

**ZONTA INTERNATIONAL AND
AFFILIATED FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)**



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
TABLE OF CONTENTS
YEAR ENDED MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

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	23
STATEMENT OF ACTIVITIES	24
STATEMENT OF FUNCTIONAL EXPENSES	25
ZONTA FOUNDATION FOR WOMEN:	
STATEMENT OF FINANCIAL POSITION	26
STATEMENT OF ACTIVITIES	27
STATEMENT OF FUNCTIONAL EXPENSES	28



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, 2021, 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, 2021, 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 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2020, 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, 2021 for Zonta International, and the statement of financial position, statement of activities, and statement of functional expenses for Zonta Foundation for Women (formerly known as Zonta International Foundation) are presented for purposes of additional analysis and are 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 2021 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
November 3, 2021

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 5,173,354	\$ 6,430,123
Receivables:		
Contributions Receivable	33,341	83,350
Pledges Receivable	10,053	28,044
Other	2,552	87,034
Prepaid Expenses:		
Convention	90,605	90,599
Other	82,254	78,264
Investments	21,743,958	17,416,969
Beneficial Interest in Remainder Trust	92,000	72,000
Office Equipment and Computers, Net	197,019	263,802
Other Assets	7,932	7,932
	\$ 27,433,068	\$ 24,558,117
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 12,231	\$ 779,874
Accrued and Other Liabilities	91,881	116,046
Awards Payable	2,000,000	-
Deferred Revenue:		
Membership	1,524,495	1,484,649
Deferred Rent	12,566	7,200
Total Liabilities	3,641,173	2,387,769
NET ASSETS		
Without Donor Restrictions:		
Undesignated	10,699,178	9,034,635
Designated by the Board for Convention	595,383	386,643
Designated by the Board for Foundation Operations	349,229	392,433
Designated by the Board for Foundation Programs	3,834,923	3,867,883
Total Without Donor Restrictions	15,478,713	13,681,594
With Donor Restrictions	8,313,182	8,488,754
Total Net Assets	23,791,895	22,170,348
	\$ 27,433,068	\$ 24,558,117
Total Liabilities and Net Assets		

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Membership Dues and Fees	\$ 2,299,166	\$ -	\$ 2,299,166	\$ 2,467,500
Z-Club Dues and Fees	2,600	-	2,600	2,949
U.S. and Canadian Liability Premiums	18,936	-	18,936	20,547
Convention Cancellation Recovery	208,740	-	208,740	-
Merchandise Royalties	2,911	-	2,911	5,284
Zontian Subscription	9	-	9	8
Program Contributions	500,241	1,535,810	2,036,051	2,517,118
Endowment Contributions	-	323,904	323,904	916,556
Returned Grant Funds	-	-	-	32,095
Loss from Write Off of Uncollectible Pledge	-	-	-	(3,225)
Other Income	304	-	304	5,739
Net Assets Released from Restrictions	3,225,298	(3,225,298)	-	-
Total Revenue and Support	<u>6,258,205</u>	<u>(1,365,584)</u>	<u>4,892,621</u>	<u>5,964,571</u>
EXPENSES				
Program Services:				
Member Services	1,186,391	-	1,186,391	1,374,826
Convention	-	-	-	211,665
International Service and Education Programs	4,558,500	-	4,558,500	900,317
Total Program Services	<u>5,744,891</u>	<u>-</u>	<u>5,744,891</u>	<u>2,486,808</u>
Supporting Services:				
Management and General	589,824	-	589,824	769,931
Fundraising	217,513	-	217,513	244,803
Total Supporting Services	<u>807,337</u>	<u>-</u>	<u>807,337</u>	<u>1,014,734</u>
Total Expenses	<u>6,552,227</u>	<u>-</u>	<u>6,552,227</u>	<u>3,501,542</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS	(294,022)	(1,365,584)	(1,659,606)	2,463,029
NONOPERATING GAINS (LOSSES)				
Interest Income	234,283	144,447	378,730	565,213
Depreciation and Amortization	(81,439)	-	(81,439)	(48,801)
Realized and Unrealized Gains (Losses), Net	1,849,160	1,045,565	2,894,725	(74,594)
Foreign Currency Translation	89,137	-	89,137	6,803
Total Nonoperating Gains	<u>2,091,141</u>	<u>1,190,012</u>	<u>3,281,153</u>	<u>448,621</u>
CHANGE IN NET ASSETS	1,797,119	(175,572)	1,621,547	2,911,650
Net Assets - Beginning of Year	<u>13,681,594</u>	<u>8,488,754</u>	<u>22,170,348</u>	<u>19,258,698</u>
NET ASSETS - END OF YEAR	<u>\$ 15,478,713</u>	<u>\$ 8,313,182</u>	<u>\$ 23,791,895</u>	<u>\$ 22,170,348</u>

See accompanying Notes to Consolidated Financial Statements.

**ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)**

	2021						2020	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Member Services	International Service and Education Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and Wages	\$ 671,300	\$ -	\$ 671,300	\$ 157,866	\$ 142,327	\$ 300,193	\$ 971,493	\$ 928,584
Employee Benefits	114,864	-	114,864	26,944	-	26,944	141,808	155,627
Payroll Taxes	56,081	-	56,081	13,155	-	13,155	69,236	76,900
Fees for Services:								
Legal	-	-	-	44,049	-	44,049	44,049	48,394
Accounting	-	-	-	91,163	-	91,163	91,163	90,058
Other	35,433	-	35,433	-	-	-	35,433	65,349
Office Expenses	49,570	-	49,570	62,163	13,445	75,608	125,178	119,837
Information Technology	61,169	-	61,169	17,730	-	17,730	78,899	126,063
Occupancy	103,595	-	103,595	34,532	-	34,532	138,127	164,583
Conferences, Conventions, and Meetings	-	-	-	-	-	-	-	211,665
Travel	-	-	-	-	-	-	-	9,050
Depreciation and Amortization	61,079	-	61,079	20,360	-	20,360	81,439	48,801
Insurance	-	-	-	68,765	-	68,765	68,765	66,068
Bank Fees	-	-	-	36,178	-	36,178	36,178	60,225
Communications	-	-	-	-	9,639	9,639	9,639	5,029
Donor Recognition	-	-	-	-	14,567	14,567	14,567	20,821
Endowment Campaign	-	-	-	-	-	-	-	36,563
Grants	-	4,558,500	4,558,500	-	-	-	4,558,500	900,317
Database	-	-	-	-	37,535	37,535	37,535	38,166
Licensing Fees	-	-	-	10,385	-	10,385	10,385	8,472
Board/International Committees	-	-	-	11,463	-	11,463	11,463	213,668
Zontian Magazine	66,505	-	66,505	-	-	-	66,505	60,145
Miscellaneous Expenses	27,873	-	27,873	14,431	-	14,431	42,304	87,005
Other Direct Operating	-	-	-	1,000	-	1,000	1,000	8,953
Total Expenses	<u>1,247,470</u>	<u>4,558,500</u>	<u>5,805,970</u>	<u>610,183</u>	<u>217,513</u>	<u>827,696</u>	<u>6,633,666</u>	<u>3,550,343</u>
Less: Expenses Included in Nonoperating Gains on the Statement of Activities:								
Depreciation and Amortization	<u>(61,079)</u>	<u>-</u>	<u>(61,079)</u>	<u>(20,360)</u>	<u>-</u>	<u>(20,360)</u>	<u>(81,439)</u>	<u>(48,801)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,186,391</u>	<u>\$ 4,558,500</u>	<u>\$ 5,744,891</u>	<u>\$ 589,824</u>	<u>\$ 217,513</u>	<u>\$ 807,337</u>	<u>\$ 6,552,227</u>	<u>\$ 3,501,542</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,621,547	\$ 2,911,650
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	81,439	48,801
Net Realized and Unrealized (Gains) Losses on Investments	(2,894,725)	74,594
Dividend Reinvestments	(236,552)	(195,338)
Contributions Restricted for Long-Term Investment	(323,904)	(916,556)
Loss on Disposal of Office and Computer Equipment	-	3,795
Beneficial Interest in Remainder Trust	(20,000)	(72,000)
Loss (Recovery) from Write-Off of Uncollectible Pledge	-	3,225
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	50,009	(15,804)
Pledges Receivable	17,991	132,815
Receivables - Other	84,482	(65,581)
Prepaid Expenses and Other Assets	(3,996)	(41,650)
Accounts Payable	(767,643)	733,383
Accrued and Other Liabilities	(24,165)	62,096
Grants Payable	2,000,000	(2,166,000)
Deferred Membership Revenue	39,846	(272,822)
Deferred Rent	5,366	5,445
Net Cash Provided (Used) by Operating Activities	(370,305)	230,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Office and Computer Equipment	(14,656)	(198,248)
Purchase of Investments	(9,929,877)	(8,889,112)
Proceeds from Sale of Investments	8,734,165	8,727,522
Net Cash Used by Investing Activities	(1,210,368)	(359,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Investment in Endowment	323,904	916,556
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,256,769)	786,771
Cash and Cash Equivalents - Beginning of Year	6,430,123	5,643,352
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,173,354	\$ 6,430,123

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

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 Foundation for Women, (referred to as the Foundation, formerly known as Zonta International 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 Foundation for Women (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 accounts 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, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

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 reasonably 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. The Organization's capitalization policy is to capitalize any items with cost in excess of \$1,000 deemed to have a useful life greater than one year.

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 INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue and Prepaid Expenses (Continued)

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.

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.

Revenue Recognition

The Organization derives its revenue primarily from membership dues and contributions. The following discloses the recognition for the Organization’s most significant revenue streams:

Membership Dues

Membership dues are on an annual basis. Performance obligations provided to members include access to a monthly e-journal, member-only content on the website, industry advocacy, and discounts on fees for conferences, events, and publications.

Membership dues are recognized ratably over the periods to which the dues relate as the performance obligations to the member are evenly distributed throughout the year. Unearned membership revenue is reflected as deferred revenue on the consolidated statement of financial position.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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, 2021 and 2020.

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 operating 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.

Reclassifications

Prior year amounts have been reclassified, where appropriate, to conform to the current year method of presentation. These changes had no impact on the change in net assets.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, from which the summarized consolidated financial information was derived.

Adoption of New Accounting Standard

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The consolidated financial statements reflect the application of ASC 606 guidance beginning in 2021. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

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.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 2 LIQUIDITY (CONTINUED)

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:

	2021			2020
	Zonta	Foundation	Total	Total
Financial Assets at Year-End:				
Cash and Cash Equivalents	\$ 3,364,991	\$ 1,808,363	\$ 5,173,354	\$ 6,430,123
Investments	3,984,945	17,759,013	21,743,958	17,416,969
Receivables	2,552	-	2,552	87,034
Contribution Receivable	-	33,341	33,341	83,350
Pledges Receivable, Net	-	10,053	10,053	28,044
Total Financial Assets	<u>7,352,488</u>	<u>19,610,770</u>	<u>26,963,258</u>	<u>24,045,520</u>
Less Amounts Not Available to be Used Within One Year:				
Restricted by Donor with Purpose Restrictions	81,555	809,345	890,900	2,580,388
Available for Grant Commitments	-	2,000,000	2,000,000	-
Reserves Designated for Future Operations	-	-	-	392,433
Reserves Designed for Future Programs	-	3,834,923	3,834,923	3,867,883
Reserves Designated for Convention	595,383	-	595,383	386,643
Long-Term Investments	1,000,000	5,189,025	6,189,025	1,975,224
Endowments	-	7,422,282	7,422,282	5,908,366
Certificates of Deposit Maturing Beyond One Year	-	-	-	2,400,000
Receivables Beyond One Year	-	5,966	5,966	53
Total Financial Assets Not Available	<u>1,676,938</u>	<u>19,261,541</u>	<u>20,938,479</u>	<u>17,510,990</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 5,675,550</u>	<u>\$ 349,229</u>	<u>\$ 6,024,779</u>	<u>\$ 6,534,530</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.

The levels within the hierarchy based on the reliability of inputs are defined as follows:

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

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021 are as follows:

	2021			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments:				
Certificates of Deposit	\$ 2,731,100	\$ -	\$ 2,731,100	\$ -
Mutual Funds - Fixed Income	7,084,417	7,084,417	-	-
Mutual Funds - Equities	5,065,292	5,065,292	-	-
Mutual Funds - Index Fund	5,598,967	5,598,967	-	-
Corporate Bonds	253,844	-	253,844	-
Total Investments at Fair Value	<u>20,733,620</u>	<u>\$ 17,748,676</u>	<u>\$ 2,984,944</u>	<u>\$ -</u>
Investments not Recorded at Fair Value:				
Money Market Fund	<u>1,010,338</u>			
Total Investments	<u>\$ 21,743,958</u>			
Beneficial Interest in Remainder Trust	<u>\$ 92,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,000</u>

Fair values of assets measured on a recurring basis at May 31, 2020 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 at Fair Value	<u>16,919,678</u>	<u>\$ 14,197,104</u>	<u>\$ 2,722,574</u>	<u>\$ -</u>
Investments Not Recorded at Fair Value:				
Money Market Fund	<u>497,291</u>			
Total Investments	<u>\$ 17,416,969</u>			
Beneficial Interest in Remainder Trust	<u>\$ 72,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,000</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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

	2021	2020
Beginning Balance	\$ 72,000	\$ -
Contributions	20,000	72,000
Ending Balance	<u>\$ 92,000</u>	<u>\$ 72,000</u>

NOTE 4 CASH AND CASH EQUIVALENTS

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

	2021		
	Zonta	Foundation	Total
Cash	\$ 2,322,184	\$ 1,672,999	\$ 3,995,183
Money Market Funds	1,042,807	135,364	1,178,171
Total	<u>\$ 3,364,991</u>	<u>\$ 1,808,363</u>	<u>\$ 5,173,354</u>
	2020		
	Zonta	Foundation	Total
Cash	\$ 3,277,658	\$ 1,752,819	\$ 5,030,477
Money Market Fund	1,264,052	135,594	1,399,646
Total	<u>\$ 4,541,710</u>	<u>\$ 1,888,413</u>	<u>\$ 6,430,123</u>

The Organization maintains cash balances and cash equivalents at Bank of America and Merrill Lynch. All accounts held at these financial institutions, with the exception of two, are located in the U.S. The Organization held cash balances of \$871,445 and \$970,158 at Bank of America in a Euro account in London, England, at May 31, 2021 and 2020, 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.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 5 PLEDGES RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Total Amounts Due in:		
One Year	\$ 4,087	\$ 27,991
Two to Five Years	6,000	7,709
Total	<u>10,087</u>	<u>35,700</u>
Less:		
Provision for Uncollectible Pledges	-	(7,625)
Discount	(34)	(31)
Total	<u>\$ 10,053</u>	<u>\$ 28,044</u>

Management has calculated the discount on long-term pledges receivable using discount rates ranging from 0.05% – 0.30% for the years ended May 31, 2021 and 2020.

NOTE 6 INVESTMENTS

Investments held by the Organization consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<u>May 31, 2021:</u>			
Money Market Funds	\$ 1,010,338	\$ 1,010,338	\$ -
Certificate of Deposit	2,730,000	2,731,100	1,100
Mutual Funds - Fixed Income	6,793,458	7,084,417	290,959
Mutual Funds - Equities	3,962,001	5,065,292	1,103,291
Mutual Funds - Index Fund	3,635,054	5,598,967	1,963,913
Corporate Bonds	246,755	253,844	7,089
Total	<u>\$ 18,377,606</u>	<u>\$ 21,743,958</u>	<u>\$ 3,366,352</u>
<u>May 31, 2020:</u>			
Money Market Funds	\$ 497,291	\$ 497,291	\$ -
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>\$ 17,083,593</u>	<u>\$ 17,416,969</u>	<u>\$ 333,376</u>

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

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 7 OFFICE EQUIPMENT AND COMPUTERS

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

	2021	2020
Leasehold Improvements	\$ 47,114	\$ 47,114
Office Equipment	107,802	107,801
Computers	220,486	231,046
Total, at Cost	<u>375,402</u>	<u>385,961</u>
Less: Accumulated Depreciation	178,383	122,159
Office Equipment and Computers, Net	<u>\$ 197,019</u>	<u>\$ 263,802</u>

Depreciation expense on office equipment and computers for the years ended May 31, 2021 and 2020 totaled \$81,439 and \$48,801, respectively.

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, 2021 represented the unexpended portion of unconditional grants and promises. No discount on awards payable was recorded as of May 31, 2021, as the amount approximates zero. The commitments outstanding at May 31, 2021 will be paid during the year ending May 31, 2022. 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, 2021 and 2020 are restricted for the following purposes or periods:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Eva Mowbray	\$ 81,555	\$ 81,555
International Service Program	-	672,483
ZISVAW Program	-	886,546
YWPA Program	507,864	564,566
Jane M. Klausman Women in Business Scholarship Program	<u>301,481</u>	<u>375,238</u>
Total	890,900	2,580,388
Endowments:		
Amounts To Be Held In Perpetuity, the Income From Which is Expendable to Support:		
Endowment	4,698,391	4,389,325
Amelia Earhart Fellowship Endowment	449,302	434,464
Total	<u>5,147,693</u>	<u>4,823,789</u>
Total		
Subject to Endowment Spending Policy and Appropriation:		
Endowment	1,886,910	834,376
Amelia Earhart Fellowship Endowment	387,679	250,201
Total	<u>2,274,589</u>	<u>1,084,577</u>
Total Endowments	<u>7,422,282</u>	<u>5,908,366</u>
Total Net Assets With Donor Restrictions	<u>\$ 8,313,182</u>	<u>\$ 8,488,754</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

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:

	2021	2020
Satisfaction of Purpose Restrictions:		
Amelia Earhart Fellowship Program	\$ 167,541	\$ 191,976
International Service Program	1,874,201	-
ZISVAW Program	975,056	-
YWPA Program	96,500	88,000
Jane M. Klausman Women in Business Scholarship Program	112,000	112,000
Total	3,225,298	391,976
 Release of Appropriated Endowment Returns for Expenditure:		
Endowment	-	36,563
Total Net Assets Released from Restrictions	\$ 3,225,298	\$ 428,539

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.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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. Subsequent to year-end, the spending policy was modified to allow distribution from the funds as long as the balance is at least 120% of the original corpus.

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.

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, 2021 and 2020.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 11 ENDOWMENTS (CONTINUED)

Funds with Deficiencies

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

	<u>With Donor Restrictions</u>	
	<u>2021</u>	<u>2020</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained in Perpetuity by Donor	\$ 5,147,693	\$ 4,823,789
Accumulated Investment Gains	<u>2,274,589</u>	<u>1,084,577</u>
Total	<u><u>\$ 7,422,282</u></u>	<u><u>\$ 5,908,366</u></u>

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

	<u>With Donor Restrictions</u>
Balance - May 31, 2019	\$ 4,921,693
Investment Return:	
Investment Income, Net	188,448
Net Depreciation	<u>(78,543)</u>
Total	109,905
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	5,908,366
Investment Return:	
Investment Income, Net	144,447
Net Appreciation	<u>1,045,565</u>
Total	1,190,012
Contributions	<u>323,904</u>
Balance - May 31, 2021	<u><u>\$ 7,422,282</u></u>

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, 2021 and 2020, the value of the Organization's interest in the remainder trust was \$92,000 and \$72,000, respectively, and is reported on the consolidated statements of financial position. The change in value of the beneficial interest in remainder trust is included in the change in net assets with donor restrictions in the consolidated statements of activities.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 13 REVENUE

The following table shows the Organization's revenue disaggregated according to the timing of transfer of goods or services:

	<u>2021</u>	<u>2020</u>
Recognized Over Time:		
Membership Dues and Fees	\$ 2,299,166	\$ 2,467,500
Z-Club Dues and Fees	2,600	2,949
U.S. and Canadian Liability Premiums	18,936	20,547
Zontian Subscription	9	8
Total	<u>2,320,711</u>	<u>2,491,004</u>
Recognized at a Point in Time:		
Convention Events and Programs	208,740	-
Merchandise Royalties	2,911	5,284
Other Income	304	5,739
Total	<u>211,955</u>	<u>11,023</u>
Revenue Subject to Grants and Contributions Guidance	<u>2,359,955</u>	<u>3,462,544</u>
Total	<u>\$ 4,892,621</u>	<u>\$ 5,964,571</u>

NOTE 14 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 is 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>
2022	\$ 90,966
2023	92,909
2024	94,852
2025	96,796
2026	98,739
Thereafter	73,175
Total	<u>\$ 547,437</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, 2021 and 2020 was \$96,765 and \$111,499, respectively.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 15 401(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 \$38,473 and \$46,151 for the years ended May 31, 2021 and 2020, respectively.

NOTE 16 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 88% and 95% of the total operational revenues, excluding Foundation activities, for the years ended May 31, 2021 and 2020, respectively.

NOTE 17 CASH FLOW DISCLOSURES

There was no cash paid for interest or taxes for the years ended May 31, 2021 and 2020. There were no noncash investing and financing transactions for the years ended May 31, 2021 and 2020.

NOTE 18 SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Organization has entered into various contracts and agreements as of May 31, 2021, relating to future conventions, including various service contracts, rental agreements for convention sites, and arrangements for hotel attendees.

In addition, the World Health Organization has declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its operations and financial results, including potential negative effects on the receipt of contributions, collections on outstanding accounts receivable, and the Organization's workforce. 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.

NOTE 19 SUBSEQUENT EVENTS

The Organization evaluated all significant events and transactions through November 3, 2021, the date that the consolidated financial statements were available to be issued.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2021
(WITH COMPARATIVE TOTALS FOR MAY 31, 2020)

NOTE 20 UPCOMING ACCOUNTING PRONOUNCEMENTS

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.

Contributed Nonfinancial Assets

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The amendments in the guidance will be effective 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, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

Cash and Cash Equivalents	\$	3,364,991
Other Receivables		2,552
Prepaid Expenses:		
Convention		90,605
Other		53,974
Due from Zonta International Foundation		77,446
Investments		3,984,945
Office Equipment and Computers, Net		197,019
Other Assets		<u>7,932</u>
Total Assets	\$	<u><u>7,779,464</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	2,773
Accrued and Other Liabilities		91,881
Deferred Membership Revenue		1,524,495
Deferred Rent		<u>12,566</u>
Total Liabilities		1,631,715

NET ASSETS

Without Donor Restrictions:		
Undesignated		5,470,811
Designated by the Board for Convention		<u>595,383</u>
Total Without Donor Restrictions		6,066,194
With Donor Restrictions		<u>81,555</u>
Total Net Assets		<u><u>6,147,749</u></u>
Total Liabilities and Net Assets	\$	<u><u>7,779,464</u></u>

**ZONTA INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions			With Donor Restrictions	
	Undesignated	Designated by the Board for Convention	Total Without Donor Restrictions	Eva Mowbray	Total
REVENUE AND SUPPORT					
Membership Dues and Fees	\$ 2,299,166	\$ -	\$ 2,299,166	\$ -	\$ 2,299,166
Z-Club Dues and Fees	2,600	-	2,600	-	2,600
U.S. and Canadian Liability Premiums	18,936	-	18,936	-	18,936
Convention Cancellation Recovery	-	208,740	208,740	-	208,740
Merchandise Royalties	2,911	-	2,911	-	2,911
Zontian Subscription	9	-	9	-	9
Management Fee	87,725	-	87,725	-	87,725
Other income	304	-	304	-	304
Net Assets Released from Restrictions	-	-	-	-	-
Total Revenue and Support	2,411,651	208,740	2,620,391	-	2,620,391
EXPENSES					
Program Services:					
Member Services	1,186,391	-	1,186,391	-	1,186,391
Total Program Services	1,186,391	-	1,186,391	-	1,186,391
Supporting Services:					
Management and General	612,197	-	612,197	-	612,197
Total Expenses	1,798,587	-	1,798,587	-	1,798,587
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	613,064	208,740	821,804	-	821,804
NONOPERATING GAINS (LOSSES)					
Interest Income	26,201	-	26,201	-	26,201
Depreciation and Amortization	(81,439)	-	(81,439)	-	(81,439)
Realized and Unrealized Losses, Net	(17,630)	-	(17,630)	-	(17,630)
Foreign Currency Translation	56,271	-	56,271	-	56,271
Total Nonoperating Losses	(16,597)	-	(16,597)	-	(16,597)
CHANGE IN NET ASSETS	596,467	208,740	805,207	-	805,207
Net Assets - Beginning of Year	4,874,344	386,643	5,260,987	81,555	5,342,542
NET ASSETS - END OF YEAR	<u>\$ 5,470,811</u>	<u>\$ 595,383</u>	<u>\$ 6,066,194</u>	<u>\$ 81,555</u>	<u>\$ 6,147,749</u>

ZONTA INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services	Supporting Services	Total
	<u>Member Services</u>	<u>Management and General</u>	<u>Expenses</u>
Salaries and Wages	\$ 671,300	\$ 157,466	\$ 828,766
Employee Benefits	114,864	26,944	141,808
Payroll Taxes	56,081	13,155	69,236
Fees for Services:			
Legal	-	44,049	44,049
Accounting	-	91,163	91,163
Other	35,433	-	35,433
Office Expenses	49,570	61,563	111,133
Information Technology	61,169	17,730	78,899
Occupancy	103,595	34,532	138,127
Payments on Behalf of Affiliate	-	70,936	70,936
Depreciation and Amortization	61,079	20,360	81,439
Insurance	-	68,765	68,765
Board/International Committees	-	11,463	11,463
Zontian Magazine	66,505	-	66,505
Miscellaneous Expenses	27,873	14,431	42,304
Total Expenses	<u>1,247,470</u>	<u>632,556</u>	<u>1,880,026</u>
Less Expenses Included in Nonoperating Gains (Losses) on the Statement of Activities:			
Depreciation and Amortization	<u>(61,079)</u>	<u>(20,360)</u>	<u>(81,439)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,186,391</u>	<u>\$ 612,197</u>	<u>\$ 1,798,587</u>

**ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FINANCIAL POSITION
MAY 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS

Cash and Cash Equivalents	\$ 1,808,363
Receivables:	
Contributions Receivable	33,341
Pledges Receivable, Net	10,053
Prepaid Expenses:	
Other	28,280
Beneficial Interest in Remainder Trust	92,000
Investments	<u>17,759,013</u>
Total Assets	<u><u>\$ 19,731,050</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 9,458
Due to Zonta International	77,446
Awards Payable	<u>2,000,000</u>
Total Liabilities	2,086,904

NET ASSETS

Without Donor Restrictions:	
Undesignated	5,228,367
Designated by the Board for Foundation Operations	349,229
Designated by the Board for Foundation Programs	<u>3,834,923</u>
Total Without Donor Restrictions	9,412,519
With Donor Restrictions	<u>8,231,627</u>
Total Net Assets	<u><u>17,644,146</u></u>
Total Liabilities and Net Assets	<u><u>\$ 19,731,050</u></u>

ZONTA FOUNDATION FOR WOMEN
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Program Contributions	\$ 571,177	\$ 1,535,810	\$ 2,106,987
Endowment Contributions	-	323,904	323,904
Net Assets Released from Restriction	<u>3,225,298</u>	<u>(3,225,298)</u>	<u>-</u>
Total Revenue and Support	3,796,475	(1,365,584)	2,430,891
EXPENSES			
Program Services:			
International Service and Education Programs	4,558,500	-	4,558,500
Supporting Services:			
Management and General	136,288	-	136,288
Fundraising	<u>217,513</u>	<u>-</u>	<u>217,513</u>
Total Supporting Services	<u>353,801</u>	<u>-</u>	<u>353,801</u>
Total Expenses	<u>4,912,301</u>	<u>-</u>	<u>4,912,301</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS	(1,115,826)	(1,365,584)	(2,481,410)
NONOPERATING GAINS			
Interest Income	208,082	144,447	352,529
Realized and Unrealized Gains, Net	1,866,790	1,045,565	2,912,355
Foreign Currency Translation	32,866	-	32,866
Total Nonoperating Gains	<u>2,107,738</u>	<u>1,190,012</u>	<u>3,297,750</u>
CHANGE IN NET ASSETS	991,912	(175,572)	816,340
Net Assets - Beginning of Year	<u>8,420,607</u>	<u>8,407,199</u>	<u>16,827,806</u>
NET ASSETS - END OF YEAR	<u>\$ 9,412,519</u>	<u>\$ 8,231,627</u>	<u>\$ 17,644,146</u>

**ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services	Supporting Services			Total Expenses
	International Service and Education Programs	Management and General	Fundraising	Total Supporting Services	
Bank Fees	\$ -	\$ 36,178	\$ -	\$ 36,178	\$ 36,178
Communications	-	-	9,639	9,639	9,639
Donor Recognition	-	-	14,567	14,567	14,567
Grants	4,558,500	-	-	-	4,558,500
Database	-	-	37,535	37,535	37,535
Licensing Fees	-	10,385	-	10,385	10,385
Management Fees	-	87,725	-	87,725	87,725
Supplies	-	600	13,445	14,045	14,045
Other Direct Operating	-	1,000	-	1,000	1,000
Salaries	-	400	142,327	142,727	142,727
Total Expenses	<u>\$ 4,558,500</u>	<u>\$ 136,288</u>	<u>\$ 217,513</u>	<u>\$ 353,801</u>	<u>\$ 4,912,301</u>

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

