	<u>-</u>	<u>3,501,542</u>	<u>7,997,748</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS	115,193	2,347,836	2,463,029	(1,809,778)
NONOPERATING GAINS (LOSSES)				
Interest Income	376,765	188,448	565,213	493,303
Depreciation and Amortization	(48,801)	-	(48,801)	(61,506)
Realized and Unrealized Gains (Losses), Net	3,949	(78,543)	(74,594)	(194,661)
Foreign Currency Translation	6,803	-	6,803	(17,857)
Total Nonoperating Gains	<u>338,716</u>	<u>109,905</u>	<u>448,621</u>	<u>219,279</u>
CHANGE IN NET ASSETS	453,909	2,457,741	2,911,650	(1,590,499)
Net Assets - Beginning of Year	<u>13,227,685</u>	<u>6,031,013</u>	<u>19,258,698</u>	<u>20,849,197</u>
NET ASSETS - END OF YEAR	<u>\$ 13,681,594</u>	<u>\$ 8,488,754</u>	<u>\$ 22,170,348</u>	<u>\$ 19,258,698</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

	2020							2019	
	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	\$ 641,278	\$ -	\$ -	\$ 641,278	\$ 150,477	\$ 136,829	\$ 287,306	\$ 928,584	\$ 888,001
Employee Benefits	126,120	-	-	126,120	29,507	-	29,507	155,627	127,901
Payroll Taxes	62,320	-	-	62,320	14,580	-	14,580	76,900	78,402
Fees for Services:									
Legal	-	-	-	-	48,394	-	48,394	48,394	9,951
Accounting	-	-	-	-	90,058	-	90,058	90,058	88,021
Other	65,349	-	-	65,349	-	-	-	65,349	59,805
Office Expenses	67,206	-	-	67,206	52,631	-	52,631	119,837	83,700
Information Technology	99,634	-	-	99,634	26,429	-	26,429	126,063	91,102
Occupancy	123,437	-	-	123,437	41,146	-	41,146	164,583	320,133
Conferences, Conventions, and Meetings	-	211,665	-	211,665	-	-	-	211,665	1,288,669
Travel	9,050	-	-	9,050	-	-	-	9,050	10,905
Depreciation and Amortization	36,601	-	-	36,601	12,200	-	12,200	48,801	61,506
Insurance	-	-	-	-	66,068	-	66,068	66,068	41,770
Bank Fees	-	-	-	-	60,225	-	60,225	60,225	40,961
Communications	-	-	-	-	-	5,029	5,029	5,029	9,268
Donor Recognition	-	-	-	-	-	20,821	20,821	20,821	40,472
Endowment Campaign	-	-	-	-	-	36,563	36,563	36,563	41,649
Grants	-	-	900,317	900,317	-	-	-	900,317	4,498,075
Database	-	-	-	-	-	38,166	38,166	38,166	26,377
Licensing Fees	-	-	-	-	8,472	-	8,472	8,472	5,331
Board/International Committees	96,745	-	-	96,745	116,923	-	116,923	213,668	97,911
Zontian Magazine	60,145	-	-	60,145	-	-	-	60,145	60,179
Miscellaneous Expenses	23,542	-	-	23,542	63,463	-	63,463	87,005	52,495
U.S./Canada Club Liability	-	-	-	-	-	-	-	-	20,582
Other Direct Operating	-	-	-	-	1,558	7,395	8,953	8,953	14,757
Eva Mowbray	-	-	-	-	-	-	-	-	1,331
Total Expenses	<u>1,411,427</u>	<u>211,665</u>	<u>900,317</u>	<u>2,523,409</u>	<u>782,131</u>	<u>244,803</u>	<u>1,026,934</u>	<u>3,550,343</u>	<u>8,059,254</u>
Less Expenses Included in Nonoperating Losses on the Statement of Activities:									
Depreciation and Amortization	<u>(36,601)</u>	<u>-</u>	<u>-</u>	<u>(36,601)</u>	<u>(12,200)</u>	<u>-</u>	<u>(12,200)</u>	<u>(48,801)</u>	<u>(61,506)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,374,826</u>	<u>\$ 211,665</u>	<u>\$ 900,317</u>	<u>\$ 2,486,808</u>	<u>\$ 769,931</u>	<u>\$ 244,803</u>	<u>\$ 1,014,734</u>	<u>\$ 3,501,542</u>	<u>\$ 7,997,748</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,911,650	\$ (1,590,499)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	48,801	61,506
Net Realized and Unrealized Losses on Investments	74,594	194,661
Dividend Reinvestments	(195,338)	(182,817)
Contributions Restricted for Long-Term Investment	(916,556)	(453,568)
Loss on Disposal of Office and Computer Equipment	3,795	-
Beneficial Interest in Remainder Trust	(72,000)	-
Loss from Write-Off of Uncollectible Pledge	3,225	14,550
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	(15,804)	(13,315)
Pledges Receivable	132,815	166,285
Receivables - Other	(65,581)	(4,172)
Prepaid Expenses and Other Assets	(41,650)	337,228
Accounts Payable	733,383	956
Accrued and Other Liabilities	62,096	(19,547)
Grants Payable	(2,166,000)	2,166,000
Deferred Membership Revenue	(272,822)	(54,208)
Deferred Convention Revenue	-	(1,264,103)
Deferred Rent	5,445	(17,778)
Net Cash Provided (Used) by Operating Activities	230,053	(658,821)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Office and Computer Equipment	(198,248)	(53,047)
Purchase of Investments	(8,391,821)	(5,628,578)
Proceeds from Sale of Investments	8,727,522	5,083,833
Net Cash Provided (Used) by Investing Activities	137,453	(597,792)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Investment in Endowment	916,556	453,568
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,284,062	(803,045)
Cash and Cash Equivalents - Beginning of Year	5,643,352	6,446,397
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,927,414	\$ 5,643,352

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

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, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

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.

Beneficial Interest in Remainder Trust

The Foundation is the beneficiary of a charitable remainder trust that is administered by a third party and is subject to donor restrictions. See Note 12.

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, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

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.

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.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status (continued)

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, 2020 and 2019.

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, 2019, from which the summarized consolidated financial information was derived.

Change in Accounting Principles

In June 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of this standard had no impact on the Organization's consolidated financial statements.

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.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

NOTE 2 LIQUIDITY (CONTINUED)

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 consolidated statement of financial position date to meet general expenditures for the years ended May 31:

	2020			2019
	Zonta	Foundation	Total	Total
Financial Assets at Year-End:				
Cash and Cash Equivalents	\$ 4,541,710	\$ 2,385,704	\$ 6,927,414	\$ 5,643,352
Investments	2,722,576	14,197,102	16,919,678	17,134,635
Receivables	87,034	-	87,034	21,453
Contribution Receivable	-	83,350	83,350	67,546
Pledges Receivable, Net	-	28,044	28,044	164,084
Total Financial Assets	<u>7,351,320</u>	<u>16,694,200</u>	<u>24,045,520</u>	<u>23,031,070</u>
Less Amounts Not Available to be Used Within One Year:				
Restricted by Donor with Purpose Restrictions	81,555	2,498,833	2,580,388	1,109,320
Reserves Designated for Future Programs	-	6,229,750	6,229,750	7,199,681
Endowments	-	5,908,366	5,908,366	4,921,693
Certificates of Deposit Maturing Beyond One Year	2,400,000	-	2,400,000	480,000
Receivables	-	53	53	16,028
Total Financial Assets Not Available	<u>2,481,555</u>	<u>14,636,949</u>	<u>17,118,504</u>	<u>13,726,722</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 4,869,765</u>	<u>\$ 2,057,251</u>	<u>\$ 6,927,016</u>	<u>\$ 9,304,348</u>

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

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2020 and 2019 are as follows:

	2020			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments:				
Certificates of Deposit	\$ 2,417,674	\$ -	\$ 2,417,674	\$ -
Mutual Funds - Fixed Income	7,894,054	7,894,054	-	-
Mutual Funds - Equities	3,920,432	3,920,432	-	-
Mutual Funds - Index Fund	2,382,618	2,382,618	-	-
Corporate Bonds	304,900	-	304,900	-
Total Investments	<u>\$ 16,919,678</u>	<u>\$ 14,197,104</u>	<u>\$ 2,722,574</u>	<u>\$ -</u>
Beneficial Interest in Remainder Trust				
	<u>\$ 72,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,000</u>
2019				
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments:				
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 Investments	<u>\$ 17,134,635</u>	<u>\$ 13,522,631</u>	<u>\$ 3,612,004</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.

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. Fair value of Level 3 beneficial interest in remainder trust is determined by calculating the present value of future distributions expected to be received using published life expectancy tables. See Note 12. 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.

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis using significant unobservable units (Level 3):

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ -	\$ -
Contributions	72,000	-
Ending Balance	<u>\$ 72,000</u>	<u>\$ -</u>

NOTE 4 CASH AND CASH EQUIVALENTS

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

	<u>2020</u>		
	<u>Zonta</u>	<u>Foundation</u>	<u>Total</u>
Cash	\$ 3,277,658	\$ 1,752,819	\$ 5,030,477
Money Market Fund	1,264,052	632,885	1,896,937
Total	<u>\$ 4,541,710</u>	<u>\$ 2,385,704</u>	<u>\$ 6,927,414</u>

	<u>2019</u>		
	<u>Zonta</u>	<u>Foundation</u>	<u>Total</u>
Cash	\$ 2,598,897	\$ 1,892,445	\$ 4,491,342
Money Market Fund	565,408	586,602	1,152,010
Total	<u>\$ 3,164,305</u>	<u>\$ 2,479,047</u>	<u>\$ 5,643,352</u>

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 \$970,158 and \$894,355 at Bank of America in a Euro account in London, England, at May 31, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Total Amounts Due in:		
One Year	\$ 27,991	\$ 148,056
Two to Five Years	7,709	27,437
Total	<u>35,700</u>	<u>175,493</u>
Less:		
Provision for Uncollectible Pledges	(7,625)	(10,100)
Discount	(31)	(1,309)
Total	<u>\$ 28,044</u>	<u>\$ 164,084</u>

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NOTE 5 PLEDGES RECEIVABLE (CONTINUED)

Management has calculated the discount on long-term pledges receivable using discount rates ranging from 0.16% – 1.95% for the years ended May 31, 2020 and 2019.

NOTE 6 INVESTMENTS

Investments held by the Organization consist of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<u>May 31, 2020:</u>			
Certificate of Deposit	\$ 2,400,000	\$ 2,417,674	\$ 17,674
Mutual Funds - Fixed Income	7,638,698	7,894,054	255,356
Mutual Funds - Equities	4,589,168	3,920,432	(668,736)
Mutual Funds - Index Fund	1,662,038	2,382,618	720,580
Corporate Bonds	296,398	304,900	8,502
Total	<u>\$ 16,586,302</u>	<u>\$ 16,919,678</u>	<u>\$ 333,376</u>
<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>

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:

	2020	2019
Leasehold Improvements	\$ 47,114	\$ 53,047
Office Equipment	107,801	77,253
Computers	231,046	654,491
Total, at Cost	<u>385,961</u>	<u>784,791</u>
Less: Accumulated Depreciation	122,159	666,641
Office Equipment and Computers, Net	<u>\$ 263,802</u>	<u>\$ 118,150</u>

Depreciation expense on office equipment and computers for the years ended May 31, 2020 and 2019 totaled \$48,801 and \$61,506, respectively.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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NOTE 8 AWARDS PAYABLE

Multi-year awards, contributions, and scholarships are made at the direction of the board of directors (board) and are reflected as expenses when committed and approved. The liability for awards payable at May 31, 2019 represented 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 were paid during the year ending May 31, 2020. There were no awards payable at May 31, 2020.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of May 31, 2020 and 2019 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Eva Mowbray	\$ 81,555	\$ 81,555
International Service Program	672,483	-
ZISVAW Program	886,546	10,425
YWPA Program	564,566	592,501
Jane M. Klausman Women in Business Scholarship Program	<u>375,238</u>	<u>424,839</u>
Total	2,580,388	1,109,320
Endowments:		
Amounts To Be Held In Perpetuity, the Income From Which is Expendable to Support:		
Endowment	4,389,325	3,495,419
Amelia Earhart Fellowship Endowment	<u>434,464</u>	<u>415,039</u>
Total	4,823,789	3,910,458
Subject to Endowment Spending Policy and Appropriation:		
Endowment	834,376	777,911
Amelia Earhart Fellowship Endowment	<u>250,201</u>	<u>233,324</u>
Total	<u>1,084,577</u>	<u>1,011,235</u>
Total Endowments	<u>5,908,366</u>	<u>4,921,693</u>
Total Net Assets With Donor Restrictions	<u>\$ 8,488,754</u>	<u>\$ 6,031,013</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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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>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Eva Mowbray	\$ -	\$ 1,331
Amelia Earhart Fellowship Program	191,976	173,220
International Service Program	-	1,491,349
ZISVAW Program	-	2,000,000
YWPA Program	88,000	88,000
Jane M. Klausman Women in Business Scholarship Program	112,000	110,000
Total	<u>391,976</u>	<u>3,863,900</u>
Release of Appropriated Endowment Returns for Expenditure:		
Endowment	<u>36,563</u>	<u>42,324</u>
Total Net Assets Released from Restrictions	<u><u>\$ 428,539</u></u>	<u><u>\$ 3,906,224</u></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, 2020
(WITH COMPARATIVE TOTALS FOR MAY 31, 2019)

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2020 and 2019.

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

	<u>With Donor Restrictions</u>	
	<u>2020</u>	<u>2019</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained in Perpetuity by Donor	\$ 4,823,789	\$ 3,910,458
Accumulated Investment Gains	1,084,577	1,011,235
Total	<u>\$ 5,908,366</u>	<u>\$ 4,921,693</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 \$3,702,905 as of May 31, 2020.

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

	<u>With Donor Restrictions</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	4,921,693
Investment Return:	
Investment Income, Net	188,448
Net Depreciation	(78,543)
Total	<u>109,905</u>
Contributions	916,556
Appropriation of Assets for Expenditure	(36,563)
Loss on Write Off of Uncollectible Pledges Receivable	<u>(3,225)</u>
Balance - May 31, 2020	<u>\$ 5,908,366</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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NOTE 12 BENEFICIAL INTEREST IN REMAINDER TRUST

During 2020, the Organization recognized a beneficial interest in a remainder trust (the trust). Under the terms of the trust, distributions are made from the trust to designated beneficiaries for the remainder of the life of the last remaining beneficiary. Upon the death of the last remaining beneficiary, 20% of the remainder of the assets in the trust will be transferred to the Organization. All of the assets of the trust are administered and held in the custody of Wells Fargo.

The Organization has valued its interest in the trust using 20% of the fair value of the trust assets and a factor of 5.7% to calculate the trust's present value. As of May 31, 2020, the value of the Organization's interest in the remainder trust was \$72,000, and is reported on the consolidated statements of financial position. The change in value of the beneficial interest in remainder trust will be included in the change in net assets with donor restrictions in the consolidated statements of activities.

NOTE 13 OPERATING LEASE

The Organization leased office space under a noncancelable operating lease agreement which expired in June 2019. 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>
2021	\$ 89,022
2022	90,966
2023	92,909
2024	94,852
2025	96,796
Thereafter	171,914
Total	<u>\$ 636,459</u>

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. Rent expense for the years ended May 31, 2020 and 2019 was \$111,499 and \$250,241, respectively.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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NOTE 14 401(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 \$46,151 and \$37,685 for the years ended May 31, 2020 and 2019, respectively.

NOTE 15 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 95% and 60% of the total operational revenues, excluding Foundation activities, for the years ended May 31, 2020 and 2019, respectively.

NOTE 16 CASH FLOW DISCLOSURES

There was no cash paid for interest or taxes for the years ended May 31, 2020 and 2019. There were no noncash investing and financing transactions for the years ended May 31, 2020 and 2019.

NOTE 17 SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Organization has entered into various contracts and agreements as of May 31, 2020, relating to future conventions, including various service contracts, rental agreements for convention sites, and arrangements for hotel attendees.

NOTE 18 RISKS AND UNCERTAINTY

During the year ended May 31, 2020 the Corona Virus (COVID-19) pandemic was declared by the World Health Organization. In response, the Organization cancelled their 2020 convention which was scheduled to be held during the 2021 year end. The conference cancellation is covered by the Organization's insurance and the Organization is currently working with the insurance provider to get reimbursed for expenses related to the conference cancellation. The continued impact of COVID-19 subsequent to year-end on the Organization's revenues and expenses for future programmatic events and general operations are uncertain at this time. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results, including the receipt of contributions and collections on outstanding accounts receivable. Investment markets have experienced significant fluctuations and may continue to do so. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 SUBSEQUENT EVENTS

The Organization evaluated all significant events and transactions through October 28, 2020, the date that the consolidated financial statements were available to be issued.

NOTE 20 UPCOMING ACCOUNTING PRONOUNCEMENTS

Revenue Recognition

In May 2014, the 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 was initially effective for the Organization for the year ending May 31, 2020. However, in June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), *Effective Dates for Certain Entities*. The amendments in this update defer, for one year, the required effective date of Topic 606 for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Topic 606. As the Organization had not issued their consolidated financial statements as of the date of this ASU, they elected the deferral and will adopt the guidance for Topic 606 for the fiscal year ending May 31, 2021.

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, 2023. 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, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

Cash and Cash Equivalents	\$	4,541,710
Other Receivables		87,034
Prepaid Expenses:		
Convention		90,599
Other		45,466
Investments		2,722,576
Office Equipment and Computers, Net		263,802
Other Assets		7,932
		7,932
Total Assets	\$	7,759,119

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	771,208
Accrued and Other Liabilities		116,046
Due to Zonta International Foundation		37,474
Deferred Membership Revenue		1,484,649
Deferred Rent		7,200
		7,200
Total Liabilities		2,416,577

NET ASSETS

Without Donor Restrictions:		
Undesignated		4,874,344
Designated by the Board - Convention Fund		386,643
		386,643
Total Without Donor Restrictions		5,260,987
With Donor Restrictions		81,555
		81,555
Total Net Assets		5,342,542
Total Liabilities and Net Assets	\$	7,759,119

ZONTA INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions			With Donor Restrictions	
	Undesignated	Designated by	Total Without Donor Restrictions	Eva Mowbray	Total
		the Board - Convention Fund			
REVENUE AND SUPPORT					
Membership Dues and Fees	\$ 2,467,500	\$ -	\$ 2,467,500	\$ -	\$ 2,467,500
Z-Club Dues and Fees	2,949	-	2,949	-	2,949
U.S. and Canadian Liability Premiums	20,547	-	20,547	-	20,547
Merchandise Royalties	5,284	-	5,284	-	5,284
Zontian Subscription	8	-	8	-	8
Management Fee	85,200	-	85,200	-	85,200
Other income	5,739	-	5,739	-	5,739
Net Assets Released from Restrictions	-	-	-	-	-
Total Revenue and Support	<u>2,587,227</u>	<u>-</u>	<u>2,587,227</u>	<u>-</u>	<u>2,587,227</u>
EXPENSES					
Program Services:					
Member Services	1,374,826	-	1,374,826	-	1,374,826
Convention	-	211,665	211,665	-	211,665
Total Program Services	<u>1,374,826</u>	<u>211,665</u>	<u>1,586,491</u>	<u>-</u>	<u>1,586,491</u>
Supporting Services:					
Management and General	902,756	-	902,756	-	902,756
Total Expenses	<u>2,277,582</u>	<u>211,665</u>	<u>2,489,247</u>	<u>-</u>	<u>2,489,247</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	309,645	(211,665)	97,980	-	97,980
NONOPERATING GAINS (LOSSES)					
Interest Income	94,483	-	94,483	-	94,483
Depreciation and Amortization	(48,801)	-	(48,801)	-	(48,801)
Realized and Unrealized Gains, Net	24,237	-	24,237	-	24,237
Foreign Currency Translation	6,803	-	6,803	-	6,803
Total Nonoperating Gains	<u>76,722</u>	<u>-</u>	<u>76,722</u>	<u>-</u>	<u>76,722</u>
CHANGE IN NET ASSETS	386,367	(211,665)	174,702	-	174,702
Net Assets - Beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 4,874,344</u>	<u>\$ 386,643</u>	<u>\$ 5,260,987</u>	<u>\$ 81,555</u>	<u>\$ 5,342,542</u>

ZONTA INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services			Supporting Services	Total Expenses
	Member Services	Convention	Total	Management and General	
Salaries and Wages	\$ 641,278	\$ -	\$ 641,278	\$ 150,032	\$ 791,310
Employee Benefits	126,120	-	126,120	29,507	155,627
Payroll Taxes	62,320	-	62,320	14,580	76,900
Fees for Services:					
Legal	-	-	-	48,394	48,394
Accounting	-	-	-	90,058	90,058
Other	65,349	-	65,349	-	65,349
Office Expenses	67,206	-	67,206	52,631	119,837
Information Technology	99,634	-	99,634	26,429	126,063
Occupancy	123,437	-	123,437	41,146	164,583
Travel	9,050	-	9,050	-	9,050
Conferences, Conventions, and Meetings	-	211,665	211,665	-	211,665
Payments on Behalf of Affiliate	-	-	-	203,525	203,525
Depreciation and Amortization	36,601	-	36,601	12,200	48,801
Insurance	-	-	-	66,068	66,068
Board/International Committees	96,745	-	96,745	116,923	213,668
Zontian Magazine	60,145	-	60,145	-	60,145
Miscellaneous Expenses	23,542	-	23,542	63,463	87,005
Total Expenses	1,411,427	211,665	1,623,092	914,956	2,538,048
Less Expenses Included in Nonoperating Gains (Losses) on the Statement of Activities:					
Depreciation and Amortization	(36,601)	-	(36,601)	(12,200)	(48,801)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 1,374,826	\$ 211,665	\$ 1,586,491	\$ 902,756	\$ 2,489,247

**ZONTA INTERNATIONAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
MAY 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS

Cash and Cash Equivalents	\$ 2,385,704
Receivables:	
Contributions Receivable	83,350
Pledges Receivable, Net	28,044
Prepaid Expenses:	
Other	32,798
Due from Zonta International	37,474
Beneficial Interest in Remainder Trust	72,000
Investments	<u>14,197,102</u>
Total Assets	<u><u>\$ 16,836,472</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	<u>\$ 8,666</u>
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NET ASSETS

Without Donor Restrictions:	
Undesignated	8,028,174
Designated by the Board - Dividend and Interest Fund	<u>392,433</u>
Total Without Donor Restrictions	8,420,607
With Donor Restrictions	<u>8,407,199</u>
Total Net Assets	<u><u>16,827,806</u></u>

Total Liabilities and Net Assets	<u><u>\$ 16,836,472</u></u>
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ZONTA INTERNATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Program Contributions	\$ 889,694	\$ 1,830,949	\$ 2,720,643
Endowment Contributions	-	916,556	916,556
Returned Grant Funds	-	32,095	32,095
Loss from Write off of Uncollectible Pledges	-	(3,225)	(3,225)
Net Assets Released from Restriction	<u>428,539</u>	<u>(428,539)</u>	<u>-</u>
Total Revenue and Support	<u>1,318,233</u>	<u>2,347,836</u>	<u>3,666,069</u>
EXPENSES			
Program Services:			
Education Programs	900,317	-	900,317
Supporting Services:			
Management and General	155,900	-	155,900
Fundraising	<u>244,803</u>	-	<u>244,803</u>
Total Supporting Services	<u>400,703</u>	-	<u>400,703</u>
Total Expenses	<u>1,301,020</u>	<u>-</u>	<u>1,301,020</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS	17,213	2,347,836	2,365,049
NONOPERATING GAINS (LOSSES)			
Interest Income	282,282	188,448	470,730
Realized and Unrealized Losses, Net	<u>(20,288)</u>	<u>(78,543)</u>	<u>(98,831)</u>
Total Nonoperating Gains	<u>261,994</u>	<u>109,905</u>	<u>371,899</u>
CHANGE IN NET ASSETS	279,207	2,457,741	2,736,948
Net Assets - Beginning of Year	<u>8,141,400</u>	<u>5,949,458</u>	<u>14,090,858</u>
NET ASSETS - END OF YEAR	<u>\$ 8,420,607</u>	<u>\$ 8,407,199</u>	<u>\$ 16,827,806</u>

ZONTA INTERNATIONAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services		Supporting Services		Total Expenses
	Education Programs	Management and General	Fundraising	Total Supporting Services	
Bank Fees	\$ -	\$ 60,225	\$ -	\$ 60,225	\$ 60,225
Communications	-	-	5,029	5,029	5,029
Donor Recognition	-	-	20,821	20,821	20,821
Endowment Campaign	-	-	36,563	36,563	36,563
Grants	900,317	-	-	-	900,317
Database	-	-	38,166	38,166	38,166
Licensing Fees	-	8,472	-	8,472	8,472
Management Fees	-	85,200	-	85,200	85,200
Other Direct Operating	-	1,558	7,395	8,953	8,953
Salaries	-	445	136,829	137,274	137,274
	<u>\$ 900,317</u>	<u>\$ 155,900</u>	<u>\$ 244,803</u>	<u>\$ 400,703</u>	<u>\$ 1,301,020</u>
Total Expenses	<u>\$ 900,317</u>	<u>\$ 155,900</u>	<u>\$ 244,803</u>	<u>\$ 400,703</u>	<u>\$ 1,301,020</u>

