

April 2024

2024–2026 Biennium Budgets for Zonta International and Zonta Foundation for Women

The attached budgets were adopted by the Zonta International and Zonta Foundation for Women boards at their February 2024 meetings. The Zonta International Finance Committee and Zonta Foundation for Women Finance Committee recommended the budgets prepared in collaboration with President-Elect Salla Tuominen and Zonta Headquarters staff.

Zonta has emerged from the COVID-19 years as a strong membership organization with a valued voice on women's rights, especially with our partner organizations at the UN. During the 2022–2024 Biennium we have managed our organization well. Expenses have been significantly less than revenue and the surplus generated has been added to our reserves. This is despite high inflation in most global economies and significant volatility in the investment markets. Zonta is in a strong financial position as we head into the future.

During the 2022–2024 Biennium the 2030 Strategic Plan, *Zonta, Gender Equity, and a Vision for 2030 & Beyond*, was developed providing a roadmap for Zonta for the future. The four goals (Credible and Visible Voice; Club Success; International Leadership and Sustainability; Engagement of Audiences and Allies) set the focus and will guide future activity. The 2024–2026 Biennium goals set out a number of important initiatives to ensure we deliver on these goals.

One of the key challenges for Zonta, as with any membership organization, is our dependence on members for our revenue (via dues) and contributions (via donations). The 2030 Strategic Plan envisages that we will diversify our revenue over time by identifying alternative sources of revenue for Zonta International (e.g. corporate sponsorship) and for the Foundation (e.g. through development of a broader donor strategy to obtain more contributions from outside our member base). The implementation of the 2030 Strategic Plan also includes a greater focus on credibility and visibility. In order to achieve this, we need to complete research and some pilot initiatives to ensure we can achieve our goals.

2024–2026 Budget for Zonta International: Commentary and Key Assumptions

Commentary

In setting the 2024–2026 budget the Board (with input from the Finance Committee) considered a range of options including an increase in dues. Given current economic conditions (inflation, investment market volatility and US/other currency exchange rate) the Board's preference was to explore alternative revenue sources (as envisaged in the 2030 Strategic Plan), continued cost management, and prudent use of reserves, rather than considering an increase in dues at this time. Hence the 2024–2026 budget has been prepared assuming no increase in dues. As the 2030 Strategic Plan initiatives are implemented, and the 10-year forecast is updated, future increases in dues will need to be considered if the decline in membership numbers continues.

The 2024–2026 budget also includes some specific revenue and costs associated with the implementation of the 2030 Strategic Plan. Revenue from sponsorships was added to the second year of the biennium. Other expenses added for strategic planning include recruitment marketing (Membership Engagement account), podcast resources (Communications account), additional speaker fees for additional member summits/events

(Member Events account), corporate sponsorship consulting services (Consultants account) and external public relations and legal fees tied to governance/bylaws revisions and updates (Strategic Planning account).

Key Assumptions

Membership Dues:	The budget assumes a 4% decline in members numbers (consistent with prior years) and no dues increase in the 2024-2026 Biennium.
Management Fee receivable from the Foundation:	This is calculated based on the percentage of staff working for the Foundation. For 2024–2026 this is 18.5% (2.5 staff out of total staff of 13.5) plus known direct costs. This represents an increase of one staff member from the 2022-2024 Biennium and is the result of a transfer of one staff member from Zonta International to the Foundation to ensure that all direct costs associated with running the Foundation are accurately reflected in the Foundation budget.
Personnel:	The total number of staff has reduced by one (as per explanation above) to 11 and expected labor market movements have been assumed in each year of the biennium.
Other expenses:	Increases in other expenses are based on known changes and general cost of living/inflation increases. To manage costs the number of printed editions of <i>The Zontian</i> Magazine has been reduced from three to two; and the number of face-to-face Board meetings held in Chicago has been reduced from four to three.

As with previous biennia the underlying assumption is that the revenue will be sufficient to cover expenses (i.e., a balanced budget will be achieved).

The 2024–2026 Budget for Zonta International therefore results in a modest surplus of US\$115,459.

As with any budget, unforeseen circumstances can arise and while no overall contingency has been included in the budget (same assumption as the 2022-2024 Biennium) close monitoring of revenues and expenditures, and taking early corrective action, will minimize the risk. In addition, significant reserves of US\$3.37m (as of 31 May 2023) are available to cover such contingencies.

2024–2026 Budget for Zonta Foundation for Women: Commentary and Key Assumptions

Commentary

As noted earlier, the Foundation continues to be reliant on members for donations to fund international programs. The 2030 Strategic Plan acknowledges this and includes an initiative to develop a detailed strategy for the Foundation which would include identifying more diverse revenue streams (to reduce dependence on members for contributions), achieving the Endowment goal of US\$10m (to enable distributions to be made), reviewing the Spend Policy, and exploring how a percentage of contributions can be used to cover administrative costs. This work will be undertaken during the 2024-2026 Biennium.

The 2024–2026 budget reflects a change to the allocation of staff from Zonta International to the Foundation. In prior biennia only the salaries related to the Development Manager and the Foundation Development Coordinator have been allocated to the Foundation (i.e., 1.5 staff out of total HQ staff of 13.5, or 11.1%). However, the 2024–2026 budget also includes the full-time Programs Senior Coordinator responsible for administering the educational programs. This change increases the number of staff allocated to the Foundation from 1.5 to 2.5 out of total Headquarters staff. The Management Fee percentage therefore increases from 11.1% to 18.5%.

The 2024-2026 budget includes some specific costs associated with the implementation of the 2030 Strategic Plan including a planned giving and/or corporate giving consultant.

Key assumptions

Contributions:	Consistent with prior biennia budgets, the contributions budget is set at a level to cover expected program (international service projects and education programs) costs.
Investment income:	This is based on the targeted rate of return of the Foundation and endowment funds as per the Foundation’s Investment Policy Statement (5% on Long-Term Investments and 7% on Endowment Funds).
Program expenses:	The amount available for international service projects and educational programs is calculated based on funds available at the end of the first year of the biennium (i.e., 31 May 2023).
Management Fee payable to Zonta International:	This is calculated based on 18.5% staff working for the Foundation, 2.5 staff out of total Headquarters staff of 13.5, plus some other known allocations where the % allocated is slightly higher (e.g., finance costs allocated at 25%). In 2022-2024, Foundation staff was 1.5 staff out of total Headquarters staff of 13.5 (11.1%).
Personnel expenses:	The total number of staff has increased by one (as per explanation above) to 2.5 and expected labor market movements have been assumed in each year of the biennium.
Expenses (general):	Increases in other expenses are based on known changes and general cost of living/inflation increases.

As with previous biennia the underlying assumption is that the revenue will be sufficient to cover expenses (i.e., a balanced budget will be achieved).

The 2024–2026 budget for the Foundation therefore results in a deficit of US\$375,093.

The Board considered a range of options to reduce the deficit and agreed that this would be funded by utilizing unrestricted reserves. As of 31 May 2023, the Foundation has unrestricted reserves of US\$4.13m.

As with any budget unforeseen circumstances can arise and while no overall contingency has been included in the budget (same assumption as the 2022-2024 Biennium) close monitoring of revenues and expenditures, and taking early corrective action, will minimize the risk. In addition, significant reserves of US\$4.13m (as of 31 May 2023) are available to cover such contingencies.

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