

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)**



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ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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YEAR ENDED MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

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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, 2024, 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, 2024, 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 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2023, 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, 2024 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
November 6, 2024

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 3,968,482	\$ 4,031,864
Receivables:		
Due from Intermediary	92,718	70,081
Contributions Receivable	59,092	76,939
Pledges Receivable	5,000	374
Interest Receivable	72,978	59,270
Prepaid Expenses:		
Convention	404,645	38,286
Other	134,877	148,781
Investments	24,300,913	21,972,443
Beneficial Interest in Remainder Trust	86,000	78,000
Right-of-Use Operating Lease Asset	251,233	341,788
Right-of-Use Financing Lease Asset	12,167	3,438
Office Equipment and Computers, Net	128,410	110,955
Other Assets	7,932	7,932
	\$ 29,524,447	\$ 26,940,151
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 26,813	\$ 88,976
Accrued and Other Liabilities	126,206	79,777
Awards Payable	-	1,600,000
Deferred Revenue:		
Membership	1,581,034	1,467,349
Convention	755,717	100,508
Other	3,203	-
Operating Lease Liability	269,114	360,059
Financing Lease Liability	12,167	3,438
Total Liabilities	2,774,254	3,700,107
NET ASSETS		
Without Donor Restrictions:		
Undesignated	8,163,713	7,467,021
Designated by the Board for Convention	717,577	717,577
Designated by Board 12-Month Operating Reserve	2,245,000	2,313,007
Designated by the Board for Foundation Programs	4,717,118	4,036,790
Designated by the Board for Endowment Fund	406,071	349,818
Total Without Donor Restrictions	16,249,479	14,884,213
With Donor Restrictions	10,500,714	8,355,831
Total Net Assets	26,750,193	23,240,044
	\$ 29,524,447	\$ 26,940,151

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Membership Dues and Fees	\$ 2,198,097	\$ -	\$ 2,198,097	\$2,222,848
Z-Club Dues and Fees	8,683	-	8,683	2,610
U.S. and Canadian Liability Premiums	18,126	-	18,126	17,814
Convention Events and Programs	4,016	-	4,016	923,994
Merchandise Royalties	6,016	-	6,016	10,191
Zontian Subscription	9	-	9	9
Program Contributions	947,455	1,621,648	2,569,103	2,126,896
Endowment Contributions	46,356	402,175	448,531	252,974
Other Income	2,412	-	2,412	-
Net Assets Released from Restrictions	572,873	(572,873)	-	-
Total Revenue and Support	<u>3,804,043</u>	<u>1,450,950</u>	<u>5,254,993</u>	<u>\$5,557,336</u>
EXPENSES				
Program Services:				
Member Services	1,365,212	-	1,365,212	1,395,287
Convention	174,764	-	174,764	867,204
International Service and Education Programs	820,000	-	820,000	3,781,500
Total Program Services	<u>2,359,976</u>	<u>-</u>	<u>2,359,976</u>	<u>6,043,991</u>
Supporting Services:				
Management and General	716,931	-	716,931	649,223
Fundraising	235,772	-	235,772	213,368
Total Supporting Services	<u>952,703</u>	<u>-</u>	<u>952,703</u>	<u>862,591</u>
Total Expenses	<u>3,312,678</u>	<u>-</u>	<u>3,312,678</u>	<u>6,906,582</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES)	491,365	1,450,950	1,942,315	(1,349,246)
NONOPERATING GAINS (LOSSES) AND TRANSFERS				
Interest Income	597,675	272,144	869,819	764,136
Depreciation and Amortization	(57,011)	-	(57,011)	(58,550)
Realized and Unrealized Gains (Losses), Net	335,268	421,789	757,057	(1,512,854)
Foreign Currency Transaction Loss, Net	(2,031)	-	(2,031)	(69,069)
Total Nonoperating Gains (Losses)	<u>873,901</u>	<u>693,933</u>	<u>1,567,834</u>	<u>(876,337)</u>
CHANGE IN NET ASSETS	1,365,266	2,144,883	3,510,149	(2,225,583)
Net Assets - Beginning of Year	<u>14,884,213</u>	<u>8,355,831</u>	<u>23,240,044</u>	<u>25,465,627</u>
NET ASSETS - END OF YEAR	<u>\$ 16,249,479</u>	<u>\$ 10,500,714</u>	<u>\$ 26,750,193</u>	<u>\$ 23,240,044</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

	2024						2023		
	Program Services			Supporting Services			Total Expenses	Total Expenses	Total Expenses
	Member Services	Convention	International Service and Education Programs	Total Program Services	Management and General	Fundraising			
Salaries and Wages	\$ 661,835	\$ -	\$ -	\$ 661,835	\$ 177,011	\$ 138,811	\$ 315,822	\$ 977,657	\$ 1,001,163
Employee Benefits	90,662	-	-	90,662	24,100	-	24,100	114,762	103,054
Payroll Taxes	47,673	-	-	47,673	12,672	-	12,672	60,345	65,051
Fees for Services:									
Legal	-	-	-	-	11,329	-	11,329	11,329	18,952
Accounting	-	-	-	-	117,703	-	117,703	117,703	112,660
Other	70,289	-	-	70,289	-	-	-	70,289	87,155
Office Expenses	59,426	-	-	59,426	53,200	6,996	60,196	119,622	114,856
Information Technology	52,020	-	-	52,020	17,340	-	17,340	69,360	71,240
Occupancy	107,558	-	-	107,558	35,853	-	35,853	143,410	140,883
Conferences and Meetings	13,927	-	-	13,927	-	-	-	13,927	14,842
Convention - 2022	-	-	-	-	-	-	-	-	828,520
Convention - 2024	-	167,845	-	167,845	-	-	-	167,845	38,684
Convention - 2026	-	6,919	-	6,919	-	-	-	6,919	-
Travel	21,654	-	-	21,654	-	-	-	21,654	11,338
Depreciation and Amortization	42,758	-	-	42,758	14,253	-	14,253	57,011	58,550
Insurance	-	-	-	-	72,959	-	72,959	72,959	75,939
Bank and Transaction Fees	-	-	-	-	53,561	-	53,561	53,561	45,554
Communications	-	-	-	-	-	9,968	9,968	9,968	8,168
Donor Recognition	-	-	-	-	-	36,549	36,549	36,549	33,827
Grants	-	-	820,000	820,000	-	-	-	820,000	3,781,500
Database	-	-	-	-	-	43,448	43,448	43,448	40,453
Licensing Fees	-	-	-	-	10,042	-	10,042	10,042	11,192
Board/International Committees	154,636	-	-	154,636	108,726	-	108,726	263,362	48,401
International Leadership Convention	-	-	-	-	-	-	-	-	81,957
Zontian Magazine	74,922	-	-	74,922	-	-	-	74,922	145,588
Miscellaneous Expenses	10,610	-	-	10,610	22,435	-	22,435	33,045	25,605
Total Expenses	<u>1,407,970</u>	<u>174,764</u>	<u>820,000</u>	<u>2,402,734</u>	<u>731,183</u>	<u>235,772</u>	<u>966,955</u>	<u>3,369,689</u>	<u>6,965,132</u>
Less: Expenses Included in Nonoperating Gains (Losses) on the Statement of Activities:									
Depreciation and Amortization	<u>(42,758)</u>	<u>-</u>	<u>-</u>	<u>(42,758)</u>	<u>(14,253)</u>	<u>-</u>	<u>(14,253)</u>	<u>(57,011)</u>	<u>(58,550)</u>
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 1,365,212</u>	<u>\$ 174,764</u>	<u>\$ 820,000</u>	<u>\$ 2,359,976</u>	<u>\$ 716,931</u>	<u>\$ 235,772</u>	<u>\$ 952,703</u>	<u>\$ 3,312,678</u>	<u>\$ 6,906,582</u>

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,510,149	\$ (2,225,583)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	57,011	58,550
Amortization of Finance Lease	5,622	4,475
Net Realized and Unrealized (Gain) Loss on Investments	(757,057)	1,512,854
Contributions Restricted for Long-Term Investment	(402,175)	(246,182)
Noncash Lease Expense	(765)	2,236
Beneficial Interest in Remainder Trust	(8,000)	5,000
Loss on Disposal of Fixed Asset	6,481	-
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	17,845	(25,373)
Due from Intermediary	(22,637)	448,025
Pledges Receivable	(4,626)	170,705
Interest Receivable	(13,708)	(33,520)
Prepaid Expenses and Other Assets	(352,455)	592,770
Accounts Payable	(62,163)	59,877
Accrued and Other Liabilities	46,431	(24,464)
Grants Payable	(1,600,000)	1,600,000
Deferred Membership Revenue	113,685	(238,278)
Deferred Convention Revenue	655,209	(878,456)
Deferred Other	3,203	-
Net Cash Provided by Operating Activities	1,192,050	782,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Office and Computer Equipment	(80,947)	(25,910)
Purchase of Investments	(17,735,051)	(12,590,968)
Dividend Reinvestments	(705,298)	(542,236)
Proceeds from Sale of Investments	16,868,936	9,826,028
Net Cash Used by Investing Activities	(1,652,360)	(3,333,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Finance Lease	(5,247)	(4,430)
Contributions Restricted for Investment in Endowment	402,175	246,182
Net Cash Provided by Operating Activities	396,928	241,752
NET DECREASE IN CASH AND CASH EQUIVALENTS	(63,382)	(2,308,698)
Cash and Cash Equivalents - Beginning of Year	4,031,864	6,340,562
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,968,482	\$ 4,031,864

See accompanying Notes to Consolidated Financial Statements.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Zonta International (Zonta) is a global, nonprofit organization of professionals building a better world for women and girls 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. Amounts that are expected to be collected after one year are discounted and reflected in the consolidated financial statements at their net present value. An allowance for uncollectible contributions is determined on specific identification. At May 31, 2024 and 2023, there was no allowance of uncollectible contributions. Additionally, there were no long-term contributions and therefore, no discount has been recorded.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

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, 2024 and 2023, there was approximately \$114,000 of contributions not recognized in the accompanying consolidated financial statements because the conditions have not been met. 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, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

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. 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.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

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 regular communications, 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. 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, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

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, 2024 and 2023.

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, 2023, from which the summarized consolidated financial information was derived.

Adoption of New Accounting Standards

The Organization has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements or how the allowance for credit losses is determined.

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 12-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.

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.

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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:

	2024			2023
	Zonta	Foundation	Total	Total
Financial Assets at Year-End:				
Cash and Cash Equivalents	\$ 2,896,933	\$ 1,071,549	\$ 3,968,482	\$ 4,031,864
Investments	5,722,845	18,578,068	24,300,913	21,972,443
Due from Intermediary	92,718	-	92,718	70,081
Contribution Receivable	-	59,092	59,092	76,939
Interest Receivable	37,155	35,823	72,978	59,270
Pledges Receivable, Net	-	5,000	5,000	374
Beneficial Interest in				
Remainder Trust	-	86,000	86,000	78,000
Intercompany Balances	5,338	(5,338)	-	-
Total Financial Assets	<u>8,754,989</u>	<u>19,830,194</u>	<u>28,585,183</u>	<u>26,288,971</u>
Less Amounts Not Available to be				
Used Within One Year:				
Restricted by Donor with				
Special Purpose Restriction	24,836	-	24,836	44,836
12-Month Operating Reserve	2,245,000	-	2,245,000	2,313,007
Reserves Designated for Convention	717,577	-	717,577	717,577
Operating Long-Term Investments	-	4,253,408	4,253,408	4,134,932
Program Long-Term Investments	-	4,717,118	4,717,118	4,680,073
Endowments				
Beyond One Year	-	9,136,118	9,136,118	8,007,943
Total Financial Assets Not Available	<u>2,987,413</u>	<u>18,106,644</u>	<u>21,094,057</u>	<u>19,898,368</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 5,767,576</u>	<u>\$ 1,723,550</u>	<u>\$ 7,491,126</u>	<u>\$ 6,390,603</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, 2024 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments:				
Equities	\$ 5,600,612	\$ 5,600,612	\$ -	\$ -
Mutual Funds - Fixed Income	4,994,253	4,994,253	-	-
Mutual Funds - Equities	2,218,167	2,218,167	-	-
Mutual Funds - Index Fund	7,170,341	7,170,341	-	-
Government Securities	621,369	-	621,369	-
Certificate of Deposits	3,112,341	-	3,112,341	-
Total Investments at Fair Value	<u>23,717,083</u>	<u>\$ 19,983,373</u>	<u>\$ 3,733,710</u>	<u>\$ -</u>
Investments not Recorded at Fair Value:				
Money Market Fund	<u>583,830</u>			
Total Investments	<u>\$ 24,300,913</u>			
Beneficial Interest in Remainder Trust	<u>\$ 86,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,000</u>

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at May 31, 2023 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments:				
Equities	\$ 6,615,274	\$ 6,615,274	\$ -	\$ -
Mutual Funds - Fixed Income	3,013,119	3,013,119	-	-
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	-
Certificate of Deposits	2,654,260	-	2,654,260	-
Total Investments at Fair Value	<u>21,798,051</u>	<u>\$ 18,670,806</u>	<u>\$ 3,127,245</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>

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):

	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 78,000	\$ 83,000
Gain (Loss) on Beneficial Interest in Trust	8,000	(5,000)
Ending Balance	<u>\$ 86,000</u>	<u>\$ 78,000</u>

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
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NOTE 4 CASH AND CASH EQUIVALENTS

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

	2024		
	Zonta	Foundation	Total
Cash	\$ 2,320,823	\$ 746,960	\$ 3,067,783
Money Market Funds	576,110	324,589	900,699
Total	\$ 2,896,933	\$ 1,071,549	\$ 3,968,482
	2023		
	Zonta	Foundation	Total
Cash	\$ 1,144,803	\$ 920,724	\$ 2,065,527
Money Market Fund	1,422,641	543,696	1,966,337
Total	\$ 2,567,444	\$ 1,464,420	\$ 4,031,864

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 \$887,997 and \$677,046 at Bank of America in a Euro account in London, England, at May 31, 2024 and 2023, 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:

	2024	2023
Total Amounts Due in:		
One Year	\$ 5,000	\$ 374
Two to Five Years	-	-
Total	\$ 5,000	\$ 374

No allowance or discount has been recorded as of May 31, 2024 and 2023.

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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, 2024:</u>			
Money Market Funds	\$ 583,830	\$ 583,830	\$ -
Equities	5,531,379	5,600,612	69,233
Mutual Funds - Fixed Income	5,128,382	4,994,253	(134,129)
Mutual Funds - Equities	2,198,050	2,218,167	20,117
Mutual Funds - Index Fund	7,184,455	7,170,341	(14,114)
Government Securities	614,832	621,369	6,537
Certificate of Deposits	3,093,068	3,112,341	19,273
Total	<u>\$ 24,333,996</u>	<u>\$ 24,300,913</u>	<u>\$ (33,083)</u>
<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	3,319,641	3,013,119	(306,522)
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
Certificate of Deposits	2,664,292	2,654,260	(10,032)
Total	<u>\$ 23,517,578</u>	<u>\$ 21,972,443</u>	<u>\$ (1,545,135)</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:

	2024	2023
Leasehold Improvements	\$ 47,114	\$ 47,114
Office Equipment	107,802	107,802
Computers	184,857	161,585
Total, at Cost	339,773	316,501
Less: Accumulated Depreciation	211,363	205,546
Office Equipment and Computers, Net	<u>\$ 128,410</u>	<u>\$ 110,955</u>

Depreciation expense on office equipment, computers, and leasehold improvements for the years ended May 31, 2024 and 2023 totaled \$57,011 and \$58,550, 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 were \$1,600,000, of which all amounts were paid out during the fiscal year ending May 31, 2024. There are no awards payable as of May 31, 2024.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of May 31, 2024 and 2023 are restricted for the following purposes or periods:

	2024	2023
Subject to Expenditure for Specified Purpose:		
Eva Mowbray	\$ 24,836	\$ 44,836
International Service Program	1,286,528	-
YWPA Program	419,178	519,969
Jane M. Klausman Women in Business Scholarship Program	15,940	112,902
Total	1,746,482	677,707
Endowments:		
Amounts to be Held in Perpetuity, the Income from which is Expendable to Support:		
Endowment	5,621,427	5,303,376
Amelia Earhart Fellowship Endowment	625,861	541,737
Total	6,247,288	5,845,113
Subject to Endowment Spending Policy and Appropriation:		
Endowment	2,131,410	1,515,052
Amelia Earhart Fellowship Endowment	375,534	317,959
Total	2,506,944	1,833,011
Total Endowments	8,754,232	7,678,124
Total Net Assets With Donor Restrictions	\$ 10,500,714	\$ 8,355,831

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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:

	2024	2023
Satisfaction of Purpose Restrictions:		
Amelia Earhart Fellowship Program	\$ 162,873	\$ 156,975
International Service Program		2,140,093
Eva Mowbray	20,000	36,719
YWPA Program	185,000	96,500
Jane M. Klausman Women in Business Scholarship Program	185,000	185,000
Amelia Earhart Endowment	20,000	20,000
Total	572,873	2,635,287
Subject to Expenditure for Specified Time	-	170,000
Total Net Assets Released from Restrictions	\$ 572,873	\$ 2,805,287

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, 2024 and 2023.

Endowment Composition

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

	<u>2024</u>	<u>2023</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained in Perpetuity by Donor	\$ 6,247,288	\$ 5,845,113
Accumulated Investment Gains	2,506,944	1,833,011
Without Donor-Restricted Endowment Funds:		
Board Designated Endowment	406,071	349,818
Total	<u>\$ 9,160,303</u>	<u>\$ 8,027,942</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>(13,960)</u>	<u>(306,363)</u>	<u>(320,323)</u>
Contributions	6,792	246,182	252,974
Contribution - To be Allocated to Without Donor Restrictions Once Time Restriction has been Satisfied	<u>170,000</u>	<u>(170,000)</u>	<u>-</u>
Balance - May 31, 2023	349,818	7,678,124	8,027,942
Investment Return:			
Investment Income, Net	-	272,144	272,144
Net Appreciation	9,897	421,789	431,686
Distribution for Grants	-	(20,000)	(20,000)
Total	<u>9,897</u>	<u>673,933</u>	<u>683,830</u>
Contributions	<u>46,356</u>	<u>402,175</u>	<u>448,531</u>
Balance - May 31, 2024	<u>\$ 406,071</u>	<u>\$ 8,754,232</u>	<u>\$ 9,160,303</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, 2024 and 2023, the value of the Organization's interest in the remainder trust was \$86,000 and \$78,000, 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:

	2024	2023
Recognized Over Time:		
Membership Dues and Fees	\$ 2,198,097	\$ 2,222,848
Z-Club Dues and Fees	8,683	2,610
U.S. and Canadian Liability Premiums	18,126	17,814
Zontian Subscription	9	9
Convention Events and Programs	4,016	923,994
Merchandise Royalties	6,016	10,191
Other Income	2,412	-
Total	2,237,359	3,177,466
Revenue Subject to Grants and Contributions Guidance	3,017,634	2,379,870
Total	\$ 5,254,993	\$ 5,557,336

Accounts receivable at May 31 consists of the following:

	2024	2023	2022
Due from Intermediary	\$ 92,718	\$ 70,081	\$ 518,106
Contributions Receivable	59,092	76,939	51,568
Pledges Receivable	5,000	374	171,079
Interest Receivable	72,978	59,270	25,750
Total Receivables	\$ 229,788	\$ 206,664	\$ 766,503

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NOTE 12 REVENUE (CONTINUED)

Deferred revenue at May 31 consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Membership	\$ 1,581,034	\$ 1,467,349	\$ 1,705,627
Convention	755,717	100,508	978,964
Other	3,203	-	-
Total Deferred Revenue	<u>\$ 2,339,954</u>	<u>\$ 1,567,857</u>	<u>\$ 2,684,591</u>

NOTE 13 LEASE COMMITMENTS

The Organization entered into a lease agreement for 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.

The following tables provide quantitative information concerning the Organization's leases for the year ended May 31, 2024:

	<u>2024</u>	<u>2023</u>
Lease Costs:		
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 5,622	\$ 4,475
Interest on Lease Liabilities	244	131
Operating Lease Costs	<u>99,941</u>	<u>99,941</u>
Total Lease Costs	<u>\$ 105,807</u>	<u>\$ 104,547</u>
Other Information:		
Operating Cash Flows from Finance Lease	\$ 244	\$ 131
Operating Cash Flows from Operating Leases	100,332	98,308
Financing Cash Flows from Finance Lease	5,247	4,430
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liability	14,065	7,824
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	-	431,044
Weighted-Average Remaining Lease Term - Finance Lease	2.5 Years	0.7 Years
Weighted-Average Remaining Lease Term - Operating Leases	2.6 Years	3.6 Years
Weighted-Average Discount Rate - Finance Lease	4.02%	2.41%
Weighted-Average Discount Rate - Operating Leases	2.92%	2.92%

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NOTE 13 LEASE COMMITMENTS (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of May 31, 2024, is as follows:

<u>Year Ending May 31,</u>	<u>Operating</u>	<u>Financing</u>
2025	\$ 102,359	\$ 4,968
2026	102,501	4,968
2027	75,111	2,898
Undiscounted Cash Flows	279,971	12,834
Less: Imputed Interest	(10,857)	(667)
Total Present Value	<u>\$ 269,114</u>	<u>\$ 12,167</u>
Short-Term Lease Liabilities	\$ 95,923	\$ 4,577
Long-Term Lease Liabilities	173,191	7,590
Total	<u>\$ 269,114</u>	<u>\$ 12,167</u>

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 \$39,410 and \$44,305 for the years ended May 31, 2024 and 2023, 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 93% and 68% of the total operational revenues, excluding Foundation activities, for the years ended May 31, 2024 and 2023, respectively.

NOTE 16 CASH FLOW DISCLOSURES

There was no cash paid for interest or taxes for the years ended May 31, 2024 and 2023. There were no noncash investing and financing transactions for the years ended May 31, 2024 and 2023.

NOTE 17 SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Organization has entered into various contracts and agreements as of May 31, 2024, relating to future conventions, including various service contracts, rental agreements for convention sites, and arrangements for hotel attendees.

ZONTA INTERNATIONAL AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2024
(WITH COMPARATIVE TOTALS FOR MAY 31, 2023)

NOTE 18 SUBSEQUENT EVENTS

The Organization evaluated all significant events and transactions through November 6, 2024, the date that the consolidated financial statements were available to be issued.

ZONTA INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
MAY 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

Cash and Cash Equivalents	\$ 2,896,933
Other Receivables:	
Due from Intermediary	92,718
Due from Zonta International Foundation	5,338
Interest Receivable	37,155
Prepaid Expenses:	
Convention	404,645
Other	88,841
Investments	5,722,845
Right-of-Use Operating Lease Asset	251,233
Right-of-Use Financing Lease Asset	12,167
Office Equipment and Computers, Net	128,410
Other Assets	<u>7,932</u>
Total Assets	<u><u>\$ 9,648,217</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 6,261
Accrued and Other Liabilities	126,206
Deferred Membership Revenue	1,581,034
Deferred Convention Revenue	755,717
Operating Lease Liability	269,114
Financing Lease Liability	<u>12,167</u>
Total Liabilities	<u>2,750,499</u>

NET ASSETS

Without Donor Restrictions:	
Undesignated	3,910,305
Designated by the Board for Convention	717,577
Designated by Board 12-Month Operating Reserve	<u>2,245,000</u>
Total Without Donor Restrictions	6,872,882
With Donor Restrictions	<u>24,836</u>
Total Net Assets	<u><u>6,897,718</u></u>
Total Liabilities and Net Assets	<u><u>\$ 9,648,217</u></u>

ZONTA INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions			With Donor Restrictions	
	Undesignated	Designated by	Designated by	Total Without Donor Restrictions	Eva Mowbray
		the Board for Convention	the Board for Reserve		
REVENUE AND SUPPORT					
Membership Dues and Fees	\$ 2,198,096	\$ -	\$ -	\$ 2,198,096	\$ -
Z-Club Dues and Fees	8,683	-	-	8,683	-
U.S. and Canadian Liability Premiums	18,126	-	-	18,126	-
Convention Events and Programs	4,016	-	-	4,016	-
Merchandise Royalties	6,016	-	-	6,016	-
Contributions	23,070	-	-	23,070	-
Zontian Subscription	9	-	-	9	-
Management Fee	99,716	-	-	99,716	-
Miscellaneous Revenue	2,412	-	-	2,412	-
Net Assets Released from Restriction	20,000	-	-	20,000	(20,000)
Total Revenue and Support	2,380,144	-	-	2,380,144	(20,000)
EXPENSES					
Program Services:					
Member Services	1,297,205	-	68,007	1,365,212	-
Convention	174,764	-	-	174,764	-
Total Program Services	1,471,969	-	68,007	1,539,976	-
Supporting Services:					
Management and General	649,337	-	-	649,337	-
Total Expenses	2,121,305	-	68,007	2,189,312	-
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS (LOSSES) AND TRANSFERS	258,839	-	(68,007)	190,832	(20,000)
NONOPERATING GAINS (LOSSES) AND TRANSFERS					
Interest Income	244,019	-	-	244,019	-
Depreciation and Amortization	(57,011)	-	-	(57,011)	-
Realized and Unrealized Gains, Net	136,565	-	-	136,565	-
Foreign Currency Transaction Loss, Net	(4,194)	-	-	(4,194)	-
Total Nonoperating Gains and Transfers	319,379	-	-	319,379	-
CHANGE IN NET ASSETS	578,218	-	(68,007)	510,211	(20,000)
Net Assets - Beginning of Year	3,332,087	717,577	2,313,007	6,362,671	44,836
NET ASSETS - END OF YEAR	<u>\$ 3,910,305</u>	<u>\$ 717,577</u>	<u>\$ 2,245,000</u>	<u>\$ 6,872,882</u>	<u>\$ 24,836</u>

ZONTA INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services			Supporting Services	Total Expenses
	Member Services	Convention	Total	Management and General	
Salaries and Wages	\$ 661,835	\$ -	\$ 661,835	\$ 175,931	\$ 837,766
Employee Benefits	90,662	-	90,662	24,100	114,762
Payroll Taxes	47,673	-	47,673	12,672	60,345
Fees for Services:					
Legal	-	-	-	11,329	11,329
Accounting	-	-	-	117,703	117,703
Other	70,289	-	70,289	-	70,289
Office Expenses	59,426	-	59,426	52,564	111,990
Information Technology	52,020	-	52,020	17,340	69,360
Occupancy	107,558	-	107,558	35,853	143,410
Travel	21,654	-	21,654	-	21,654
Conferences and Meetings	13,927	-	13,927	-	13,927
Convention - 2024	-	167,845	167,845	-	167,845
Convention - 2026	-	6,919	6,919	-	6,919
Depreciation and Amortization	42,758	-	42,758	14,253	57,011
Insurance	-	-	-	72,959	72,959
Board/International Committees	154,636	-	154,636	108,726	263,362
Zontian Magazine	74,922	-	74,922	-	74,922
Miscellaneous Expenses	10,610	-	10,610	20,160	30,770
Total Expenses	1,407,970	174,764	1,582,734	663,589	2,246,323
Less Expenses Included in Nonoperating Gains (Losses) on the Statement of Activities:					
Depreciation and Amortization	(42,758)	-	(42,758)	(14,253)	(57,011)
 Total Expenses Included in the Expense Section on the Statement of Activities	 \$ 1,365,212	 \$ 174,764	 \$ 1,539,976	 \$ 649,337	 \$ 2,189,312

**ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FINANCIAL POSITION
MAY 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS

Cash and Cash Equivalents	\$ 1,071,549
Receivables:	
Interest Receivable	35,823
Contributions Receivable	59,092
Pledges Receivable	5,000
Prepaid Expenses:	
Other	46,036
Beneficial Interest in Remainder Trust	86,000
Investments	<u>18,578,068</u>
Total Assets	<u><u>\$ 19,881,568</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 20,552
Deferred Revenue	3,203
Due to Zonta International	<u>5,338</u>
Total Liabilities	29,093

NET ASSETS

Without Donor Restrictions:	
Undesignated	4,253,408
Designated by the Board for Foundation Programs	4,717,118
Designated by the Board for Endowment Fund	<u>406,071</u>
Total Without Donor Restrictions	9,376,597
With Donor Restrictions	<u>10,475,878</u>
Total Net Assets	<u><u>19,852,475</u></u>
Total Liabilities and Net Assets	<u><u>\$ 19,881,568</u></u>

ZONTA FOUNDATION FOR WOMEN
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program Contributions	\$ 947,455	\$ 1,621,648	\$ 2,569,103
Endowment Contributions	23,286	402,175	425,461
Net Assets Released from Restriction	552,873	(552,873)	-
Total Revenue and Support	1,523,614	1,470,950	2,994,564
EXPENSES			
Program Services:			
International Service and Education Programs	820,000	-	820,000
Supporting Services:			
Management and General	167,310	-	167,310
Fundraising	235,772	-	235,772
Total Supporting Services	403,082	-	403,082
Total Expenses	1,223,082	-	1,223,082
CHANGE IN NET ASSETS BEFORE NONOPERATING GAINS	300,532	1,470,950	1,771,482
NONOPERATING GAINS			
Interest Income	353,656	272,144	625,800
Realized and Unrealized Gains, Net	198,703	421,789	620,492
Foreign Currency Translation	2,163	-	2,163
Total Nonoperating Gains	554,522	693,933	1,248,455
CHANGE IN NET ASSETS	855,054	2,164,883	3,019,937
Net Assets - Beginning of Year	8,521,543	8,310,995	16,832,538
NET ASSETS - END OF YEAR	\$ 9,376,597	\$ 10,475,878	\$ 19,852,475

ZONTA FOUNDATION FOR WOMEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2024
(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	\$ -	\$ 53,561	\$ -	\$ 53,561	\$ 53,561
Communications	-	-	9,968	9,968	9,968
Donor Recognition	-	-	36,549	36,549	36,549
Grants	820,000	-	-	-	820,000
Database	-	-	43,448	43,448	43,448
Licensing Fees	-	10,042	-	10,042	10,042
Management Fees	-	99,716	-	99,716	99,716
Supplies	-	636	6,996	7,632	7,632
Miscellaneous Expenses	-	2,275	-	2,275	2,275
Salaries	-	1,080	138,811	139,891	139,891
Total Expenses	<u>\$ 820,000</u>	<u>\$ 167,310</u>	<u>\$ 235,772</u>	<u>\$ 403,082</u>	<u>\$ 1,223,082</u>



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