

ZOE MINISTRY
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

ZOE MINISTRY

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Independent Auditor's Report

The Board of Directors of
ZOE Ministry
Garner, North Carolina

We have audited the accompanying financial statements of ZOE Ministry (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ZOE Ministry as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Financial Statement Preparation

As discussed in Note A, ZOE adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

Crosslin, PLLC

Nashville, Tennessee
June 6, 2019

ZOE MINISTRY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ 2,585,331	\$ 1,983,393
Investments (Note C)	243,181	256,985
Contributions receivable, net of allowance for doubtful accounts of \$11,250 and \$17,475 in 2018 and 2017, respectively (Note D)	2,995,455	2,686,349
Prepaid expenses	2,329	528
Other accounts receivable	320,219	356,434
Fixed assets, net	<u>2,674</u>	<u>3,815</u>
 Total assets	 <u><u>\$ 6,149,189</u></u>	 <u><u>\$ 5,287,504</u></u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	<u>\$ 22,796</u>	<u>\$ 8,201</u>
 Total liabilities	 <u>22,796</u>	 <u>8,201</u>
<u>NET ASSETS</u>		
Without donor restrictions	1,034,546	900,463
With donor restrictions (Note F)	<u>5,091,847</u>	<u>4,378,840</u>
 Total net assets	 <u>6,126,393</u>	 <u>5,279,303</u>
 Total liabilities and net assets	 <u><u>\$ 6,149,189</u></u>	 <u><u>\$ 5,287,504</u></u>

See accompanying notes to financial statements.

ZOE MINISTRY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and donations	\$ 1,737,853	\$ 3,776,948	\$ 5,514,801
Net realized gains on investments	-	-	-
Interest and other income	-	2,849	2,849
Other	1,442	-	1,442
	<u>1,739,295</u>	<u>3,779,797</u>	<u>5,519,092</u>
Total support and revenue			
Net assets released from restrictions	<u>3,066,790</u>	<u>(3,066,790)</u>	<u>-</u>
Expenses:			
Program services:			
Rwanda	868,237	-	868,237
Kenya-NGO	921,844	-	921,844
Malawi-NGO	414,348	-	414,348
Malawi-CONTI	23,564	-	23,564
Zimbabwe	600,298	-	600,298
Liberia	330,142	-	330,142
Guatemala	151,200	-	151,200
India-Chennai	307,348	-	307,348
General	364,536	-	364,536
	<u>3,981,517</u>	<u>-</u>	<u>3,981,517</u>
Total program expenses			
Supporting services:			
Administrative expenses	266,046	-	266,046
Fundraising expenses	407,786	-	407,786
	<u>673,832</u>	<u>-</u>	<u>673,832</u>
Total supporting expenses			
Total expenses	<u>4,655,349</u>	<u>-</u>	<u>4,655,349</u>
Increase in net assets from operating activities	<u>150,736</u>	<u>713,007</u>	<u>863,743</u>
Nonoperating:			
Unrealized depreciation on investments	<u>(16,653)</u>	<u>-</u>	<u>(16,653)</u>
Net increase in net assets	134,083	713,007	847,090
Net assets at beginning of year	<u>900,463</u>	<u>4,378,840</u>	<u>5,279,303</u>
Net assets at end of year	<u>\$ 1,034,546</u>	<u>\$ 5,091,847</u>	<u>\$ 6,126,393</u>

See accompanying notes to financial statements.

ZOE MINISTRY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions and donations	\$ 1,598,849	\$ 2,924,222	\$ 4,523,071
Net realized gains on investments	79,641	-	79,641
Interest and other income	-	2,294	2,294
Other	3,248	-	3,248
	<u>1,681,738</u>	<u>2,926,516</u>	<u>4,608,254</u>
Total support and revenue			
Net assets released from restrictions	<u>2,807,593</u>	<u>(2,807,593)</u>	<u>-</u>
Expenses:			
Program services:			
Rwanda	711,097	-	711,097
Kenya-NGO	738,047	-	738,047
Malawi-NGO	269,336	-	269,336
Malawi-CONTI	22,572	-	22,572
Zimbabwe	527,238	-	527,238
Liberia	209,586	-	209,586
Guatemala	221,061	-	221,061
India-Chennai	221,583	-	221,583
General	388,912	-	388,912
	<u>3,309,432</u>	<u>-</u>	<u>3,309,432</u>
Total program expenses			
Supporting services:			
Administrative expenses	342,144	-	342,144
Fundraising expenses	381,731	-	381,731
	<u>723,875</u>	<u>-</u>	<u>723,875</u>
Total supporting expenses			
Total expenses	<u>4,033,307</u>	<u>-</u>	<u>4,033,307</u>
Increase in net assets from operating activities	<u>456,024</u>	<u>118,923</u>	<u>574,947</u>
Nonoperating:			
Unrealized depreciation on investments	<u>(53,498)</u>	<u>-</u>	<u>(53,498)</u>
Net increase in net assets	402,526	118,923	521,449
Net assets at beginning of year	<u>497,937</u>	<u>4,259,917</u>	<u>4,757,854</u>
Net assets at end of year	<u>\$ 900,463</u>	<u>\$ 4,378,840</u>	<u>\$ 5,279,303</u>

See accompanying notes to financial statements.

ZOE MINISTRY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services								Supporting Services		Total	
	Rwanda	Kenya-NGO	Malawi-NGO	Malawi-CONTI	Zimbabwe	Liberia	Guatemala	India-Chennai	General	Administrative		Fundraising
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,822	\$ 127,814	\$ 272,984	\$ 542,620
Services	-	-	-	-	-	-	-	-	-	66,656	72,948	139,604
Travel	-	-	-	-	-	-	-	-	222,714	14,405	19,465	256,584
Meetings	-	-	-	-	-	-	-	-	-	1,866	383	2,249
Communications	-	-	-	-	-	-	-	-	-	18,299	42,006	60,305
Office	-	-	-	-	-	-	-	-	-	28,848	-	28,848
Postage and Shipping	-	-	-	-	-	-	-	-	-	8,158	-	8,158
Empowerment Program Costs:												
Office Expenses	30,902	24,201	17,112	771	31,436	33,347	2,655	9,215	-	-	-	149,639
Agriculture	93,888	64,445	55,423	2,113	122,332	14,400	9,189	24,690	-	-	-	386,480
Child Rights	2,913	15,011	1,972	-	25,989	2,750	459	6,898	-	-	-	55,992
Group Formation	31,526	88,321	17,903	4,933	47,492	17,850	7,628	13,696	-	-	-	229,349
Disease Prevention	13,746	47,646	16,959	1,991	23,396	30,125	9,603	11,146	-	-	-	154,612
Education	38,016	30,763	15,888	-	4,400	10,300	-	14,153	-	-	-	113,520
Home Construction	88,594	40,833	3,875	-	4,000	8,400	3,614	-	-	-	-	149,316
Info Technology	-	-	-	-	-	-	736	8,629	-	-	-	9,365
Micro-Grants	144,390	139,480	70,424	8,414	155,950	70,750	61,112	76,169	-	-	-	726,689
Salaries	199,952	176,538	88,001	4,286	101,451	46,859	27,480	39,706	-	-	-	684,273
Spiritual Cultivation	2,998	14,897	7,352	-	6,352	5,300	3,889	16,249	-	-	-	57,037
Transportation	126,535	68,622	63,029	-	46,475	46,650	4,541	21,902	-	-	-	377,754
Vocational Training	37,828	80,443	56,057	-	27,500	42,400	18,333	62,355	-	-	-	324,916
Other Program Expenses	56,949	130,644	353	1,056	3,525	1,011	1,961	2,540	-	-	-	198,039
	<u>\$ 868,237</u>	<u>\$ 921,844</u>	<u>\$ 414,348</u>	<u>\$ 23,564</u>	<u>\$ 600,298</u>	<u>\$ 330,142</u>	<u>\$ 151,200</u>	<u>\$ 307,348</u>	<u>\$ 364,536</u>	<u>\$ 266,046</u>	<u>\$ 407,786</u>	<u>\$ 4,655,349</u>

ZOE MINISTRY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services								Supporting Services		Total	
	Rwanda	Kenya-NGO	Malawi-NGO	Malawi-CONTI	Zimbabwe	Liberia	Guatemala	India-Chennai	General	Administrative		Fundraising
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,468	\$ 132,574	\$ 288,368	\$ 556,410
Services	-	-	-	-	-	-	-	-	-	164,075	51,337	215,412
Travel	-	-	-	-	-	-	-	-	246,512	1,774	17,262	265,548
Meetings	-	-	-	-	-	-	-	-	-	576	270	846
Communications	-	-	-	-	-	-	-	-	-	11,562	24,494	36,056
Office	-	-	-	-	-	-	-	-	6,932	27,074	-	34,006
Postage and Shipping	-	-	-	-	-	-	-	-	-	4,509	-	4,509
Empowerment Program Costs:												
Office Expenses	44,928	12,908	10,629	1,678	19,200	10,335	3,875	5,143	-	-	-	108,696
Agriculture	90,625	37,797	36,100	2,734	90,420	15,525	23,729	11,844	-	-	-	308,774
Child Rights	2,752	5,480	783	-	2,686	2,280	875	2,777	-	-	-	17,633
Group Formation	40,941	47,102	12,993	948	28,183	11,104	10,870	6,880	-	-	-	159,021
Disease Prevention	12,812	47,081	6,686	561	27,410	15,238	7,310	6,900	-	-	-	123,998
Education	45,500	27,756	7,573	429	6,150	8,500	-	13,343	-	-	-	109,251
Home Construction	96,876	12,347	3,347	-	4,000	8,810	-	7,935	-	-	-	133,315
Info Technology	2,464	372	637	-	-	1,090	552	-	-	-	-	5,115
Micro-Grants	74,650	227,571	39,626	4,313	168,324	33,190	113,333	73,448	-	-	-	734,455
Salaries	177,429	147,223	65,614	4,286	79,010	40,673	26,587	48,129	-	-	-	588,951
Spiritual Cultivation	3,813	2,959	3,086	-	8,965	6,129	4,666	3,260	-	-	-	32,878
Transportation	51,000	24,184	44,425	-	62,810	14,300	5,056	1,916	-	-	-	203,691
Vocational Training	37,502	69,081	37,550	4,422	16,500	38,600	21,875	30,456	-	-	-	255,986
Other Program Expenses	29,805	76,186	287	3,201	13,580	3,812	2,333	9,552	-	-	-	138,756
	<u>\$ 711,096</u>	<u>\$ 738,047</u>	<u>\$ 269,335</u>	<u>\$ 22,572</u>	<u>\$ 527,238</u>	<u>\$ 209,585</u>	<u>\$ 221,061</u>	<u>\$ 221,583</u>	<u>\$ 392,022</u>	<u>\$ 339,037</u>	<u>\$ 381,731</u>	<u>\$ 4,033,307</u>

ZOE MINISTRY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in net assets	\$ 847,090	\$ 521,449
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,141	1,159
Reinvested earnings on investments	-	(2,293)
Unrealized depreciation on investments	16,653	53,498
Net realized gain on sale of investments	(2,849)	(79,641)
(Increase) decrease in contributions receivable, net of allowance for doubtful accounts	(309,106)	124,155
Decrease (increase) in prepaid expenses	(1,801)	(453)
Increase (decrease) in accounts payable and accrued expenses	36,215	(356,341)
Decrease in accrued vacation	14,595	(2,000)
Decrease in deferred revenue	-	(1,000)
	<u>601,938</u>	<u>258,533</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of investments	-	(120,210)
Sales of investments	-	199,980
	<u>-</u>	<u>79,770</u>
Net cash provided by investing activities		
Net increase in cash	601,938	338,303
Cash, beginning of year	<u>1,983,393</u>	<u>1,645,090</u>
Cash, end of year	<u>\$ 2,585,331</u>	<u>\$ 1,983,393</u>

See accompanying notes to financial statements.

ZOE MINISTRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ZOE Ministry (“ZOE”) is a tax-exempt, not-for-profit organization, incorporated in the State of North Carolina. ZOE was established to provide a three-year empowerment program for orphan children in Africa and other poverty-stricken countries. This empowerment program teaches children essential life skills, how to grow their own food, start small businesses, and grow in their faith. ZOE is currently active in seven countries (Rwanda, Kenya, Zimbabwe, Malawi, Liberia, India, and Guatemala).

The transactions of ZOE are consolidated into the financial statements of the North Carolina Conference, Southeastern Jurisdiction, of the United Methodist Church, Inc. (the “Conference”).

On January 1, 2019, ZOE formally changed its relationship with the Conference. Prior to this date, the Conference demonstrated control and economic interest over ZOE by assigning 51% of its board of directors and providing a significant amount of in-kind accounting services. Effective January 1, 2019, ZOE began assigning its own board members and now outsources its accounting services to an external company. Consolidation of ZOE’s transactions into the Conference’s financial statements will not be necessary in fiscal year 2019 and going forward.

In March 2019, ZOE changed its organizational name from “ZOE Ministry” to “ZOE Empowers.”

Basis of Presentation

The financial statements of ZOE are prepared on the accrual basis of accounting.

Net Assets

For reporting purposes, ZOE’s financial statements have been prepared to focus on ZOE as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of ZOE and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ZOE. These net assets may be used at the discretion of ZOE’s management and the board of directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ZOE or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, but may permit ZOE to use or expend part or all of the income derived from the donated assets.

ZOE MINISTRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

In preparing its financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the statement of financial position and the reported amounts of revenues and expenses in the statements of activities for the reporting period. Actual results could differ from those estimates.

Contributions

ZOE reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period as received are reflected as unrestricted contributions in the accompanying financial statements.

Contributions receivable are recorded at their estimated fair value and reflect discounts for payment terms greater than one year, if applicable. Contributions receivable are considered to be either conditional or unconditional promises to give. A conditional contribution is one which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the promise to give is received. ZOE has determined that all contributions received in 2018 and 2017 are unconditional promises to give.

Cash

ZOE deposits its cash in large commercial financial institutions. At times, such balances may exceed the Federal depository insurance limits, but ZOE believes such amounts do not represent a significant credit risk.

ZOE MINISTRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value, with fair value measured as described in Note G. Changes in fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying statements of activities. In determining realized gains and losses, the cost of investments is determined using the specific-identification method.

Income Taxes

ZOE Ministry is exempt from income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision for taxes has been made in the financial statements.

ZOE accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for ZOE include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, ZOE has determined that such tax positions do not result in an uncertainty requiring recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized and reported on a functional basis. Program expenses include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program expenses and supporting services based on estimates made by management.

ZOE Ministry Endowment Fund

ZOE established an endowment fund known as the ZOE Ministry Endowment Fund (the "Endowment") with which funds will be held by the United Methodist Foundation, Inc. and Affiliate. The Endowment includes donor-restricted funds, which have been classified as net assets with donor restrictions with which earnings are unrestricted. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During 2017, the donor of the net assets with donor restrictions, released the restriction of the funds to be expended over the next three years. This release from restriction has been reflected in the statement of activities in 2017.

ZOE MINISTRY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ZOE has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	\$2,585,331
Investments	243,181
Contributions receivable	2,995,455
Other accounts receivable	<u>320,219</u>
Total financial assets	<u>6,144,186</u>
Less amounts not available to be used for general expenditures within one year:	
Amounts designated for specific programs	<u>5,091,847</u>
Financial assets available to meet general expenditures within one year	<u>\$1,052,339</u>

ZOE receives significant support through restricted and unrestricted contributions and must maintain sufficient resources to meet responsibilities to its donors; therefore, these assets are limited to use for donor-restricted purposes.

ZOE MINISTRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

C. INVESTMENTS

Investments at December 31, 2018 and 2017, represent pooled fund investments held by The United Methodist Foundation, Inc. (the “Foundation”) on behalf of ZOE.

Market Risk

Market risk arises primarily from changes in the market value of financial instruments. Theoretically, ZOE’s exposure is equal to the notional value of contracts purchased and unlimited on such contracts sold short.

Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease ZOE’s overall exposure to market risk. The Foundation attempts to control exposure to market risk through various analytical monitoring techniques.

Concentrations of Credit Risk

ZOE’s investment portfolio is impacted by various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, ZOE may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument.

In the normal course of business, the Foundation enters into contracts and agreements with certain service providers, such as clearing and custody agents, trustees and administrators that contain a variety of representations and warranties and which provide general indemnifications and guarantees against specified potential losses in connection with their activities as an agent of, or providing services to, the investor. The maximum exposure under these agreements is unknown, as this may involve future claims that could be made against the investor and have not yet occurred. ZOE expects the risk of any future obligation under these arrangements to be remote and has not recorded any contingent liability in the financial statements for these indemnifications related to its investments held with the Foundation.

ZOE MINISTRY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

D. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Hope Companion pledges, net of allowance for doubtful accounts of \$11,250 and \$17,475, respectively	\$ 3,385,257	\$ 2,934,658
Less: Discount for present value	<u>(389,802)</u>	<u>(248,309)</u>
Present value of contributions receivable	<u>\$ 2,995,455</u>	<u>\$ 2,686,349</u>

Maturities of contributions receivable at December 31, 2018, are expected to be as follows:

Year ended December 31,	Amount
2019	\$2,066,852
2020	1,082,749
2021	<u>235,656</u>
Total expected contributions	<u>\$3,385,257</u>

E. RELATED PARTY TRANSACTIONS

The Conference determined the cost of all accounting and payroll services provided to ZOE during the years ended December 31, 2018 and 2017, which totaled \$64,163 and \$116,009, respectively, and ZOE recorded the cost of these services as in-kind revenue and expense in the accompanying financial statements. In addition, ZOE paid the Conference \$8,983 and \$8,556 in 2018 and 2017, respectively, for office space.

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions totaling \$5,091,847 and \$4,378,840 at December 31, 2018 and 2017, respectively, are available for use in Rwanda, Kenya, Zimbabwe, Malawi, Liberia, India, and Guatemala and have either use or time restrictions.

ZOE MINISTRY
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F. NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended December 31, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

	2018	2017
Kenya	\$ 725,128	\$ 681,835
Rwanda	702,949	689,070
Zimbabwe	538,196	479,796
Malawi	380,594	267,251
Malawi-COTN	12,016	23,051
Liberia	295,988	212,920
Guatemala	135,558	225,751
India	276,361	227,919
	\$3,066,790	\$2,807,593

G. FAIR VALUE MEASUREMENTS

Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ZOE utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities would be an example of the type of investments included in Level 1. As required by the guidance provided by the FASB, ZOE does not adjust the quoted price for these investments, even in situations where the ZOE holds a large position and a sale could reasonably impact the quoted price. ZOE does not have any Level 1 financial investments as of December 31, 2018 or 2017.

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G. FAIR VALUE MEASUREMENTS - Continued

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments within this category would generally include corporate bonds and loans, less liquid and restricted equity securities, investments in pooled funds, and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments within this category would generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds, certain funds of hedge funds and distressed debt. ZOE does not have any Level 3 financial instruments as of December 31, 2018 or 2017.

The tables below present the balances of financial assets measured at fair value on a recurring basis by level at December 31, 2018 and 2017.

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2018:				
Investments in pooled funds:				
United Methodist Foundation, Inc.	<u>\$243,181</u>	\$ -	<u>\$243,181</u>	\$ -
Total financial assets	<u>\$243,181</u>	\$ -	<u>\$243,181</u>	\$ -
2017:				
Investments in pooled funds:				
United Methodist Foundation, Inc.	<u>\$256,985</u>	\$ -	<u>\$256,985</u>	\$ -
Total financial assets	<u>\$256,985</u>	\$ -	<u>\$256,985</u>	\$ -

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H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 6, 2019, which is the date the financial statements were available for issuance, and has determined that except for the organizational changes referenced in Note A, there are no other subsequent events requiring disclosure.