

**ZONTA INTERNATIONAL AND
AFFILIATED FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)**



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ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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YEAR ENDED MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

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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, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2023, 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.

Emphasis-of-Matter Regarding Change in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, in 2022 the Organization adopted the new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our conclusion is not modified with respect to this matter.

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.

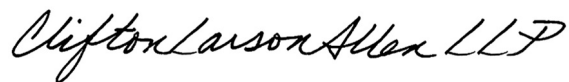
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, 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, 2023 for Zonta International, and the statement of financial position, statement of activities, and statement of functional expenses for Zonta Foundation for Women are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Oak Brook, Illinois
October 25, 2023

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 4,031,864	\$ 6,340,562
Receivables:		
Due from Intermediary	70,081	518,106
Contributions Receivable	76,939	51,568
Pledges Receivable	374	171,079
Interest Receivable	59,270	25,750
Prepaid Expenses:		
Convention	38,286	634,842
Other	148,781	144,995
Investments	21,972,443	20,178,121
Beneficial Interest in Remainder Trust	78,000	83,000
Right-of-Use Operating Lease Asset	341,788	-
Right-of-Use Financing Lease Asset	3,438	-
Office Equipment and Computers, Net	110,955	143,594
Other Assets	7,932	7,932
	<u>\$ 26,940,151</u>	<u>\$ 28,299,549</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 88,976	\$ 29,099
Accrued and Other Liabilities	79,777	104,242
Awards Payable	1,600,000	-
Deferred Revenue:		
Membership	1,467,349	1,705,627
Convention	100,508	978,964
Deferred Rent	-	15,990
Operating Lease Liability	360,059	-
Financing Lease Liability	3,438	-
Total Liabilities	<u>3,700,107</u>	<u>2,833,922</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	7,467,021	8,076,126
Designated by the Board for Convention	717,577	595,383
Designated by Board 12-Month Operating Reserve	2,313,007	2,313,007
Designated by the Board for Foundation Programs	4,036,790	4,411,510
Designated by the Board for Endowment Fund	349,818	186,986
Total Without Donor Restrictions	<u>14,884,213</u>	<u>15,583,012</u>
With Donor Restrictions	<u>8,355,831</u>	<u>9,882,615</u>
Total Net Assets	<u>23,240,044</u>	<u>25,465,627</u>
	<u>\$ 26,940,151</u>	<u>\$ 28,299,549</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Membership Dues and Fees	\$ 2,222,848	\$ -	\$ 2,222,848	\$2,264,356
Z-Club Dues and Fees	2,610	-	2,610	2,900
U.S. and Canadian Liability Premiums	17,814	-	17,814	18,051
Convention Events and Programs	923,994	-	923,994	-
Merchandise Royalties	10,191	-	10,191	7,374
Zontian Subscription	9	-	9	8
Program Contributions	808,212	1,318,684	2,126,896	2,385,995
Endowment Contributions	6,792	246,182	252,974	808,224
Other Income	-	-	-	7
Net Assets Released from Restrictions	2,805,287	(2,805,287)	-	-
Total Revenue and Support	6,797,757	(1,240,421)	5,557,336	\$5,486,915
EXPENSES				
Program Services:				
Member Services	1,395,287	-	1,395,287	1,400,571
Convention	867,204	-	867,204	-
International Service and Education Programs	3,781,500	-	3,781,500	726,000
Total Program Services	6,043,991	-	6,043,991	2,126,571
Supporting Services:				
Management and General	649,223	-	649,223	630,530
Fundraising	213,368	-	213,368	198,273
Total Supporting Services	862,591	-	862,591	828,803
Total Expenses	6,906,582	-	6,906,582	2,955,374
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	(108,825)	(1,240,421)	(1,349,246)	2,531,541
NONOPERATING GAINS (LOSSES) AND TRANSFERS				
Interest Income	502,322	261,814	764,136	746,991
Depreciation and Amortization	(58,550)	-	(58,550)	(81,275)
Realized and Unrealized Losses, Net	(964,677)	(548,177)	(1,512,854)	(1,411,932)
Foreign Currency Transaction Loss, Net	(69,069)	-	(69,069)	(111,593)
Total Nonoperating Losses	(589,974)	(286,363)	(876,337)	(857,809)
CHANGE IN NET ASSETS	(698,799)	(1,526,784)	(2,225,583)	1,673,732
Net Assets - Beginning of Year	15,583,012	9,882,615	25,465,627	23,791,895
NET ASSETS - END OF YEAR	<u>\$ 14,884,213</u>	<u>\$ 8,355,831</u>	<u>\$ 23,240,044</u>	<u>\$ 25,465,627</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

	2023							2022	
	Program Services				Supporting Services				
	Member Services	Convention	International Service and Education Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and Wages	\$ 692,003	\$ -	\$ -	\$ 692,003	\$ 183,950	\$ 125,210	\$ 309,160	\$ 1,001,163	\$ 954,519
Employee Benefits	81,413	-	-	81,413	21,641	-	21,641	103,054	118,075
Payroll Taxes	51,390	-	-	51,390	13,661	-	13,661	65,051	58,891
Fees for Services:									
Legal	-	-	-	-	18,952	-	18,952	18,952	30,946
Accounting	-	-	-	-	112,660	-	112,660	112,660	89,814
Other	87,155	-	-	87,155	-	-	-	87,155	75,762
Office Expenses	58,067	-	-	58,067	51,079	5,710	56,789	114,856	116,139
Information Technology	53,430	-	-	53,430	17,810	-	17,810	71,240	73,624
Occupancy	105,662	-	-	105,662	35,221	-	35,221	140,883	135,409
Conferences and Meetings	14,842	-	-	14,842	-	-	-	14,842	4,104
Convention - 2022	-	828,520	-	828,520	-	-	-	828,520	-
Convention - 2024	-	38,684	-	38,684	-	-	-	38,684	-
Travel	11,338	-	-	11,338	-	-	-	11,338	29,907
Depreciation and Amortization	43,913	-	-	43,913	14,638	-	14,638	58,550	81,275
Insurance	-	-	-	-	75,939	-	75,939	75,939	69,073
Bank and Transaction Fees	-	-	-	-	45,554	-	45,554	45,554	52,847
Communications	-	-	-	-	-	8,168	8,168	8,168	8,653
Donor Recognition	-	-	-	-	-	33,827	33,827	33,827	37,853
Grants	-	-	3,781,500	3,781,500	-	-	-	3,781,500	726,000
Database	-	-	-	-	-	40,453	40,453	40,453	35,112
Licensing Fees	-	-	-	-	11,192	-	11,192	11,192	9,839
Board/International Committees	2,563	-	-	2,563	45,838	-	45,838	48,401	121,641
International Leadership Convention	81,957	-	-	81,957	-	-	-	81,957	-
Zontian Magazine	145,588	-	-	145,588	-	-	-	145,588	140,709
Miscellaneous Expenses	9,879	-	-	9,879	15,726	-	15,726	25,605	66,457
Total Expenses	1,439,200	867,204	3,781,500	6,087,904	663,860	213,368	877,228	6,965,132	3,036,649
Less: Expenses Included in Nonoperating									
Gains (Losses) on the Statement of Activities:									
Depreciation and Amortization	(43,913)	-	-	(43,913)	(14,638)	-	(14,638)	(58,550)	(81,275)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,395,287</u>	<u>\$ 867,204</u>	<u>\$ 3,781,500</u>	<u>\$ 6,043,991</u>	<u>\$ 649,223</u>	<u>\$ 213,368</u>	<u>\$ 862,591</u>	<u>\$ 6,906,582</u>	<u>\$ 2,955,374</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,225,583)	\$ 1,673,732
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	58,550	81,275
Amortization of Finance Lease	4,475	-
Net Realized and Unrealized Losses on Investments	1,512,854	1,411,932
Contributions Restricted for Long-Term Investment	(246,182)	(621,238)
Noncash Lease Expense	2,236	-
Beneficial Interest in Remainder Trust	5,000	9,000
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	(25,373)	(18,227)
Due from Intermediary	448,025	(518,106)
Pledges Receivable	170,705	(161,026)
Interest Receivable	(33,520)	(22,796)
Receivables - Other	-	(402)
Prepaid Expenses and Other Assets	592,770	(606,978)
Accounts Payable	59,877	16,868
Accrued and Other Liabilities	(24,464)	12,362
Grants Payable	1,600,000	(2,000,000)
Deferred Membership Revenue	(238,278)	181,132
Deferred Convention Revenue	(878,456)	978,964
Deferred Rent	-	3,424
Net Cash Provided by Operating Activities	<u>782,636</u>	<u>419,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Office and Computer Equipment	(25,910)	(27,851)
Purchase of Investments	(12,590,968)	(30,564,526)
Dividend Reinvestments	(542,236)	(674,096)
Proceeds from Sale of Investments	<u>9,826,028</u>	<u>31,392,527</u>
Net Cash Provided (Used) by Investing Activities	<u>(3,333,086)</u>	<u>126,054</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Finance Lease	(4,430)	-
Contributions Restricted for Investment in Endowment	<u>246,182</u>	<u>621,238</u>
Net Cash Provided by Operating Activities	<u>241,752</u>	<u>621,238</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,308,698)	1,167,208
Cash and Cash Equivalents - Beginning of Year	<u>6,340,562</u>	<u>5,173,354</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,031,864</u></u>	<u><u>\$ 6,340,562</u></u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

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), 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, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

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, 2023 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, 2022. 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.

Leases

The Organization determines if an arrangement is a lease at inception. The Organization's operating and finance leases are included in right-of-use (ROU) lease asset and lease liability. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

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

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

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.

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.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

Foreign Currency Transaction

The Organization engages in foreign transactions throughout the fiscal year primarily to pay foreign vendors in connection with the biennium convention. Foreign currency transaction gains (losses) result from exchange rate fluctuations on transactions denominated in a currency other than the U.S. dollar. These gains and losses on transaction are netted on the consolidated statement of activities.

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, 2023 and 2022.

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.

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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, 2022, from which the summarized consolidated financial information was derived.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization has adopted the requirements of the guidance effective June 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period lease guidance FASB Accounting Standards Codification (ASC) 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term in assessing impairment of the Organization's ROU assets.

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.

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NOTE 2 LIQUIDITY (CONTINUED)

Effective June 1, 2022 investment earnings will be used to fund Foundation operations. The Foundation's 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.

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:

	2023			2022
	Zonta	Foundation	Total	Total
Financial Assets at Year-End:				
Cash and Cash Equivalents	\$ 2,567,444	\$ 1,464,420	\$ 4,031,864	\$ 6,340,562
Investments	5,203,628	16,768,815	21,972,443	20,178,121
Due from Intermediary	70,081	-	70,081	-
Contribution Receivable	-	76,939	76,939	51,568
Interest Receivable	29,273	29,997	59,270	25,750
Pledges Receivable, Net	-	374	374	171,079
Beneficial Interest in				
Remainder Trust	-	78,000	78,000	83,000
Intercompany Balances	14,571	(14,571)	-	-
Total Financial Assets	<u>7,884,997</u>	<u>18,403,974</u>	<u>26,288,971</u>	<u>26,850,080</u>
Less Amounts Not Available to be				
Used Within One Year:				
Restricted by Donor with				
Special Purpose Restriction	44,836	-	44,836	81,555
12-Month Operating Reserve	2,313,007	-	2,313,007	2,313,007
Reserves Designated for Convention	717,577	-	717,577	595,383
Operating Long-Term Investments	-	4,134,932	4,134,932	4,860,126
Program Long-Term Investments	-	4,680,073	4,680,073	4,411,430
Endowments				
Beyond One Year	-	8,007,943	8,007,943	8,075,291
Total Financial Assets Not				
Available	<u>3,075,420</u>	<u>16,822,948</u>	<u>19,898,368</u>	<u>20,336,792</u>
Financial Assets Available to				
Meet General Expenditures	<u>\$ 4,809,577</u>	<u>\$ 1,581,026</u>	<u>\$ 6,390,603</u>	<u>\$ 6,513,288</u>

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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 receive 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, 2023 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments:				
Equities	\$ 6,615,274	\$ 6,615,274	\$ -	\$ -
Mutual Funds - Fixed Income	3,254,726	3,254,726	-	-
Mutual Funds - Equities	2,498,161	2,498,161	-	-
Mutual Funds - Index Fund	6,544,252	6,544,252	-	-
Government Securities	472,985	-	472,985	-
Corporate Bonds	2,412,653	-	2,412,653	-
Total Investments at Fair Value	21,798,051	<u>\$ 18,912,413</u>	<u>\$ 2,885,638</u>	<u>\$ -</u>
Investments not Recorded at Fair Value:				
Money Market Fund	<u>174,392</u>			
Total Investments	<u>\$ 21,972,443</u>			
Beneficial Interest in Remainder Trust	<u>\$ 78,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,000</u>

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	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>

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):

	2023	2022
Beginning Balance	\$ 83,000	\$ 92,000
Reduction on Beneficial Interest in Trust	(5,000)	(9,000)
Ending Balance	<u>\$ 78,000</u>	<u>\$ 83,000</u>

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NOTE 4 CASH AND CASH EQUIVALENTS

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

	2023		
	Zonta	Foundation	Total
Cash	\$ 1,144,803	\$ 920,724	\$ 2,065,527
Money Market Funds	1,422,641	543,696	1,966,337
Total	<u>\$ 2,567,444</u>	<u>\$ 1,464,420</u>	<u>\$ 4,031,864</u>

	2022		
	Zonta	Foundation	Total
Cash	\$ 2,280,428	\$ 1,264,570	\$ 3,544,998
Money Market Fund	2,760,437	35,127	2,795,564
Total	<u>\$ 5,040,865</u>	<u>\$ 1,299,697</u>	<u>\$ 6,340,562</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 \$677,046 and \$1,047,719 at Bank of America in a Euro account in London, England, at May 31, 2023 and 2022, 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:

	2023	2022
Total Amounts Due in:		
One Year	\$ 374	\$ 172,210
Two to Five Years	-	2,500
Total	<u>374</u>	<u>174,710</u>
Less:		
Discount	-	(3,631)
Total	<u>\$ 374</u>	<u>\$ 171,079</u>

Management has calculated the discount on long-term pledges receivable using discount rates ranging from 2.08% – 2.53% for the year ended May 31, 2022. No allowance has been recorded as of May 31, 2023 and 2022.

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NOTE 6 INVESTMENTS

Investments held by the Organization consist of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<u>May 31, 2023:</u>			
Money Market Funds	\$ 174,392	\$ 174,392	\$ -
Equities	6,872,595	6,615,274	(257,321)
Mutual Funds - Fixed Income	3,561,263	3,254,726	(306,537)
Mutual Funds - Equities	2,855,226	2,498,161	(357,065)
Mutual Funds - Index Fund	7,160,797	6,544,252	(616,545)
Government Securities	470,635	472,985	2,350
Corporate Bonds	2,422,670	2,412,653	(10,017)
Total	<u>\$ 23,517,578</u>	<u>\$ 21,972,443</u>	<u>\$ (1,545,135)</u>
<u>May 31, 2022:</u>			
Money Market Funds	\$ 26,992	\$ 26,992	\$ -
Certificate of Deposit	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>

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:

	2023	2022
Leasehold Improvements	\$ 47,114	\$ 47,114
Office Equipment	107,802	107,802
Computers	161,585	156,220
Total, at Cost	316,501	311,136
Less: Accumulated Depreciation	205,546	167,542
Office Equipment and Computers, Net	<u>\$ 110,955</u>	<u>\$ 143,594</u>

Depreciation expense on office equipment, computers, and leasehold improvements for the years ended May 31, 2023 and 2022 totaled \$58,550 and \$81,275, respectively.

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NOTE 8 AWARDS PAYABLE

Awards payable represent multi-year awards and scholarships 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. Awards payable as of May 31, 2023 and 2022 are \$1,600,000 and \$0, respectively. All grants and awards are expected to be paid out within the next fiscal year.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of May 31, 2023 and 2022 are restricted for the following purposes or periods:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Eva Mowbray	\$ 44,836	\$ 81,555
International Service Program	-	1,196,052
YWPA Program	519,969	467,458
Jane M. Klausman Women in Business		
Scholarship Program	112,902	229,245
Total	<u>677,707</u>	<u>1,974,310</u>
Subject to Expenditure for Specified Time	-	170,000
Endowments:		
Amounts to be Held in Perpetuity, the Income from		
which is Expendable to Support:		
Endowment	5,303,376	5,110,906
Amelia Earhart Fellowship Endowment	541,737	488,025
Total	<u>5,845,113</u>	<u>5,598,931</u>
Subject to Endowment Spending Policy and Appropriation:		
Endowment	1,515,052	1,766,111
Amelia Earhart Fellowship Endowment	317,959	373,263
Total	<u>1,833,011</u>	<u>2,139,374</u>
Total Endowments	<u>7,678,124</u>	<u>7,738,305</u>
Total Net Assets With Donor Restrictions	<u>\$ 8,355,831</u>	<u>\$ 9,882,615</u>

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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:

	2023	2022
Satisfaction of Purpose Restrictions:		
Amelia Earhart Fellowship Program	\$ 156,975	\$ 263,257
International Service Program	2,140,093	-
Eva Mowbray	36,719	-
YWPA Program	96,500	98,000
Jane M. Klausman Women in Business Scholarship Program	185,000	108,000
Amelia Earhart Endowment	20,000	-
Total	<u>2,635,287</u>	<u>469,257</u>
Subject to Expenditure for Specified Time	<u>170,000</u>	-
Total Net Assets Released from Restrictions	<u><u>\$ 2,805,287</u></u>	<u><u>\$ 469,257</u></u>

NOTE 10 ENDOWMENTS

The Organization's endowments consist of donor-restricted endowment funds and board designated Con 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.

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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.

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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, 2023 and 2022.

Endowment Composition

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

	2023	2022
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained in Perpetuity by Donor	\$ 5,845,113	\$ 5,598,931
Accumulated Investment Gains	1,833,011	2,139,374
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	349,818	186,986
Total	<u>\$ 8,027,942</u>	<u>\$ 8,095,291</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	186,986	7,908,305	8,095,291
Investment Return:			
Investment Income, Net	-	261,814	261,814
Net Depreciation	(13,960)	(548,177)	(562,137)
Distribution for Grants	-	(20,000)	(20,000)
Total	(13,960)	(306,363)	(320,323)
Contributions	6,792	246,182	252,974
Release of Time Restriction that has			
been Satisfied	170,000	(170,000)	-
Balance - May 31, 2023	<u>\$ 349,818</u>	<u>\$ 7,678,124</u>	<u>\$ 8,027,942</u>

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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, 2023 and 2022, the value of the Organization's interest in the remainder trust was \$78,000 and \$83,000, 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:

	2023	2022
Recognized Over Time:		
Membership Dues and Fees	\$ 2,222,848	\$ 2,264,356
Z-Club Dues and Fees	2,610	2,900
U.S. and Canadian Liability Premiums	17,814	18,051
Zontian Subscription	9	8
Convention Events and Programs	923,994	-
Merchandise Royalties	10,191	7,374
Other Income	-	7
Total	<u>3,177,466</u>	<u>2,292,696</u>
Revenue Subject to Grants and Contributions Guidance	<u>2,379,870</u>	<u>3,194,219</u>
Total	<u><u>\$ 5,557,336</u></u>	<u><u>\$ 5,486,915</u></u>

Accounts receivable at May 31 consists of the following:

	2023	2022	2021
Due from Intermediary	\$ 70,081	\$ 518,106	\$ -
Contributions Receivable	76,939	51,568	33,341
Pledges Receivable	374	171,079	10,053
Interest Receivable	59,270	25,750	-
Other	-	-	2,552
Total Receivables	<u><u>\$ 206,664</u></u>	<u><u>\$ 766,503</u></u>	<u><u>\$ 45,946</u></u>

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NOTE 12 REVENUE (CONTINUED)

Deferred revenue at May 31 consists of the following:

	2023	2022	2021
Membership	\$ 1,467,349	\$ 1,705,627	\$ 1,524,495
Convention	100,508	978,964	-
Total Deferred Revenue	<u>\$ 1,567,857</u>	<u>\$ 2,684,591</u>	<u>\$ 1,524,495</u>

NOTE 13 LEASE COMMITMENTS

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 Organization is responsible for its share of operating expenses and real estate taxes.

The Organization leases various office equipment and storage space for various terms under long-term, noncancelable lease arrangements. The leases expire at various rates through 2027.

Rent expense for the years ended May 31, 2023 and 2022 was \$109,020 and \$98,149, respectively.

The following tables provide quantitative information concerning the Organization's leases for the year ended May 31, 2023:

Lease Costs:

Finance Lease Costs:

Amortization of Right-of-Use Assets	\$ 4,475
Interest on Lease Liabilities	131
Operating Lease Costs	99,941
Total Lease Costs	<u>104,547</u>

Other Information:

Operating Cash Flows from Finance Lease	\$ 131
Operating Cash Flows from Operating Leases	98,308
Financing Cash Flows from Finance Lease	4,431

Right-of-Use Assets Obtained in Exchange for New Finance Lease Liability	7,824
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	431,044

Weighted-Average Remaining Lease Term - Finance Lease	0.7 years
Weighted-Average Remaining Lease Term - Operating Leases	3.6 years

Weighted-Average Discount Rate - Finance Lease	2.41%
Weighted-Average Discount Rate - Operating Leases	2.92%

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

NOTE 13 LEASE COMMITMENTS (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of May 31, 2023, is as follows:

<u>Year Ending May 31,</u>	<u>Operating</u>	<u>Financing</u>
2024	\$ 100,332	\$ 3,465
2025	102,359	-
2026	102,502	-
2027	74,690	-
Undiscounted Cash Flows	379,883	3,465
Less: Imputed Interest	(19,824)	(27)
Total Present Value	<u>\$ 360,059</u>	<u>\$ 3,438</u>
Short-Term Lease Liabilities	\$ 91,169	\$ 3,438
Long-Term Lease Liabilities	268,890	-
Total	<u>\$ 360,059</u>	<u>\$ 3,438</u>

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption with certain practical expedients available. Lease disclosure for the year ended May 31, 2022 were made under prior lease guidance in FASB ASC 840.

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 \$44,305 and \$41,085 for the years ended May 31, 2023 and 2022, 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 68% and 95% of the total operational revenues, excluding Foundation activities, for the years ended May 31, 2023 and 2022, respectively.

NOTE 16 CASH FLOW DISCLOSURES

There was no cash paid for interest or taxes for the years ended May 31, 2023 and 2022. There were no noncash investing and financing transactions for the years ended May 31, 2023 and 2022.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2023
(WITH COMPARATIVE TOTALS FOR MAY 31, 2022)

NOTE 17 SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Organization has entered into various contracts and agreements as of May 31, 2023, 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 October 25, 2023, the date that the consolidated financial statements were available to be issued.

ZONTA INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
MAY 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

Cash and Cash Equivalents	\$ 2,567,444
Other Receivables:	
Due from Intermediary	70,081
Due from Zonta International Foundation	14,571
Interest Receivable	29,273
Prepaid Expenses:	
Convention	38,286
Other	105,463
Investments	5,203,628
Right-of-Use Operating Lease Asset	341,788
Right-of-Use Financing Lease Asset	3,438
Office Equipment and Computers, Net	110,955
Other Assets	<u>7,932</u>
 Total Assets	 <u><u>\$ 8,492,859</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 74,221
Accrued and Other Liabilities	79,777
Deferred Membership Revenue	1,467,349
Deferred Convention Revenue	100,508
Operating Lease Liability	360,059
Financing Lease Liability	<u>3,438</u>
Total Liabilities	<u>2,085,352</u>

NET ASSETS

Without Donor Restrictions:	
Undesignated	3,332,087
Designated by the Board for Convention	717,577
Designated by Board 12-Month Operating Reserve	<u>2,313,007</u>
Total Without Donor Restrictions	6,362,671
With Donor Restrictions	<u>44,836</u>
Total Net Assets	<u>6,407,507</u>
 Total Liabilities and Net Assets	 <u><u>\$ 8,492,859</u></u>

ZONTA INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2023
(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	\$ 2,222,849	\$ -	\$ -	\$ 2,222,849	\$ -
Z-Club Dues and Fees	2,610	-	-	2,610	-
U.S. and Canadian Liability Premiums	17,814	-	-	17,814	-
Convention Events and Programs	923,994	-	-	923,994	-
Merchandise Royalties	10,191	-	-	10,191	-
Zontian Subscription	9	-	-	9	-
Management Fee	97,279	-	-	97,279	-
Net Assets Released from Restriction	36,719	-	-	36,719	(36,719)
Total Revenue and Support	3,311,465	-	-	3,311,465	(36,719)
EXPENSES					
Program Services:					
Member Services	1,395,287	-	-	1,395,287	-
Convention	867,204	-	-	867,204	-
Total Program Services	2,262,491	-	-	2,262,491	-
Supporting Services:					
Management and General	590,452	-	-	590,452	-
Total Expenses	2,852,943	-	-	2,852,943	-
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES) AND TRANSFERS	458,522	-	-	458,522	(36,719)
NONOPERATING GAINS (LOSSES) AND TRANSFERS					
Interest Income	171,517	-	-	171,517	-
Depreciation and Amortization	(58,550)	-	-	(58,550)	-
Realized and Unrealized Losses, Net	(194,359)	-	-	(194,359)	-
Foreign Currency Transaction Loss, Net	(26,103)	-	-	(26,103)	-
Transfer of Convention Surplus	(122,194)	122,194	-	-	-
Total Nonoperating Losses and Transfers	(229,689)	122,194	-	(107,495)	-
CHANGE IN NET ASSETS	228,833	122,194	-	351,027	(36,719)
Net Assets - Beginning of Year	3,103,254	595,383	2,313,007	6,011,644	81,555
NET ASSETS - END OF YEAR	<u>\$ 3,332,087</u>	<u>\$ 717,577</u>	<u>\$ 2,313,007</u>	<u>\$ 6,362,671</u>	<u>\$ 44,836</u>

ZONTA INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services			Supporting Services	
	Member Services	Convention	Total	Management and General	Total Expenses
Salaries and Wages	\$ 692,003	\$ -	\$ 692,003	\$ 183,950	\$ 875,953
Employee Benefits	81,413	-	81,413	21,641	103,054
Payroll Taxes	51,390	-	51,390	13,661	65,051
Fees for Services:					
Legal	-	-	-	18,952	18,952
Accounting	-	-	-	112,660	112,660
Other	87,155	-	87,155	-	87,155
Office Expenses	58,067	-	58,067	51,052	109,119
Information Technology	53,430	-	53,430	17,810	71,240
Occupancy	105,662	-	105,662	35,221	140,883
Travel	11,338	-	11,338	-	11,338
Conferences and Meetings	14,842	-	14,842	-	14,842
Convention - 2022	-	828,520	828,520	-	828,520
Convention - 2024	-	38,684	38,684	-	38,684
Depreciation and Amortization	43,913	-	43,913	14,638	58,550
Insurance	-	-	-	75,939	75,939
Board/International Committees	2,563	-	2,563	45,838	48,401
International Leadership Convention	81,957	-	81,957	-	81,957
Zontian Magazine	145,588	-	145,588	-	145,588
Miscellaneous Expenses	9,879	-	9,879	13,728	23,607
Total Expenses	1,439,200	867,204	2,306,404	605,089	2,911,493
Less Expenses Included in Nonoperating Gains (Losses) on the Statement of Activities:					
Depreciation and Amortization	(43,913)	-	(43,913)	(14,638)	(58,550)
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,395,287</u>	<u>\$ 867,204</u>	<u>\$ 2,262,491</u>	<u>\$ 590,452</u>	<u>\$ 2,852,943</u>

ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FINANCIAL POSITION
MAY 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

Cash and Cash Equivalents	\$ 1,464,420
Receivables:	
Interest Receivable	29,997
Contributions Receivable	76,939
Pledges Receivable, Net	374
Prepaid Expenses:	
Other	43,318
Beneficial Interest in Remainder Trust	78,000
Investments	<u>16,768,815</u>
 Total Assets	 <u><u>\$ 18,461,863</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 14,755
Awards Payable	1,600,000
Due to Zonta International	<u>14,571</u>
Total Liabilities	<u>1,629,326</u>

NET ASSETS

Without Donor Restrictions:	
Undesignated	4,134,934
Designated by the Board for Foundation Programs	4,036,790
Designated by the Board for Endowment Fund	<u>349,818</u>
Total Without Donor Restrictions	8,521,542
With Donor Restrictions	<u>8,310,995</u>
Total Net Assets	<u>16,832,537</u>
 Total Liabilities and Net Assets	 <u><u>\$ 18,461,863</u></u>

ZONTA FOUNDATION FOR WOMEN
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program Contributions	\$ 808,212	\$ 1,318,684	\$ 2,126,896
Endowment Contributions	6,792	246,182	252,974
Net Assets Released from Restriction	2,768,568	(2,768,568)	-
Total Revenue and Support	<u>3,583,572</u>	<u>(1,203,702)</u>	<u>2,379,870</u>
EXPENSES			
Program Services:			
International Service and Education Programs	3,781,500	-	3,781,500
Supporting Services:			
Management and General	156,050	-	156,050
Fundraising	213,368	-	213,368
Total Supporting Services	<u>369,418</u>	<u>-</u>	<u>369,418</u>
Total Expenses	<u>4,150,918</u>	<u>-</u>	<u>4,150,918</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	(567,346)	(1,203,702)	(1,771,048)
NONOPERATING GAINS (LOSSES)			
Interest Income	330,805	261,814	592,619
Realized and Unrealized Losses, Net	(770,318)	(548,177)	(1,318,495)
Foreign Currency Translation	(42,966)	-	(42,966)
Total Nonoperating Losses	<u>(482,479)</u>	<u>(286,363)</u>	<u>(768,842)</u>
CHANGE IN NET ASSETS	(1,049,825)	(1,490,065)	(2,539,890)
Net Assets - Beginning of Year	<u>9,571,368</u>	<u>9,801,060</u>	<u>19,372,428</u>
NET ASSETS - END OF YEAR	<u><u>\$ 8,521,543</u></u>	<u><u>\$ 8,310,995</u></u>	<u><u>\$ 16,832,538</u></u>

ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services	Supporting Services			
	International Service and Education Programs	Management and General	Fundraising	Total Supporting Services	Total Expenses
Bank and Transaction Fees	\$ -	\$ 45,554	\$ -	\$ 45,554	\$ 45,554
Communications	-	-	8,168	8,168	8,168
Donor Recognition	-	-	33,827	33,827	33,827
Grants	3,781,500	-	-	-	3,781,500
Database	-	-	40,453	40,453	40,453
Licensing Fees	-	11,192	-	11,192	11,192
Management Fees	-	97,279	-	97,279	97,279
Supplies	-	27	5,710	5,737	5,737
Miscellaneous Expenses	-	1,998	-	1,998	1,998
Salaries	-	-	125,210	125,210	125,210
Total Expenses	<u>\$ 3,781,500</u>	<u>\$ 156,050</u>	<u>\$ 213,368</u>	<u>\$ 369,418</u>	<u>\$ 4,150,918</u>



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