

**ZOE EMPOWERS**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

# ZOE EMPOWERS

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## 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, 2020 and 2019, 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, 2020 and 2019, 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 15, 2021

ZOE EMPOWERS  
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
<u>ASSETS</u>		
Cash	\$ 2,590,269	\$ 2,486,260
Investments (Note C)	315,303	286,281
Contributions receivable, net of allowance for doubtful accounts of \$13,830 in 2020 and 2019 (Note D)	3,307,067	3,755,160
Prepaid expenses	1,031	1,251
Other accounts receivable	423,347	147,396
Total assets	\$ 6,637,017	\$ 6,676,348
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 35,134	\$ 39,712
Total liabilities	35,134	39,712
<u>NET ASSETS</u>		
Without donor restrictions	1,531,629	1,302,547
With donor restrictions (Note F)	5,070,254	5,334,089
Total net assets	6,601,883	6,636,636
Total liabilities and net assets	\$ 6,637,017	\$ 6,676,348

See accompanying notes to financial statements.

ZOE EMPOWERS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and donations	\$ 1,104,148	\$ 4,289,849	\$ 5,393,997
Net realized gains on investments	11,728	-	11,728
Interest and other income	-	14,708	14,708
Other	90	-	90
 Total support and revenue	 <u>1,115,966</u>	 <u>4,304,557</u>	 <u>5,420,523</u>
 Net assets released from restrictions	 <u>4,568,392</u>	 <u>(4,568,392)</u>	 <u>-</u>
Expenses:			
Program services:			
Rwanda	1,074,412	-	1,074,412
Kenya-NGO	1,038,932	-	1,038,932
Malawi-NGO	729,460	-	729,460
Malawi-CONTI	-	-	-
Zimbabwe	752,166	-	752,166
Liberia	341,200	-	341,200
Guatemala	-	-	-
India-Chennai	329,673	-	329,673
India-Vizag	129,587	-	129,587
Tanzania	157,307	-	157,307
General	205,785	-	205,785
 Total program expenses	 <u>4,758,522</u>	 <u>-</u>	 <u>4,758,522</u>
Supporting services:			
Administrative expenses	417,972	-	417,972
Fundraising expenses	395,997	-	395,997
 Total supporting expenses	 <u>813,969</u>	 <u>-</u>	 <u>813,969</u>
 Total expenses	 <u>5,572,491</u>	 <u>-</u>	 <u>5,572,491</u>
 Increase (decrease) in net assets from operating activities	 <u>111,867</u>	 <u>(263,835)</u>	 <u>(151,968)</u>
Nonoperating income (expense):			
Unrealized appreciation on investments	14,615	-	14,615
Loss on disposal of assets	-	-	-
Other income	102,600	-	102,600
Total nonoperating income	<u>117,215</u>	<u>-</u>	<u>117,215</u>
 (Decrease) increase in net assets	 229,082	 (263,835)	 (34,753)
 Net assets at beginning of year	 <u>1,302,547</u>	 <u>5,334,089</u>	 <u>6,636,636</u>
Net assets at end of year	<u>\$ 1,531,629</u>	<u>\$ 5,070,254</u>	<u>\$ 6,601,883</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	\$ 1,458,660	\$ 4,520,462	\$ 5,979,122
Net realized gains on investments	5,774	-	5,774
Interest and other income	-	30,451	30,451
Other	1,243	-	1,243
	<u>1,465,677</u>	<u>4,550,913</u>	<u>6,016,590</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>
Increase (decrease) in net assets from operating activities	<u>235,588</u>	<u>242,242</u>	<u>477,830</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	268,001	242,242	510,243
Net assets at beginning of year	1,034,546	5,091,847	6,126,393
Net assets at end of year	<u>\$ 1,302,547</u>	<u>\$ 5,334,089</u>	<u>\$ 6,636,636</u>

See accompanying notes to financial statements.

ZOE EMPOWERS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

	Program Services						
	Rwanda	Kenya-NGO	Malawi-NGO	Zimbabwe	Liberia	India-Chennai	India-Vizag
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Meetings	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Office	-	-	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-	-
Empowerment Program Costs:							
Office Expenses	49,312	17,141	28,967	48,034	32,230	11,960	4,786
Agriculture	117,376	112,525	65,834	49,250	19,125	19,745	1,482
Child Rights	13,332	22,051	-	4,874	4,000	5,330	448
Group Formation	70,825	58,929	22,682	83,270	27,148	13,141	8,680
Disease Prevention	53,464	65,398	25,677	15,592	25,590	7,380	2,680
Education	29,556	40,459	11,666	6,020	8,300	17,687	2,379
Home Construction	140,000	62,449	5,000	4,000	8,190	9,381	-
Micro-Grants	131,612	202,091	177,879	250,500	68,080	51,100	13,968
Salaries	235,829	263,808	142,188	140,808	63,597	55,900	26,205
Spiritual Cultivation	16,273	-	11,250	14,520	7,500	8,985	-
Transportation	92,668	34,899	38,332	62,931	17,000	34,560	32,247
Vocational Training	99,612	159,182	156,597	55,200	60,000	86,731	26,977
Other Program Expenses	24,553	-	43,388	17,167	440	7,772	9,735
	<u>\$ 1,074,412</u>	<u>\$ 1,038,932</u>	<u>\$ 729,460</u>	<u>\$ 752,166</u>	<u>\$ 341,200</u>	<u>\$ 329,673</u>	<u>\$ 129,587</u>

See accompanying notes to financial statements.



Tanzania	General	Supporting Services		Total
		Administrative	Fundraising	
\$ -	\$ 163,064	\$ 240,213	\$ 312,761	\$ 716,039
-	-	59,178	65,942	125,120
-	42,720	58,772	2,636	104,128
-	-	290	-	290
-	-	13,626	11,762	25,388
-	-	44,299	1,313	45,612
-	-	1,594	1,582	3,177
6,550	-	-	-	198,980
17,500	-	-	-	402,837
1,300	-	-	-	51,335
10,157	-	-	-	294,832
16,000	-	-	-	211,781
1,530	-	-	-	117,597
4,500	-	-	-	233,520
34,200	-	-	-	929,430
35,120	-	-	-	963,456
2,400	-	-	-	60,928
6,000	-	-	-	318,637
22,050	-	-	-	666,349
-	-	-	-	103,055
<u>\$ 157,307</u>	<u>\$ 205,784</u>	<u>\$ 417,972</u>	<u>\$ 395,997</u>	<u>\$ 5,572,491</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>

See accompanying notes to financial statements.

ZOE EMPOWERS  
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2020	2019
Cash flows from operating activities:		
(Decrease) Increase in net assets	\$ (34,753)	\$ 510,243
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	1,141
Loss on disposal of fixed assets	-	1,533
Reinvested earnings on investments	(14,708)	(30,451)
Unrealized (appreciation) on investments	(14,615)	(33,946)
Net realized gain on sale of investments	(11,728)	(5,774)
Decrease (increase) in contributions receivable, net of allowance	448,093	(759,705)
Decrease in prepaid expenses	220	1,078
(Increase) decrease in other accounts receivable	(275,951)	172,823
(Decrease) increase in accounts payable and accrued expenses	(4,578)	16,916
Net cash provided by (used in) operating activities	91,980	(126,142)
Cash flows from investing activities		
Purchase of investments	(273,090)	-
Proceeds from sale of investments	285,119	27,071
Net cash provided by investing activities	12,029	27,071
Net increase (decrease) in cash	104,009	(99,071)
Cash, beginning of year	2,486,260	2,585,331
Cash, end of year	\$ 2,590,269	\$ 2,486,260

See accompanying notes to financial statements.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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 such as how to grow their own food and start small business. ZOE is currently active in eight countries (Rwanda, Kenya, Zimbabwe, Malawi, Liberia, Tanzania, and India).

On January 1, 2019, ZOE formally changed its relationship with the North Carolina Conference of the United Methodist Church (“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 doing its own accounting. 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, 2020 AND 2019

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 2020 and 2019 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 Corporation limits, but ZOE believes such amounts do not represent a significant credit risk.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements and Financial Instruments

Assets and liabilities recorded at fair value in the statements of financial position on a recurring basis are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. 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 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.

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,590,269	\$ 2,486,260
Investments	315,303	286,281
Contributions receivable	3,307,067	3,755,160
Other accounts receivable	<u>423,347</u>	<u>147,396</u>
Total financial assets	<u>6,635,986</u>	<u>6,675,097</u>
Less amounts not available to be used for general expenditures within one year:		
Amounts designated for specific programs	<u>(5,070,254)</u>	<u>(5,334,089)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,565,732</u>	<u>\$ 1,341,008</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, 2020 AND 2019

C. INVESTMENTS

Investments at December 31, 2019, represent pooled fund investments held by The United Methodist Foundation, Inc. (the “Foundation”) on behalf of ZOE. During 2020, ZOE closed its account with the Foundation and transferred all investment assets to a mutual fund held with Vanguard Group, Inc.

Market Risk

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.

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.

D. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Hope Companion pledges, net of allowance for doubtful accounts of \$13,830	\$ 3,462,787	\$ 4,161,649
Less: Discount for present value	( 155,720)	( 406,489)
Present value of contributions receivable	\$ 3,307,067	\$ 3,755,160

ZOE EMPOWERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

D. CONTRIBUTIONS RECEIVABLE - Continued

Maturities of contributions receivable at December 31, 2020, are expected to be as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$2,346,512
2022	817,537
2023	<u>298,738</u>
Total expected contributions	<u>\$3,462,787</u>

E. RETIREMENT PLAN

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

F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions totaling \$5,070,254 and \$5,334,089 at December 31, 2020 and 2019, respectively, are available for use in Rwanda, Kenya, Zimbabwe, Malawi, Liberia, India, and Tanzania and have either use or time restrictions.

G. NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended December 31, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

	<u>2020</u>	<u>2019</u>
Kenya	\$1,043,931	\$ 988,325
Rwanda	1,082,506	991,290
Zimbabwe	752,736	859,457
Malawi	729,460	562,478
Malawi - COTN	-	4,154
Liberia	330,952	351,732
Guatemala	-	32,400
India - Chennai	341,913	338,401
India - Vizag	129,587	76,037
Tanzania	<u>157,307</u>	<u>104,397</u>
	<u>\$4,568,392</u>	<u>\$4,308,671</u>

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H. 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 as described in the Note A.

The tables below present the balances of financial assets measured at fair value on a recurring basis by level at December 31, 2020 and 2019.

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020:				
Vanguard Group Mutual Funds	<u>\$315,303</u>	<u>\$315,303</u>	\$ -	\$ -
Total financial assets	<u>\$315,303</u>	<u>\$315,303</u>	\$ -	\$ -
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>\$286,281</u>	\$ -

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I. RISK AND UNCERTAINTIES

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. The full impact of the pandemic continues to evolve as of the date of this report. ZOE’s operations are dependent on contributions from individuals.

The pandemic had an adverse impact on economic and market conditions, triggering a period of economic slowdown. As such, this hindered ZOE’s ability to advance their mission and led ZOE to seek financing through the Paycheck Protection Program (“PPP”). ZOE was approved for the PPP loan and on April 15, 2020, ZOE received funding for the PPP loan in the amount of \$102,600, which is subject to forgiveness if it is utilized for expenditures such as certain payroll, rent, and utility costs. ZOE utilized the loan proceeds for purposes that qualify the loan for forgiveness and subsequent to year end on February 2, 2021, the PPP loan was forgiven. Subsequent to year end ZOE also received a second round of PPP funding in the amount of \$116,200.

While expected to be temporary, 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’s results of future operations, financial position, and liquidity in fiscal year 2021.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 15, 2021, the date the financial statements were available for issuance, and has determined that, other than the forgiveness of the first round of PPP funds and approval of the second round, there were no other subsequent events requiring disclosure.