

**ZONTA INTERNATIONAL AND
AFFILIATED FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)**



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
TABLE OF CONTENTS
YEAR ENDED MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF ACTIVITIES	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
ZONTA INTERNATIONAL:	
STATEMENT OF FINANCIAL POSITION	25
STATEMENT OF ACTIVITIES	26
STATEMENT OF FUNCTIONAL EXPENSES	27
ZONTA FOUNDATION FOR WOMEN:	
STATEMENT OF FINANCIAL POSITION	28
STATEMENT OF ACTIVITIES	29
STATEMENT OF FUNCTIONAL EXPENSES	30



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022, 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.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2021, 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, 2022 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 2022 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 8, 2022

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

ASSETS	2022	2021
Cash and Cash Equivalents	\$ 6,340,562	\$ 5,173,354
Receivables:		
Due from Intermediary	518,106	-
Contributions Receivable	51,568	33,341
Pledges Receivable	171,079	10,053
Interest Receivable	22,796	-
Other	2,954	2,552
Prepaid Expenses:		
Convention	634,842	90,605
Other	144,995	82,254
Investments	20,178,121	21,743,958
Beneficial Interest in Remainder Trust	83,000	92,000
Office Equipment and Computers, Net	143,594	197,019
Other Assets	7,932	7,932
	\$ 28,299,549	\$ 27,433,068
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 29,099	\$ 12,231
Accrued and Other Liabilities	104,242	91,881
Awards Payable	-	2,000,000
Deferred Revenue:		
Membership	1,705,627	1,524,495
Convention	978,964	-
Deferred Rent	15,990	12,566
Total Liabilities	2,833,922	3,641,173
NET ASSETS		
Without Donor Restrictions:		
Undesignated	8,076,126	10,699,178
Designated by the Board for Convention	595,383	595,383
Designated by Board 12-Month Operating Reserve	2,313,007	-
Designated by the Board for Foundation Operations	-	349,229
Designated by the Board for Foundation Programs	4,411,510	3,834,923
Designated by the Board for Endowment Fund	186,986	-
Total Without Donor Restrictions	15,583,012	15,478,713
With Donor Restrictions	9,882,615	8,313,182
Total Net Assets	25,465,627	23,791,895
	\$ 28,299,549	\$ 27,433,068

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Membership Dues and Fees	\$ 2,264,356	\$ -	\$ 2,264,356	\$2,299,166
Z-Club Dues and Fees	2,900	-	2,900	2,600
U.S. and Canadian Liability Premiums	18,051	-	18,051	18,936
Convention Cancellation Recovery	-	-	-	208,740
Merchandise Royalties	7,374	-	7,374	2,911
Zontian Subscription	8	-	8	9
Program Contributions	833,328	1,552,667	2,385,995	2,036,051
Endowment Contributions	186,986	621,238	808,224	323,904
Other Income	7	-	7	304
Net Assets Released from Restrictions	469,257	(469,257)	-	-
Total Revenue and Support	<u>3,782,267</u>	<u>1,704,648</u>	<u>5,486,915</u>	<u>4,892,621</u>
EXPENSES				
Program Services:				
Member Services	1,400,571	-	1,400,571	1,186,391
International Service and Education Programs	726,000	-	726,000	4,558,500
Total Program Services	<u>2,126,571</u>	<u>-</u>	<u>2,126,571</u>	<u>5,744,891</u>
Supporting Services:				
Management and General	630,530	-	630,530	589,823
Fundraising	198,273	-	198,273	217,513
Total Supporting Services	<u>828,803</u>	<u>-</u>	<u>828,803</u>	<u>807,336</u>
Total Expenses	<u>2,955,374</u>	<u>-</u>	<u>2,955,374</u>	<u>6,552,227</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	826,893	1,704,648	2,531,541	(1,659,606)
NONOPERATING GAINS (LOSSES)				
Interest Income	467,321	279,670	746,991	378,730
Depreciation and Amortization	(81,275)	-	(81,275)	(81,439)
Realized and Unrealized Gains (Losses), Net	(997,047)	(414,885)	(1,411,932)	2,894,725
Foreign Currency Translation	(111,593)	-	(111,593)	89,137
Total Nonoperating Gains (Losses)	<u>(722,594)</u>	<u>(135,215)</u>	<u>(857,809)</u>	<u>3,281,153</u>
CHANGE IN NET ASSETS	104,299	1,569,433	1,673,732	1,621,547
Net Assets - Beginning of Year	<u>15,478,713</u>	<u>8,313,182</u>	<u>23,791,895</u>	<u>22,170,348</u>
NET ASSETS - END OF YEAR	<u>\$ 15,583,012</u>	<u>\$ 9,882,615</u>	<u>\$ 25,465,627</u>	<u>\$ 23,791,895</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

	2022						2021	
	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	\$ 675,968	\$ -	\$ 675,968	\$ 168,992	\$ 109,559	\$ 278,551	\$ 954,519	\$ 971,493
Employee Benefits	94,460	-	94,460	23,615	-	23,615	118,075	141,808
Payroll Taxes	47,113	-	47,113	11,778	-	11,778	58,891	69,236
Fees for Services:								
Legal	-	-	-	30,946	-	30,946	30,946	44,049
Accounting	-	-	-	89,814	-	89,814	89,814	91,163
Other	75,762	-	75,762	-	-	-	75,762	35,433
Office Expenses	49,121	-	49,121	59,922	7,096	67,018	116,139	125,178
Information Technology	55,218	-	55,218	18,406	-	18,406	73,624	78,899
Occupancy	101,557	-	101,557	33,852	-	33,852	135,409	138,127
Conferences, Conventions, and Meetings	4,104	-	4,104	-	-	-	4,104	-
Travel	29,907	-	29,907	-	-	-	29,907	-
Depreciation and Amortization	60,956	-	60,956	20,319	-	20,319	81,275	81,439
Insurance	-	-	-	69,073	-	69,073	69,073	68,765
Bank and Transaction Fees	-	-	-	52,847	-	52,847	52,847	36,178
Communications	-	-	-	-	8,653	8,653	8,653	9,639
Donor Recognition	-	-	-	-	37,853	37,853	37,853	14,567
Grants	-	726,000	726,000	-	-	-	726,000	4,558,500
Database	-	-	-	-	35,112	35,112	35,112	37,535
Licensing Fees	-	-	-	9,839	-	9,839	9,839	10,385
Board/International Committees	93,260	-	93,260	28,381	-	28,381	121,641	11,463
Zontian Magazine	140,709	-	140,709	-	-	-	140,709	66,505
Miscellaneous Expenses	33,392	-	33,392	33,065	-	33,065	66,457	43,304
Total Expenses	<u>1,461,527</u>	<u>726,000</u>	<u>2,187,527</u>	<u>650,849</u>	<u>198,273</u>	<u>849,122</u>	<u>3,036,649</u>	<u>6,633,666</u>
Less: Expenses Included in Nonoperating Gains on the Statement of Activities:								
Depreciation and Amortization	<u>(60,956)</u>	<u>-</u>	<u>(60,956)</u>	<u>(20,319)</u>	<u>-</u>	<u>(20,319)</u>	<u>(81,275)</u>	<u>(81,439)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,400,571</u>	<u>\$ 726,000</u>	<u>\$ 2,126,571</u>	<u>\$ 630,530</u>	<u>\$ 198,273</u>	<u>\$ 828,803</u>	<u>\$ 2,955,374</u>	<u>\$ 6,552,227</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,673,732	\$ 1,621,547
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	81,275	81,439
Net Realized and Unrealized (Gains) Losses on Investments	1,411,932	(2,894,725)
Dividend Reinvestments	(674,096)	(236,552)
Contributions Restricted for Long-Term Investment Beneficial Interest in Remainder Trust	(621,238) 9,000	(323,904) (20,000)
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	(18,227)	50,009
Convention Receivable	(518,106)	-
Pledges Receivable	(161,026)	17,991
Interest Receivable	(22,796)	-
Receivables - Other	(402)	84,482
Prepaid Expenses and Other Assets	(606,978)	(3,996)
Accounts Payable	16,868	(767,643)
Accrued and Other Liabilities	12,362	(24,165)
Grants Payable	(2,000,000)	2,000,000
Deferred Membership Revenue	181,132	39,846
Deferred Convention Revenue	978,964	-
Deferred Rent	3,424	5,366
Net Cash Used by Operating Activities	(254,180)	(370,305)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Office and Computer Equipment	(27,851)	(14,656)
Purchase of Investments	(30,564,526)	(9,929,877)
Proceeds from Sale of Investments	31,392,527	8,734,165
Net Cash Provided (Used) by Investing Activities	800,150	(1,210,368)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Investment in Endowment	621,238	323,904
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,167,208	(1,256,769)
Cash and Cash Equivalents - Beginning of Year	5,173,354	6,430,123
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,340,562	\$ 5,173,354

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

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, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Pledges Receivable (Continued)

Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. At May 31, 2022 there was AUD \$150,000 of contributions not recognized in the accompanying financial statements because the conditions have not been met. There were no conditional contributions as of May 31, 2021. Contributions of assets other than cash are recorded at their estimated fair value.

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 11.

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.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

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.

Convention Revenue

Revenues derived from participant attendance at convention are recognized over time as the event is held. Payments to attend the event that are received in advance are deferred.

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, 2022 and 2021.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 interest income, depreciation and amortization, realized and unrealized gains and (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, 2021, from which the summarized consolidated financial information was derived.

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.

Zonta operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Zonta International Operating Reserve Policy provides guidelines for the maintenance and retention of financial reserves that are adequate to meet day to day operational requirements of Zonta and provide for unforeseen events and emergencies. The 12-Month Operating Reserve sets aside sufficient funding to enable ongoing operations of Zonta for at least 12 months. It was established during the fiscal year ended May 31, 2022.

Effective June 1, 2022 Investment earnings will be used to fund Foundation operations. The Zonta Foundation for Women Spending Policy limits Foundation operating expenditures by maintaining a 4% long-term investment (program and operating funds) spending rate.

Each biennium, the Foundation collects contributions to cover program expenditures. The Zonta Foundation for Women Program Reserve Policy provides guidelines for use of and replenishment of financial reserves that are adequate to meet biennial funding requirements. All program contributions will be used to support international service projects and education programs.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 2 LIQUIDITY (CONTINUED)

Endowment contributions donor-restricted, bequests, planned gifts and estate gifts naming the Foundation without a designation are maintained in an endowment fund to generate investment earnings to support endowment activities. In order to preserve the purchasing value of the investments the annual spending rate is 3% to 5%, as described in Note 10. The Board evaluates availability and needs to determine distributions and funds to be reinvested during the next biennium.

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:

	2022			2021
	Zonta	Foundation	Total	Total
Financial Assets at Year-End:				
Cash and Cash Equivalents	\$ 5,040,865	\$ 1,299,697	\$ 6,340,562	\$ 5,173,354
Investments	2,516,129	17,661,992	20,178,121	21,743,958
Convention Receivables	518,106	-	518,106	-
Contribution Receivable	-	51,568	51,568	33,341
Interest Receivable	2,954	22,796	25,750	2,552
Pledges Receivable, Net	-	171,079	171,079	10,053
Beneficial Interest in				
Remainder Trust	-	83,000	83,000	92,000
Intercompany Balances	(35,074)	35,074	-	-
Total Financial Assets	8,042,980	19,325,206	27,368,186	27,055,258
Less Amounts Not Available to be Used Within One Year:				
Restricted by Donor with				
Special Purpose Restriction	81,555	-	81,555	81,555
Available for Grant Commitments	-	-	-	2,000,000
12-Month Operating Reserve	2,313,007	-	2,313,007	-
Reserves Designated for				
Convention	595,383	-	595,383	595,383
Operating Long-Term Investments	-	4,860,126	4,860,126	6,107,470
Program Long-Term Investments	-	4,411,430	4,411,430	4,725,823
Endowments				
Beyond One Year	-	8,075,291	8,075,291	7,520,248
Total Financial Assets Not Available	2,989,945	17,346,847	20,336,792	21,030,479
Financial Assets Available to Meet General Expenditures	\$ 5,053,035	\$ 1,978,359	\$ 7,031,394	\$ 6,024,779

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

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;

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 (entity specific estimates of cash flows). Since Zonta has an irrevocable right to received the income earned from the trusts' assets, the fair value of Zonta's beneficial interest is estimated to approximate the fair value of the trusts' assets.

Fair values of assets measured on a recurring basis at May 31, 2022 are as follows:

	2022			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments:				
Equities	\$ 6,711,712	\$ 6,711,712	\$ -	\$ -
Mutual Funds - Fixed Income	4,039,887	4,039,887	-	-
Mutual Funds - Equities	4,310,912	4,310,912	-	-
Mutual Funds - Index Fund	4,988,287	4,988,287	-	-
Corporate Bonds	100,331	-	100,331	-
Total Investments at Fair Value	<u>20,151,129</u>	<u>\$ 20,050,798</u>	<u>\$ 100,331</u>	<u>\$ -</u>
Investments not Recorded at Fair Value:				
Money Market Fund	<u>26,992</u>			
Total Investments	<u>\$ 20,178,121</u>			
Beneficial Interest in Remainder Trust	<u>\$ 83,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,000</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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 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 11. 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):

	2022	2021
Beginning Balance	\$ 92,000	\$ 72,000
Contributions	-	20,000
Reduction on Beneficial Interest in Trust	(9,000)	-
Ending Balance	<u>\$ 83,000</u>	<u>\$ 92,000</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 4 CASH AND CASH EQUIVALENTS

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

	2022		
	Zonta	Foundation	Total
Cash	\$ 2,280,428	\$ 1,264,570	\$ 3,544,998
Money Market Funds	2,760,437	35,127	2,795,564
Total	\$ 5,040,865	\$ 1,299,697	\$ 6,340,562
	2021		
	Zonta	Foundation	Total
Cash	\$ 2,322,184	\$ 1,672,999	\$ 3,995,183
Money Market Fund	1,042,807	135,364	1,178,171
Total	\$ 3,364,991	\$ 1,808,363	\$ 5,173,354

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 \$1,047,719 and \$871,445 at Bank of America in a Euro account in London, England, at May 31, 2022 and 2021, 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:

	2022	2021
Total Amounts Due in:		
One Year	\$ 172,210	\$ 4,087
Two to Five Years	2,500	6,000
Total	174,710	10,087
Less:		
Discount	(3,631)	(34)
Total	\$ 171,079	\$ 10,053

Management has calculated the discount on long-term pledges receivable using discount rates ranging from 2.08% – 2.53% for the years ended May 31, 2022 and 2021. No allowance has been recorded as of May 31, 2022 and 2021.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 6 INVESTMENTS

Investments held by the Organization consist of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<u>May 31, 2022:</u>			
Money Market Funds	\$ 26,992	\$ 26,992	\$ -
Equities	6,409,827	6,711,712	301,885
Mutual Funds - Fixed Income	4,432,399	4,039,887	(392,512)
Mutual Funds - Equities	4,693,107	4,310,912	(382,195)
Mutual Funds - Index Fund	5,497,722	4,988,287	(509,435)
Corporate Bonds	98,980	100,331	1,351
Total	<u>\$ 21,159,027</u>	<u>\$ 20,178,121</u>	<u>\$ (980,906)</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>

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:

	2022	2021
Leasehold Improvements	\$ 47,114	\$ 47,114
Office Equipment	107,802	107,802
Computers	156,220	220,486
Total, at Cost	<u>311,136</u>	<u>375,402</u>
Less: Accumulated Depreciation	167,542	178,383
Office Equipment and Computers, Net	<u>\$ 143,594</u>	<u>\$ 197,019</u>

Depreciation expense on office equipment, computers, and leasehold improvements for the years ended May 31, 2022 and 2021 totaled \$81,275 and \$81,439, respectively.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 8 AWARDS PAYABLE

Multi-year awards and scholarships are made at the direction of the board of directors (the 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. There were no awards payable at May 31, 2022.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of May 31, 2022 and 2021 are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Eva Mowbray	\$ 81,555	\$ 81,555
International Service Program	1,196,052	-
YWPA Program	467,458	507,864
Jane M. Klausman Women in Business Scholarship Program	<u>229,245</u>	<u>301,481</u>
Total	1,974,310	890,900
Subject to Expenditure for Specified Time - Will Be Added To Board Designated Endowment Upon Receipt	<u>170,000</u>	<u>-</u>
Endowments:		
Amounts to be Held in Perpetuity, the Income from which is Expendable to Support:		
Endowment	5,110,906	4,698,391
Amelia Earhart Fellowship Endowment	488,025	449,302
Total	<u>5,598,931</u>	<u>5,147,693</u>
Subject to Endowment Spending Policy and Appropriation:		
Endowment	1,766,111	1,886,910
Amelia Earhart Fellowship Endowment	373,263	387,679
Total	<u>2,139,374</u>	<u>2,274,589</u>
Total Endowments	<u>7,738,305</u>	<u>7,422,282</u>
Total Net Assets With Donor Restrictions	<u>\$ 9,882,615</u>	<u>\$ 8,313,182</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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:

	2022	2021
Satisfaction of Purpose Restrictions:		
Amelia Earhart Fellowship Program	\$ 263,257	\$ 167,541
International Service Program	-	1,874,201
ZISVAW Program	-	975,056
YWPA Program	98,000	96,500
Jane M. Klausman Women in Business Scholarship Program	108,000	112,000
Total Net Assets Released from Restrictions	\$ 469,257	\$ 3,225,298

NOTE 10 ENDOWMENTS

The Organization's endowments consist of donor-restricted endowment funds and board designated 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, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 10 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. Effective August 2021, 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 to achieve its long-term objectives within prudent risk constraints.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 10 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, 2022 and 2021.

Endowment Composition

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

	<u>2022</u>	<u>2021</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained in Perpetuity by Donor	\$ 5,598,931	\$ 5,147,693
Accumulated Investment Gains	2,139,374	2,274,589
Expenditure for Specified Time - To be Allocated to		
Board Designated Endowment Fund Once Time		
Restriction has been Satisfied	170,000	-
Without Donor-Restricted Endowment Funds:		
Board Designated Endowment	186,986	-
Total	<u>\$ 8,095,291</u>	<u>\$ 7,422,282</u>

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

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Balance - May 31, 2020	\$ -	\$ 5,908,366	\$ 5,908,366
Investment Return:			
Investment Income, Net	-	144,447	144,447
Net Appreciation	-	1,045,565	1,045,565
Total	-	1,190,012	1,190,012
Contributions		323,904	323,904
Balance - May 31, 2021	-	7,422,282	7,422,282
Investment Return:			
Investment Income, Net	-	279,670	279,670
Net Depreciation	-	(414,885)	(414,885)
Total	-	(135,215)	(135,215)
Contributions	186,986	451,238	638,224
Contribution - To be Allocated to			
Without Donor Restrictions Once			
Time Restriction has been Satisfied	-	170,000	170,000
Balance - May 31, 2022	<u>\$ 186,986</u>	<u>\$ 7,908,305</u>	<u>\$ 8,095,291</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 11 BENEFICIAL INTEREST IN REMAINDER TRUST

The Organization has 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, 2022 and 2021, the value of the Organization's interest in the remainder trust was \$83,000 and \$92,000, 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.

NOTE 12 REVENUE

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

	<u>2022</u>	<u>2021</u>
Recognized Over Time:		
Membership Dues and Fees	\$ 2,264,356	\$ 2,299,166
Z-Club Dues and Fees	2,900	2,600
U.S. and Canadian Liability Premiums	18,051	18,936
Zontian Subscription	8	9
Total	<u>2,285,315</u>	<u>2,320,711</u>
Recognized at a Point in Time:		
Convention Cancellation Recovery	-	208,740
Merchandise Royalties	7,374	2,911
Other Income	7	304
Total	<u>7,381</u>	<u>211,955</u>
Revenue Subject to Grants and Contributions Guidance	<u>3,194,219</u>	<u>2,359,955</u>
Total	<u>\$ 5,486,915</u>	<u>\$ 4,892,621</u>

Accounts receivable at May 31 consists of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Due from Intermediary	\$ 518,106	\$ -	\$ -
Contributions Receivable	51,568	33,341	83,350
Pledges Receivable	171,079	10,053	28,044
Interest Receivable	22,796	-	-
Other	2,954	2,552	87,034
Total Receivables	<u>\$ 766,503</u>	<u>\$ 45,946</u>	<u>\$ 198,428</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 12 REVENUE (CONTINUED)

Deferred revenue at May 31 consists of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Membership	\$ 1,705,627	\$ 1,524,495	\$ 1,484,649
Convention	978,964	-	-
Total Deferred Revenue	<u>\$ 2,684,591</u>	<u>\$ 1,524,495</u>	<u>\$ 1,484,649</u>

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 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>
2023	\$ 92,909
2024	94,852
2025	96,796
2026	98,739
2027	73,175
Total	<u>\$ 456,471</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, 2022 and 2021 was \$98,149 and \$96,765, respectively.

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 \$41,085 and \$38,473 for the years ended May 31, 2022 and 2021, 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 88% of the total operational revenues, excluding Foundation activities, for the years ended May 31, 2022 and 2021, respectively.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2022
(WITH COMPARATIVE TOTALS FOR MAY 31, 2021)

NOTE 16 CASH FLOW DISCLOSURES

There was no cash paid for interest or taxes for the years ended May 31, 2022 and 2021. There were no noncash investing and financing transactions for the years ended May 31, 2022 and 2021.

NOTE 17 SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Organization has entered into various contracts and agreements as of May 31, 2022, relating to future conventions, including various service contracts, rental agreements for convention sites, and arrangements for hotel attendees.

NOTE 18 SUBSEQUENT EVENTS

The Organization evaluated all significant events and transactions through November 8, 2022, the date that the consolidated financial statements were available to be issued.

NOTE 19 UPCOMING ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, the Financial Accounting Standards Board (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.

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.

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

ZONTA INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
MAY 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

Cash and Cash Equivalents	\$	5,040,865
Other Receivables:		
Due from Intermediary		518,106
Other		2,954
Prepaid Expenses:		
Convention		634,842
Other		84,152
Investments		2,516,129
Office Equipment and Computers, Net		143,594
Other Assets		7,932
		<u>7,932</u>
Total Assets	\$	<u>8,948,574</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	15,478
Accrued and Other Liabilities		104,242
Deferred Membership Revenue		1,705,627
Deferred Convention Revenue		978,964
Due to Zonta International Foundation		35,074
Deferred Rent		15,990
Total Liabilities		<u>2,855,375</u>

NET ASSETS

Without Donor Restrictions:		
Undesignated		3,103,254
Designated by the Board for Convention		595,383
Designated by Board 12-Month Operating Reserve		2,313,007
Total Without Donor Restrictions		<u>6,011,644</u>
With Donor Restrictions		81,555
Total Net Assets		<u>6,093,199</u>
Total Liabilities and Net Assets	\$	<u>8,948,574</u>

**ZONTA INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions			With Donor Restrictions		
	Undesignated	Designated by the Board for Convention	Designated by the Board for Reserve	Total Without Donor Restrictions	Eva Mowbray	Total
REVENUE AND SUPPORT						
Membership Dues and Fees	\$ 2,264,356	\$ -	\$ -	\$ 2,264,356	\$ -	\$ 2,264,356
Z-Club Dues and Fees	2,900	-	-	2,900	-	2,900
U.S. and Canadian Liability Premiums	18,051	-	-	18,051	-	18,051
Merchandise Royalties	7,374	-	-	7,374	-	7,374
Zontian Subscription	8	-	-	8	-	8
Management Fee	87,725	-	-	87,725	-	87,725
Other Income	7	-	-	7	-	7
Total Revenue and Support	2,380,421	-	-	2,380,421	-	2,380,421
EXPENSES						
Program Services:						
Member Services	1,400,571	-	-	1,400,571	-	1,400,571
Total Program Services	1,400,571	-	-	1,400,571	-	1,400,571
Supporting Services:						
Management and General	713,926	-	-	713,926	-	713,926
Total Expenses	2,114,497	-	-	2,114,497	-	2,114,497
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	265,924	-	-	265,924	-	265,924
NONOPERATING GAINS (LOSSES)						
Interest Income	67,725	-	-	67,725	-	67,725
Depreciation and Amortization	(81,275)	-	-	(81,275)	-	(81,275)
Realized and Unrealized Losses, Net	(242,726)	-	-	(242,726)	-	(242,726)
Foreign Currency Translation	(64,198)	-	-	(64,198)	-	(64,198)
Interfund Transfer	(2,313,007)	-	2,313,007	-	-	-
Total Nonoperating Losses	(2,633,481)	-	2,313,007	(320,474)	-	(320,474)
CHANGE IN NET ASSETS	(2,367,557)	-	2,313,007	(54,550)	-	(54,550)
Net Assets - Beginning of Year	5,470,811	595,383	-	6,066,194	81,555	6,147,749
NET ASSETS - END OF YEAR	<u>\$ 3,103,254</u>	<u>\$ 595,383</u>	<u>\$ 2,313,007</u>	<u>\$ 6,011,644</u>	<u>\$ 81,555</u>	<u>\$ 6,093,199</u>

ZONTA INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services	Supporting Services	Total
	<u>Member Services</u>	<u>Management and General</u>	<u>Expenses</u>
Salaries and Wages	\$ 675,968	\$ 168,992	\$ 844,960
Employee Benefits	94,460	23,615	118,075
Payroll Taxes	47,113	11,778	58,891
Fees for Services:			
Legal	-	30,946	30,946
Accounting	-	89,814	89,814
Other	75,762	-	75,762
Office Expenses	49,121	59,557	108,678
Information Technology	55,218	18,406	73,624
Occupancy	101,557	33,852	135,409
Travel	29,907	-	29,907
Conference, meetings	4,104	-	4,104
Payments on Behalf of Affiliate	-	148,446	148,446
Depreciation and Amortization	60,956	20,319	81,275
Insurance	-	69,073	69,073
Board/International Committees	93,260	28,381	121,641
Zontian Magazine	140,709	-	140,709
Miscellaneous Expenses	33,392	31,066	64,458
Total Expenses	<u>1,461,527</u>	<u>734,245</u>	<u>2,195,772</u>
Less Expenses Included in Nonoperating Gains (Losses) on the Statement of Activities:			
Depreciation and Amortization	<u>(60,956)</u>	<u>(20,319)</u>	<u>(81,275)</u>
 Total Expenses Included in the Expense Section on the Statement of Activities	 <u>\$ 1,400,571</u>	 <u>\$ 713,926</u>	 <u>\$ 2,114,497</u>

**ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FINANCIAL POSITION
MAY 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS

Cash and Cash Equivalents	\$ 1,299,697
Receivables:	
Interest	22,796
Contributions Receivable	51,568
Pledges Receivable, Net	171,079
Prepaid Expenses:	
Other	60,843
Due from Zonta International	35,074
Beneficial Interest in Remainder Trust	83,000
Investments	<u>17,661,992</u>
Total Assets	<u><u>\$ 19,386,049</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 13,621
Total Liabilities	<u>13,621</u>

NET ASSETS

Without Donor Restrictions:	
Undesignated	4,972,872
Designated by the Board for Foundation Programs	4,411,510
Designated by the Board for Endowment Fund	<u>186,986</u>
Total Without Donor Restrictions	9,571,368
With Donor Restrictions	<u>9,801,060</u>
Total Net Assets	<u><u>19,372,428</u></u>

Total Liabilities and Net Assets	<u><u>\$ 19,386,049</u></u>
----------------------------------	-----------------------------

ZONTA FOUNDATION FOR WOMEN
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Program Contributions	\$ 981,774	\$ 1,552,667	\$ 2,534,441
Endowment Contributions	186,986	621,238	808,224
Net Assets Released from Restriction	<u>469,257</u>	<u>(469,257)</u>	<u>-</u>
Total Revenue and Support	1,638,017	1,704,648	3,342,665
EXPENSES			
Program Services:			
International Service and Education Programs	726,000	-	726,000
Supporting Services:			
Management and General	152,775	-	152,775
Fundraising	<u>198,273</u>	<u>-</u>	<u>198,273</u>
Total Supporting Services	<u>351,048</u>	<u>-</u>	<u>351,048</u>
Total Expenses	<u>1,077,048</u>	<u>-</u>	<u>1,077,048</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	560,969	1,704,648	2,265,617
NONOPERATING GAINS (LOSSES)			
Interest Income	399,596	279,670	679,266
Realized and Unrealized Losses, Net	(754,321)	(414,885)	(1,169,206)
Foreign Currency Translation	<u>(47,395)</u>	<u>-</u>	<u>(47,395)</u>
Total Nonoperating Loss	<u>(402,120)</u>	<u>(135,215)</u>	<u>(537,335)</u>
CHANGE IN NET ASSETS	158,849	1,569,433	1,728,282
Net Assets - Beginning of Year	<u>9,412,519</u>	<u>8,231,627</u>	<u>17,644,146</u>
NET ASSETS - END OF YEAR	<u>\$ 9,571,368</u>	<u>\$ 9,801,060</u>	<u>\$ 19,372,428</u>

**ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services	Supporting Services			Total Expenses
	International Service and Education Programs	Management and General	Fundraising	Total Supporting Services	
Bank and Transaction Fees	\$ -	\$ 52,847	\$ -	\$ 52,847	\$ 52,847
Communications	-	-	8,653	8,653	8,653
Donor Recognition	-	-	37,853	37,853	37,853
Grants	726,000	-	-	-	726,000
Database	-	-	35,112	35,112	35,112
Licensing Fees	-	9,839	-	9,839	9,839
Management Fees	-	87,725	-	87,725	87,725
Supplies	-	365	7,096	7,461	7,461
Miscellaneous Expenses	-	1,999	-	1,999	1,999
Salaries	-	-	109,559	109,559	109,559
Total Expenses	<u>\$ 726,000</u>	<u>\$ 152,775</u>	<u>\$ 198,273</u>	<u>\$ 351,048</u>	<u>\$ 1,077,048</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.