

**ZOE EMPOWERS**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

ZOE EMPOWERS

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position .....	3
Statements of Activities.....	4 - 5
Statements of Functional Expenses .....	6 - 9
Statements of Cash Flows.....	10
Notes to Financial Statements .....	11 - 20



## Independent Auditor's Report

The Board of Directors of  
ZOE Empowers  
Raleigh, North Carolina

We have audited the accompanying financial statements of ZOE Empowers (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 Empowers as of December 31, 2019 and 2018, 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.

*Crosslin, PLLC*

Nashville, Tennessee  
June 26, 2020

ZOE EMPOWERS  
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
<u>ASSETS</u>		
Cash	\$ 2,486,260	\$ 2,585,331
Investments (Note C)	286,281	243,181
Contributions receivable, net of allowance for doubtful accounts of \$13,830 and \$11,250 in 2019 and 2018, respectively (Note D)	3,607,160	2,995,455
Prepaid expenses	1,251	2,329
Other accounts receivable	147,396	320,219
Fixed assets, net	-	2,674
	<u>\$ 6,528,348</u>	<u>\$ 6,149,189</u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 39,712	\$ 22,796
	<u>39,712</u>	<u>22,796</u>
<u>NET ASSETS</u>		
Without donor restrictions	1,154,547	1,034,546
With donor restrictions (Note G)	5,334,089	5,091,847
	<u>6,488,636</u>	<u>6,126,393</u>
	<u>\$ 6,528,348</u>	<u>\$ 6,149,189</u>

See accompanying notes to financial statements.

ZOE EMPOWERS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and donations	\$ 1,310,660	\$ 4,520,462	\$ 5,831,122
Net realized gains on investments	5,774	-	5,774
Interest and other income	-	30,451	30,451
Other	1,243	-	1,243
	<u>1,317,677</u>	<u>4,550,913</u>	<u>5,868,590</u>
Total support and revenue			
Net assets released from restrictions	<u>4,308,671</u>	<u>(4,308,671)</u>	<u>-</u>
Expenses:			
Program services:			
Rwanda	983,096	-	983,096
Kenya-NGO	977,470	-	977,470
Malawi-NGO	559,566	-	559,566
Malawi-CONTI	12,053	-	12,053
Zimbabwe	855,964	-	855,964
Liberia	351,193	-	351,193
Guatemala	32,400	-	32,400
India-Chennai	338,000	-	338,000
India-Vizag	75,042	-	75,042
Tanzania	106,200	-	106,200
General	359,156	-	359,156
	<u>4,650,140</u>	<u>-</u>	<u>4,650,140</u>
Total program expenses			
Supporting services:			
Administrative expenses	534,552	-	534,552
Fundraising expenses	354,068	-	354,068
	<u>888,620</u>	<u>-</u>	<u>888,620</u>
Total supporting expenses			
Total expenses	<u>5,538,760</u>	<u>-</u>	<u>5,538,760</u>
(Decrease) increase in net assets from operating activities	<u>87,588</u>	<u>242,242</u>	<u>329,830</u>
Nonoperating income (expense):			
Unrealized appreciation on investments	33,946	-	33,946
Loss on disposal of assets	(1,533)	-	(1,533)
Total nonoperating income	<u>32,413</u>	<u>-</u>	<u>32,413</u>
(Decrease) increase in net assets	120,001	242,242	362,243
Net assets at beginning of year	1,034,546	5,091,847	6,126,393
Net assets at end of year	<u>\$ 1,154,547</u>	<u>\$ 5,334,089</u>	<u>\$ 6,488,636</u>

See accompanying notes to financial statements.

ZOE EMPOWERS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	900,463	4,378,840	5,279,303
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 EMPOWERS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019

	Program Services						
	Rwanda	Kenya-NGO	Malawi-NGO	Malawi-CONTI	Zimbabwe	Liberia	Guatemala
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Meetings	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Office	-	-	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-	-
Empowerment Program Costs:							
Office Expenses	56,492	17,746	23,393	1,257	43,536	62,825	1,346
Agriculture	101,501	95,215	68,428	-	121,790	21,250	2,456
Child Rights	2,836	8,670	3,850	-	12,235	3,225	83
Group Formation	41,170	128,707	20,632	2,200	92,510	19,079	6,899
Disease Prevention	25,438	44,058	24,749	870	53,491	54,675	1,832
Education	37,422	39,948	15,752	-	5,200	16,650	-
Home Construction	148,496	51,785	5,069	-	38,000	7,400	-
Info Technology	-	-	-	-	-	3,375	-
Micro-Grants	205,336	209,686	126,667	2,500	260,493	15,500	6,945
Salaries	218,688	177,340	110,266	1,071	117,994	49,464	8,374
Spiritual Cultivation	2,614	-	10,806	2,300	12,875	5,150	-
Transportation	89,790	50,556	47,144	-	42,640	16,500	2,154
Vocational Training	53,313	153,759	101,251	1,855	55,200	75,250	2,083
Other Program Expenses	-	-	1,559	-	-	850	228
	<u>\$ 983,096</u>	<u>\$ 977,470</u>	<u>\$ 559,566</u>	<u>\$ 12,053</u>	<u>\$ 855,964</u>	<u>\$ 351,193</u>	<u>\$ 32,400</u>

See accompanying notes to financial statements.



India-Chennai	India-Vizag	Tanzania	General	Supporting Services		Total
				Administrative	Fundraising	
\$ -	\$ -	\$ -	\$ 155,729	\$ 235,454	\$ 233,002	\$ 624,185
-	-	-	-	91,536	59,721	151,257
-	-	-	203,427	163,921	11,120	378,468
-	-	-	-	941	197	1,138
-	-	-	-	15,897	45,577	61,474
-	-	-	-	21,681	326	22,007
-	-	-	-	4,897	4,125	9,022
9,568	4,522	12,655	-	-	-	233,340
26,564	2,308	1,814	-	-	-	441,326
9,450	1,016	2,471	-	-	-	43,836
15,604	3,076	7,918	-	-	-	337,795
10,823	6,924	5,879	-	-	-	228,739
19,270	3,377	628	-	-	-	138,247
15,332	769	6,000	-	-	-	272,851
-	-	-	-	-	-	3,375
58,698	4,985	18,258	-	-	-	909,068
53,797	20,666	25,230	-	-	-	782,890
7,879	2,400	1,189	-	-	-	45,213
28,985	2,153	3,463	-	-	-	283,385
82,030	22,846	20,695	-	-	-	568,282
-	-	-	-	225	-	2,862
<u>\$ 338,000</u>	<u>\$ 75,042</u>	<u>\$ 106,200</u>	<u>\$ 359,156</u>	<u>\$ 534,552</u>	<u>\$ 354,068</u>	<u>\$ 5,538,760</u>

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

	Program Services						
	Rwanda	Kenya-NGO	Malawi-NGO	Malawi-CONTI	Zimbabwe	Liberia	Guatemala
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Meetings	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Office	-	-	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-	-
Empowerment Program Costs:							
Office Expenses	30,902	24,201	17,112	771	31,436	33,347	2,655
Agriculture	93,888	64,445	55,423	2,113	122,332	14,400	9,189
Child Rights	2,913	15,011	1,972	-	25,989	2,750	459
Group Formation	31,526	88,321	17,903	4,933	47,492	17,850	7,628
Disease Prevention	13,746	47,646	16,959	1,991	23,396	30,125	9,603
Education	38,016	30,763	15,888	-	4,400	10,300	-
Home Construction	88,594	40,833	3,875	-	4,000	8,400	3,614
Info Technology	-	-	-	-	-	-	736
Micro-Grants	144,390	139,480	70,424	8,414	155,950	70,750	61,112
Salaries	199,952	176,538	88,001	4,286	101,451	46,859	27,480
Spiritual Cultivation	2,998	14,897	7,352	-	6,352	5,300	3,889
Transportation	126,535	68,622	63,029	-	46,475	46,650	4,541
Vocational Training	37,828	80,443	56,057	-	27,500	42,400	18,333
Other Program Expenses	56,949	130,644	353	1,056	3,525	1,011	1,961
	<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>

See accompanying notes to financial statements.

India-Chennai	General	Supporting Services		Total
		Administrative	Fundraising	
\$ -	\$ 141,822	\$ 127,814	\$ 272,984	\$ 542,620
-	-	66,656	72,948	139,604
-	222,714	14,405	19,465	256,584
-	-	1,866	383	2,249
-	-	18,299	42,006	60,305
-	-	28,848	-	28,848
-	-	8,158	-	8,158
9,215	-	-	-	149,639
24,690	-	-	-	386,480
6,898	-	-	-	55,992
13,696	-	-	-	229,349
11,146	-	-	-	154,612
14,153	-	-	-	113,520
-	-	-	-	149,316
8,629	-	-	-	9,365
76,169	-	-	-	726,689
39,706	-	-	-	684,273
16,249	-	-	-	57,037
21,902	-	-	-	377,754
62,355	-	-	-	324,916
2,540	-	-	-	198,039
<u>\$ 307,348</u>	<u>\$ 364,536</u>	<u>\$ 266,046</u>	<u>\$ 407,786</u>	<u>\$ 4,655,349</u>

ZOE EMPOWERS  
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 362,243	\$ 847,090
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,141	1,141
Loss on disposal of fixed assets	1,533	-
Reinvested earnings on investments	(30,451)	-
Unrealized (appreciation) depreciation on investments	(33,946)	16,653
Net realized gain on sale of investments	(5,774)	(2,849)
Increase in contributions receivable, net of allowance	(611,705)	(309,106)
Decrease (increase) in prepaid expenses	1,078	(1,801)
Decrease in other accounts receivable	172,823	36,215
Increase in accrued vacation	16,916	14,595
	(126,142)	601,938
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	27,071	-
	27,071	-
Net cash provided by investing activities		
Net (decrease) increase in cash	(99,071)	601,938
Cash, beginning of year	2,585,331	1,983,393
Cash, end of year	\$ 2,486,260	\$ 2,585,331

See accompanying notes to financial statements.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ZOE Empowers (“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 eight countries (Rwanda, Kenya, Zimbabwe, Malawi, Liberia, Tanzania, India, and Guatemala).

In 2018, the transactions of ZOE were 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 were not necessary in fiscal year 2019 and will not be necessary 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 EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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 2019 and 2018 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.

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 C. 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.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

ZOE Empowers 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.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ZOE adopted ASU 2014-09 and related amendments on January 1, 2019 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. ZOE early adopted ASU 2018-08 as of January 1, 2019 and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the ZOE's contributions and grants.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,486,260	\$ 2,585,331
Investments	286,281	243,181
Contributions receivable	3,775,160	2,995,455
Other accounts receivable	<u>147,396</u>	<u>320,219</u>
Total financial assets	<u>6,675,097</u>	<u>6,144,186</u>
Less amounts not available to be used for general expenditures within one year:		
Amounts designated for specific programs	<u>(5,334,089)</u>	<u>(5,091,847)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,341,008</u>	<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 EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

C. INVESTMENTS

Investments at December 31, 2019 and 2018, 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 EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

D. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Hope Companion pledges, net of allowance for doubtful accounts of \$13,830 and \$11,250, respectively	\$ 4,161,649	\$ 3,385,257
Less: Discount for present value	( 406,489)	( 389,802)
Present value of contributions receivable	\$ 3,755,160	\$ 2,995,455

Maturities of contributions receivable at December 31, 2019, are expected to be as follows:

Year ended December 31,	Amount
2020	\$2,582,673
2021	1,460,791
2022	118,185
Total expected contributions	\$4,161,649

E. RETIREMENT PLAN

Employees of the Organization may participate in an Internal Revenue Code section 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

F. RELATED PARTY TRANSACTIONS

The Conference determined the cost of all accounting and payroll services provided to ZOE during the year ended December 31, 2018, totaled \$64,163 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 in 2018 for office space.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions totaling \$5,334,089 and \$5,091,847 at December 31, 2019 and 2018, respectively, are available for use in Rwanda, Kenya, Zimbabwe, Malawi, Liberia, India, Guatemala, and Tanzania and have either use or time restrictions.

H. NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended December 31, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

	2019	2018
Kenya	\$ 988,325	\$ 725,128
Rwanda	991,290	702,949
Zimbabwe	859,457	538,196
Malawi	562,478	380,594
Malawi – COTN	4,154	12,016
Liberia	351,732	295,988
Guatemala	32,400	135,558
India – Chennai	338,401	276,361
India – Vizag	76,037	-
Tanzania	104,397	-
	<u>\$4,308,671</u>	<u>\$3,066,790</u>

I. 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:

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

I. FAIR VALUE MEASUREMENTS - Continued

*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 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, 2019 or 2018.

*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, 2019 or 2018.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

I. FAIR VALUE MEASUREMENTS - Continued

The tables below present the balances of financial assets measured at fair value on a recurring basis by level at December 31, 2019 and 2018.

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2019:				
Investments in pooled funds:				
United Methodist Foundation, Inc.	<u>\$286,281</u>	\$ -	<u>\$286,281</u>	\$ -
Total financial assets	<u>\$286,281</u>	<u>\$ -</u>	<u>\$286,281</u>	<u>\$ -</u>
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>\$ -</u>	<u>\$243,181</u>	<u>\$ -</u>

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2020, the date the financial statements were available for issuance, and has determined the following subsequent events require disclosure as follows:

In June 2020, ZOE closed its investment account with the Foundation and transferred all assets to a new account opened with Vanguard Group, Inc.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

J. SUBSEQUENT EVENTS - Continued

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The extent of the impact of COVID-19 on ZOE's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its members, donors, employees, and vendors, all of which are uncertain and cannot be predicted. In order to assist in the mitigation of potential negative impact on its operational and financial performance, ZOE applied for and has received financing from the Small Business Administration (the "SBA") totaling approximately \$135,000 through the Paycheck Protection Program (the "Program"). Under the Program, the loan is subject to forgiveness if it is utilized for expenditures such as certain payroll, rent, and utility costs. It is management's intent to utilize the loan proceeds for purposes that qualify the loan for forgiveness under the Program.

Although ZOE cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on ZOE results of future operations, financial position, and liquidity in fiscal year 2020.