

# **National Venture Capital Association and Affiliates**

## **Consolidated Audited Financial Statements**

*Years ended December 31, 2021 and 2020  
with Report of Independent Auditors*

National Venture Capital Association and Affiliates

Consolidated Audited Financial Statements

Years ended December 31, 2021 and 2020

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## Report of Independent Auditors

Board of Directors  
National Venture Capital Association and Affiliates

### ***Opinion***

We have audited the consolidated financial statements of National Venture Capital Association and Affiliates (the Association), which comprise the consolidated statement of financial position as of December 31, 2021, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2021, and the results of its operations and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association 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.

### ***Other Matter***

The consolidated financial statements of the Association for the year ended December 31, 2020 were audited by another auditor, who on September 16 2021, expressed an unmodified opinion on those statements and included an Independent Auditor's Report on the Supplementary Information that provided an opinion that the information in the 2020 consolidating statements of financial position and activities was fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### ***Responsibilities of Management for the 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 Association's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the 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 auditor's 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 Association'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 Association'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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

Vienna, Virginia  
October 12, 2022

National Venture Capital Association and Affiliates

Consolidated Statements of Financial Position

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 10,673,351	\$ 8,235,924
Investments	2,803,594	2,803,454
Accounts receivable, net	193,585	167,770
Promise to give, net	1,308,304	1,522,403
Deposits and prepaid expenses	239,912	273,455
Deferred compensation asset	373,521	284,488
Property and equipment, net	<u>230,712</u>	<u>290,244</u>
Total assets	<u>\$ 15,822,979</u>	<u>\$ 13,577,738</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 382,755	\$ 260,333
Deferred revenue	3,111,626	2,866,403
Deferred rent	409,983	483,457
Deferred compensation liability	<u>373,521</u>	<u>284,488</u>
Total liabilities	4,277,885	3,894,681
Net assets:		
Without donor restrictions		
Undesignated	9,442,186	7,311,170
Board designated	<u>260,197</u>	<u>299,158</u>
	9,702,383	7,610,328
With donor restrictions	<u>1,842,711</u>	<u>2,072,729</u>
Total net assets	<u>11,545,094</u>	<u>9,683,057</u>
Total liabilities and net assets	<u>\$ 15,822,979</u>	<u>\$ 13,577,738</u>

See accompanying notes to the consolidated financial statements.

National Venture Capital Association and Affiliates

Consolidated Statements of Activities

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Activities without donor restrictions:</b>		
Revenue and support		
Member dues	\$ 6,847,790	\$ 5,897,931
Contributions	503,271	939,426
Events	992,441	664,756
Investment Income	9,253	14,491
Other income	82,689	12,006
Net assets released from donor restrictions	<u>693,485</u>	<u>1,652,548</u>
Total revenue and support	9,128,929	9,181,158
Expenses		
Program services		
Public policy	3,011,333	2,992,718
Membership	739,055	993,510
Communications and marketing	466,478	506,588
Events	84,641	81,143
Research	<u>299,572</u>	<u>292,590</u>
Total program services	4,601,079	4,866,549
Supporting services:		
Management and general	1,808,143	1,221,518
Fundraising	<u>627,652</u>	<u>478,758</u>
Total expenses	<u>7,036,874</u>	<u>6,566,825</u>
Change in net assets without donor restrictions	2,092,055	2,614,333
<b>Change in net assets with donor restrictions:</b>		
Contributions	463,467	1,410,073
Net assets released from donor restrictions	<u>(693,485)</u>	<u>(1,652,548)</u>
Change in net assets with donor restrictions	<u>(230,018)</u>	<u>(242,475)</u>
Change in net assets	1,862,037	2,371,858
Net assets, beginning of year	<u>9,683,057</u>	<u>7,311,199</u>
Net assets, end of year	<u>\$ 11,545,094</u>	<u>\$ 9,683,057</u>

See accompanying notes to the consolidated financial statements.

## National Venture Capital Association and Affiliates

### Consolidated Statements of Functional Expenses

Years ended December 31, 2021 and 2020

	Program Services					Total Program Services	Supporting Services		Total 2021 Expenses
	Public Policy	Membership	Communications and Marketing	Events	Research		Management and General	Fundraising	
Personnel	\$ 1,513,368	\$ 650,281	\$ 384,393	\$ -	\$ 203,309	\$ 2,751,351	\$ 852,157	\$ 627,652	\$ 4,231,160
Professional fees	893,733	19,759	15,634	-	74,198	1,003,324	234,727	-	1,238,051
Meetings and travel	11,688	4,597	5,105	84,641	2,905	108,936	37,663	-	146,599
Occupancy and office expense	181,758	64,418	61,346	-	19,160	326,682	683,596	-	1,010,278
Contributions	410,786	-	-	-	-	410,786	-	-	410,786
<b>Total expenses</b>	<b><u>\$ 3,011,333</u></b>	<b><u>\$ 739,055</u></b>	<b><u>\$ 466,478</u></b>	<b><u>\$ 84,641</u></b>	<b><u>\$ 299,572</u></b>	<b><u>\$ 4,601,079</u></b>	<b><u>\$ 1,808,143</u></b>	<b><u>\$ 627,652</u></b>	<b><u>\$ 7,036,874</u></b>

	Program Services					Total Program Services	Supporting Services		Total 2020 Expenses
	Public Policy	Membership	Communications and Marketing	Events	Research		Management and General	Fundraising	
Personnel	\$ 1,543,218	\$ 885,649	\$ 421,450	\$ -	\$ 258,280	\$ 3,108,597	\$ 459,884	\$ 434,838	\$ 4,003,319
Professional fees	813,346	4,180	15,398	4,880	2,062	839,866	269,782	-	1,109,648
Meetings and travel	12,867	2,630	1,565	76,263	2,240	95,565	8,579	-	104,144
Occupancy and office expense	214,159	101,051	68,175	-	30,008	413,393	483,273	43,920	940,586
Contributions	409,128	-	-	-	-	409,128	-	-	409,128
<b>Total expenses</b>	<b><u>\$ 2,992,718</u></b>	<b><u>\$ 993,510</u></b>	<b><u>\$ 506,588</u></b>	<b><u>\$ 81,143</u></b>	<b><u>\$ 292,590</u></b>	<b><u>\$ 4,866,549</u></b>	<b><u>\$ 1,221,518</u></b>	<b><u>\$ 478,758</u></b>	<b><u>\$ 6,566,825</u></b>

*See accompanying notes to the consolidated financial statements.*

National Venture Capital Association and Affiliates

Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,862,037	\$ 2,371,858
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	89,752	88,268
Net realized and unrealized gains on investments	(140)	(9,112)
Changes in assets and liabilities:		
Accounts receivable	(25,815)	(64,435)
Promises to give	214,099	118,420
Deposits and prepaid expenses	33,543	(131,078)
Accounts payable and accrued expenses	122,422	(117,521)
Deferred revenue	245,223	770,441
Deferred rent	(73,474)	(63,985)
Deferred compensation	89,033	88,148
Net cash provided by operating activities	<u>2,556,680</u>	<u>3,051,004</u>
<b>Cash flows from investing activities</b>		
Sales of investments	12,790	2,793,302
Purchases of investments	(101,823)	(2,881,903)
Purchases of property and equipment	<u>(30,220)</u>	<u>(49,974)</u>
Net cash used in investing activities	<u>(119,253)</u>	<u>(138,575)</u>
<b>Net change in cash and cash equivalents</b>	2,437,427	2,912,429
Cash and cash equivalents, beginning of year	<u>8,235,924</u>	<u>5,323,495</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 10,673,351</u></u>	<u><u>\$ 8,235,924</u></u>

See accompanying notes to the consolidated financial statements.

# National Venture Capital Association and Affiliates

## Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

### **Note A - Nature of Activities and Significant Accounting Policies**

#### *Nature of activities*

National Venture Capital Association (NVCA) was organized in January 1973 as a nonprofit organization. NVCA empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the U.S. venture capital and startup community, NVCA advocates for public policy that supports the American entrepreneurial ecosystem. Serving the venture community as the preeminent trade association, NVCA arms the venture community for success, serving as the leading resource for venture capital data, practical education, peer-led initiatives, and networking.

Venture Capital Foundation, (dba Venture Forward) was organized in May 2015, with the primary purpose of ensuring the future of a thriving American economy by informing, educating and celebrating the positive and lasting impacts of entrepreneurship. Now known as Venture Forward and officially launched in June of 2020, Venture Forward is a 501(c)(3) nonprofit driving the human capital, culture, values, and narrative of venture capital to promote a strong and inclusive community that will fuel the economy of tomorrow. Venture Forward is focused on shaping the future of venture capital by offering programming, data and research, and resources that are empowering the ecosystem's ability to thrive. Venture Forward's efforts revolve around four key areas of focus:

- Diversity, equity and inclusion: Advancing a more diverse, equitable, and inclusive ecosystem
- Education: Educating a new generation of venture capital investors to equip them with the tools to succeed, and informing the general public about the role of venture capital on the US economy
- Research and data: Conducting and sharing meaningful research on venture capital trends and impact
- History: Capturing the rich history of the industry and distilling insights to shape the future

NVCA has established a Political Action Committee (PAC) known as VenturePAC for the purpose of making contributions to political candidates. The PAC functions as an entity separate from the Association and makes its own separate solicitation for funds.

The three entities are collectively referred to as the Association.

#### *Program Services*

Program services include the following activities, the descriptions for each of which follows.

#### *Public Policy*

Advocacy and communications are activities presenting a strong collective voice for the industry and representing the industry with lawmakers, regulators and standard setters.

## National Venture Capital Association and Affiliates

### Notes to the Consolidated Financial Statements (Continued)

#### **Note A - Nature of Activities and Significant Accounting Policies (Continued)**

##### *Membership*

Membership includes activities to achieve standard growth and profitability for members through networking, sharing and mutual assistance, market knowledge and a positive industry image.

##### *Communications and Marketing*

Activities to promote high-quality written content to member firms with topics relevant to venture capital firms using various communication channels.

##### *Events*

Events includes activities raising the competency of industry professionals through a combination of face-to-face conferences and various technology channels.

##### *Research*

Delivering knowledge through industry performance statistics, specific benchmarking reports and specific target market analysis.

A summary of the Association's significant accounting policies follows:

##### *Principles of Consolidation*

The consolidated financial statements include the accounts of the Association. All material inter-organizational balances and transactions have been eliminated in consolidation.

##### *Basis of Presentation*

The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of ASC, Financial Statements of Not-for-Profit Organizations, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Board-designated net assets consist of net assets without donor restrictions that have been internally designated to be used for specific purposes.

## National Venture Capital Association and Affiliates

### Notes to the Consolidated Financial Statements (Continued)

#### **Note A - Nature of Activities and Significant Accounting Policies (Continued)**

Board-designated net assets consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Designated for Medic fund	\$ 240,081	\$ 240,081
Designated for CA-VC program	-	40,242
Designated for NY-VC program	2,530	8,009
Designated for MD-VC program	<u>17,586</u>	<u>10,826</u>
	<u>\$ 260,197</u>	<u>\$ 299,158</u>

#### *Net Assets With Donor Restrictions*

Net assets with donor restrictions include those net assets whose use by the Association has been donor restricted by either specific purpose or implied time restrictions. Net assets are released from restrictions either due to the satisfaction of a purpose restriction or as a result of the expiration of a time restriction. Foundation net assets without donor restrictions are limited to purposes defined under the Foundation's tax exemption.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include money market funds with original maturities of less than three months. Cash and cash equivalents managed by the Association's investment manager as part of its long-term investment strategy are included in investments.

The Association maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federal insured limits. The Association has not experienced any such losses in the past, and does not believe it is exposed to any significant financial risk on these cash balances.

#### *Investments*

Investments with readily determinable fair value are reflected at fair value. Investment income or loss, including realized and unrealized gains and losses, is included in the consolidated statements of activities as a part of Investment Income. Cash and cash equivalents held within the investment accounts, or by bank custodians that are intended to be invested, are classified as investments in the accompanying consolidated statements of financial position.

#### *Promises to Give*

Promises to give reflect unconditional commitments made to the Association by various donors. Unconditional contributions for which payments are to be received in future years have been discounted to their present value at 1.5%. Promises to give are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful pledges receivable is based on specific identification of uncollectible accounts and the Association's historical collection experience. At December 31, 2021 and 2020, management elected not to record an allowance for doubtful promises to give as all outstanding amounts were deemed to be collectible.

## National Venture Capital Association and Affiliates

### Notes to the Consolidated Financial Statements (Continued)

#### **Note A - Nature of Activities and Significant Accounting Policies (Continued)**

##### *Property and Equipment*

Acquisition of property and equipment equal to or greater than \$2,500 are capitalized at cost. Computer equipment is depreciated using the straight-line method over the estimated useful life of three years. Other equipment, furniture and fixtures, software and telephone are depreciated using the straight-line method over the estimated useful lives of five to seven years. Leasehold improvements are amortized over the lesser of the remaining lease term or the estimated useful lives of the improvements. Maintenance and repair costs are expensed as incurred.

##### *Deferred Revenue*

Deferred revenue primarily consists of membership dues and events revenue received in advance of the period in which they are earned.

##### *Deferred Rent*

The Association recognizes the minimum rents required under a lease as rent expense on a straight-line basis over the term of the lease. Differences between amounts recorded as expense and amounts actually paid are reported as deferred rent in the consolidated statements of financial position along with the unamortized landlord provided tenant improvement allowance (see Note I).

##### *Revenue and Support*

The Association's revenue streams under contracts with customers are comprised of membership dues and events revenue. The Association's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. The majority of the Association's revenue under contracts with customers is primarily earned in the United States of America, and the majority of customers are members. The Association's contracts include no significant financing components nor variable considerations.

Membership dues are recognized ratably over the membership period as member benefit, the sole performance obligation, is provided ratably over the membership period. The Association bills for membership dues in advance of the membership period. Membership dues payments paid in advance of the membership period are recorded as deferred revenue. The membership contracts are for annual periods.

Events revenue are recognized at a point in time, in the period the meeting or event takes place. Payments paid in advance of the event are recorded as deferred revenue. Sponsorship revenue is recognized at a point in time or period of time when the underlying performance obligation is met.

## National Venture Capital Association and Affiliates

### Notes to the Consolidated Financial Statements (Continued)

#### **Note A - Nature of Activities and Significant Accounting Policies (Continued)**

Payments on contracts with customers are typically due upon receipt of invoice by the customer. The Association did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers. The level of revenue generated through contracts with customers can fluctuate due to certain economic factors, specifically in the lending and financing industry. Refunds for any contracts with customers are considered on a case by case basis. No material refund liabilities were necessary as of December 31, 2021 or 2020.

Unconditional contributions received, including grants and contracts deemed to be non-exchange transactions, are recorded as support to net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 consolidated statements of activities as net assets released from restrictions. Conditional contributions are those contributions that contain donor imposed rights of refund/return and barriers. Conditional contributions are recognized into revenue when conditions are satisfied and then follow the above policies for unconditional contributions. Conditional contributions received in advance of satisfying conditions are recorded to deferred revenue. The Association was not in receipt of any conditional contributions during the years ended December 31, 2021 and 2020. The Association receives unconditional contributions from board members and companies affiliated with board members in the ordinary course of business.

#### *Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocable costs, such as salaries and benefits, occupancy and office cost, have been allocated among the program and supporting services benefited based on estimated level of effort.

The Association reevaluates its allocation method each year to determine if there are adjustments that are necessary to the allocation method based on actual activities conducted during the year.

#### *Income Taxes*

NVCA is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code (IRC). The Foundation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the IRC, and has been classified as other than a private foundation under Section 509(a)(3). The PAC is a separate segregated fund as defined under Section 527(f) of the IRC.

## National Venture Capital Association and Affiliates

### Notes to the Consolidated Financial Statements (Continued)

#### **Note A - Nature of Activities and Significant Accounting Policies (Continued)**

##### *Use of Estimates*

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

##### *Reclassification*

Certain amounts in prior years have been reclassified to conform to the current year presentation. These reclassifications had no effect on the reported results of operations or net Assets.

##### *COVID-19 Risks and Uncertainties*

The ongoing COVID-19 coronavirus pandemic (COVID-19) continues to have a global impact creating uncertainty, volatility, and disruption across economies and financial markets. The Association's operational and financial performance will depend on certain developments, including the duration and spread of COVID-19 and its impact on the Association and its members, employees and vendors. As such, COVID-19 could have a material adverse effect on the Association's financial position in the future. The ultimate duration and impact of the COVID-19 outbreak on the Association's financial position cannot be reasonably estimated at this time.

##### *Subsequent Events*

The Association evaluated subsequent events through October 12, 2022, which is the date the consolidated financial statements were available to be issued.

#### **Note B - Investments and Fair Value Measurements**

Accounting standards use the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

National Venture Capital Association and Affiliates

Notes to the Consolidated Financial Statements (Continued)

**Note B - Investments and Fair Value Measurements (Continued)**

The following is a summary of input levels used to determine fair values, measured on a recurring basis, at December 31, 2021 and 2020, respectively:

<u>2021</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets, at fair value:				
Cash and cash equivalents				
Money market funds	\$ 100,687	\$ 100,687	\$ -	\$ -
Investments				
Money market funds	<u>2,803,594</u>	<u>2,803,594</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>2,904,281</u>	<u>2,904,281</u>	<u>-</u>	<u>-</u>
Deferred compensation:				
Exchange traded products and equity mutual funds	<u>373,521</u>	<u>373,521</u>	<u>-</u>	<u>-</u>
Total deferred compensation at fair value	<u>373,521</u>	<u>373,521</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 3,277,802</u>	<u>\$ 3,277,802</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets, at fair value:				
Cash and cash equivalents				
Money market funds	\$ 100,674	\$ 100,674	\$ -	\$ -
Investments				
Money market funds	2,802,869	2,802,869	-	-
Mutual funds - fixed income	<u>585</u>	<u>585</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 2,904,128</u>	<u>\$ 2,904,128</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred compensation:				
Exchange traded products and equity mutual funds	<u>284,488</u>	<u>284,488</u>	<u>-</u>	<u>-</u>
Total deferred compensation at fair value	<u>284,488</u>	<u>284,488</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 3,188,616</u>	<u>\$ 3,188,616</u>	<u>\$ -</u>	<u>\$ -</u>

The money market and mutual funds are considered Level 1 instruments as they are valued based on quoted prices for identical assets in active markets. The deferred compensation asset is made up of mutual fund, therefore, considered a Level 1 item within the fair value hierarchy.

National Venture Capital Association and Affiliates

Notes to the Consolidated Financial Statements (Continued)

**Note C - Accounts Receivable**

Accounts receivable consists of the following as of December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	Opening Balance	Closing Balance	Opening Balance	Closing Balance
Accounts receivable	<u>\$ 167,700</u>	<u>\$ 193,585</u>	<u>\$ 103,335</u>	<u>\$ 167,700</u>

**Note D - Promise to Give**

Promises to give consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 868,600	\$ 800,000
Receivable in one to five years	<u>450,000</u>	<u>750,000</u>
	1,318,600	1,550,000
Less discount to net present value	<u>(10,296)</u>	<u>(27,597)</u>
	<u>\$ 1,308,304</u>	<u>\$ 1,522,403</u>

**Note E - Deferred Revenue**

Deferred revenue consists of the following as of December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	Opening Balance	Closing Balance	Opening Balance	Closing Balance
Membership dues	\$ 2,474,953	\$ 2,874,492	\$ 2,095,962	\$ 2,474,953
Other	<u>391,450</u>	<u>237,134</u>	<u>-</u>	<u>391,450</u>
Total	<u>\$ 2,866,403</u>	<u>\$ 3,111,626</u>	<u>\$ 2,095,962</u>	<u>\$ 2,866,403</u>

## National Venture Capital Association and Affiliates

### Notes to the Consolidated Financial Statements (Continued)

#### **Note F - Liquidity and Availability**

The Association invests cash balances in excess of immediate liquidity needs in accordance with its investment policy. The following provides a summary of financial assets available for general expenditures at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 10,673,351	\$ 8,235,924
Investments	2,803,594	2,803,454
Accounts receivable	193,585	167,770
Promise to give in less than 1 year	<u>868,600</u>	<u>800,000</u>
Subtotal financial assets	14,539,130	12,007,148
Amounts not available within one year:		
Net assets designated for specific purposes	(260,197)	(299,158)
Net assets with donor restrictions	<u>(1,842,711)</u>	<u>(1,350,326)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,436,222</u>	<u>\$ 10,357,664</u>

The Association structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

#### **Note G - Property and Equipment**

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 418,700	\$ 409,942
Furniture and fixtures	140,818	140,818
Equipment	33,605	33,605
Computer equipment	35,750	30,288
Software	83,706	67,706
Telephone	<u>5,967</u>	<u>5,967</u>
	718,546	688,326
Less: accumulated depreciation and amortization	<u>(487,834)</u>	<u>(398,082)</u>
	<u>\$ 230,712</u>	<u>\$ 290,244</u>

Depreciation and amortization totaled \$89,752 and \$88,268 for the years ended December 31, 2021 and 2020, respectively.

## National Venture Capital Association and Affiliates

### Notes to the Consolidated Financial Statements (Continued)

#### **Note H - Retirement Plans**

##### *Defined Contribution Plan*

The Association has a defined contribution 401(k) plan. The plan generally covers all employees and provides for employee and employer contributions. Total contributions made by the Association to the plan totaled \$105,571 and \$107,844 during the years ended December 31, 2021 and 2020, respectively.

During 2017, the Association entered into an agreement whereby six annual contributions of \$60,000 would be made to a nonqualified deferred compensation plan under Section 457 of the IRC for a certain key employee. The Association's contributions to the deferred compensation was \$60,000 for the years ended December 31, 2021 and 2020. The assets of the plan are included with prepaid expenses and other assets. The deferred compensation assets and liability totaled \$373,521 and \$284,488 at December 31, 2021 and 2020, respectively.

#### **Note I - Commitments**

##### *Lease*

The Association has a lease agreement for office space in Washington, D.C. that expires on December 31, 2025. Rent payments are subject to an annual escalation of 2.75%. The lease contains an abatement of the first 12 months' rent, which has been reported in the deferred rent liability and is being amortized on a basis to achieve straight-line rent expense over the life of the lease. The lease also contains a tenant improvement allowance of approximately \$485,000, which has been reported in the deferred rent liability and will be amortized on a straight-line basis over the life of the lease as a reduction of rent expense. During the year ended December 31, 2020, the Association entered into a five-year lease agreement for office space in San Francisco, California that expires on March 31, 2025. Rent payments are subject to an annual escalation of 3%. The deferred rent liability totaled \$409,983 and \$483,457 at December 31, 2021 and 2020, respectively.

Rent expense is recognized on a straight-line basis and totaled \$370,180 and \$343,876 for the years ended December 31, 2021 and 2020, respectively. The future minimum cash basis lease payments, excluding increases in real estate taxes and operating expenses, are as follows:

Years ending December 31:

2022	\$	453,744
2023		466,696
2024		480,018
2025		<u>337,138</u>
	\$	<u><u>1,737,596</u></u>

##### *Employee Agreement*

The Association has an employment agreement with its President and Chief Executive Officer that calls for severance payments under certain circumstances.

National Venture Capital Association and Affiliates

Notes to the Consolidated Financial Statements (Continued)

**Note J - Net Assets With Donor Restrictions**

Changes in donor restricted net assets during the years ended December 31, 2021 and 2020, consist of the following:

	Balance at December <u>31, 2020</u>	<u>Additions</u>	<u>Released</u>	Balance at December <u>31, 2021</u>
Program:				
PAC	\$ 550,326	\$ 394,867	\$ (410,786)	\$ 534,407
Venture Forward	<u>1,522,403</u>	<u>68,600</u>	<u>(282,699)</u>	<u>1,308,304</u>
Total	<u>\$ 2,072,729</u>	<u>\$ 463,467</u>	<u>\$ (693,485)</u>	<u>\$ 1,842,711</u>

	Balance at December <u>31, 2019</u>	<u>Additions</u>	<u>Released</u>	Balance at December <u>31, 2020</u>
Program:				
PAC	\$ 674,381	\$ 285,073	\$ (409,128)	\$ 550,326
Venture Forward	<u>1,640,823</u>	<u>1,125,000</u>	<u>(1,243,420)</u>	<u>1,522,403</u>
Total	<u>\$ 2,315,204</u>	<u>\$ 1,410,073</u>	<u>\$ (1,652,548)</u>	<u>\$ 2,072,729</u>

National Venture Capital Association and Affiliates

Consolidating Statement of Financial Position

As of December 31, 2021

	NVCA	PAC	Venture Forward	Eliminations	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 4,790,538	\$ 534,407	\$ 5,348,406	\$ -	\$10,673,351
Investments	2,803,142	-	452	-	2,803,594
Accounts receivable, net	89,566	-	104,019	-	193,585
Venture forward reimbursement	835,531	-	-	(835,531)	-
Promise to give, net	-	-	1,308,304	-	1,308,304
Deposits and prepaid expenses	239,912	-	-	-	239,912
Deferred compensation	373,521	-	-	-	373,521
Property and equipment, net	206,941	-	23,771	-	230,712
Total assets	<u>\$ 9,339,151</u>	<u>\$ 534,407</u>	<u>\$ 6,784,952</u>	<u>\$ (835,531)</u>	<u>\$15,822,979</u>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 382,136	\$ -	\$ 836,150	\$ (835,531)	\$ 382,755
Deferred revenue	3,051,626	-	60,000	-	3,111,626
Deferred rent	409,983	-	-	-	409,983
Deferred compensation	373,521	-	-	-	373,521
Total liabilities	<u>4,217,266</u>	<u>-</u>	<u>896,150</u>	<u>(835,531)</u>	<u>4,277,885</u>
Net assets:					
Without donor restrictions					
Undesignated	4,861,688	-	4,580,498	-	9,442,186
Board designated	260,197	-	-	-	260,197
	<u>5,121,885</u>	<u>-</u>	<u>4,580,498</u>	<u>-</u>	<u>9,702,383</u>
With donor restrictions	<u>-</u>	<u>534,407</u>	<u>1,308,304</u>	<u>-</u>	<u>1,842,711</u>
Total net assets	<u>5,121,885</u>	<u>534,407</u>	<u>5,888,802</u>	<u>-</u>	<u>11,545,094</u>
Total liabilities and net assets	<u>\$ 9,339,151</u>	<u>\$ 534,407</u>	<u>\$ 6,784,952</u>	<u>\$ (835,531)</u>	<u>\$15,822,979</u>

National Venture Capital Association and Affiliates

Consolidating Statement of Activities

Year ended December 31, 2021

	NVCA	PAC	Venture Forward	Eliminations	Total
<b>Activities without donor restrictions:</b>					
Revenue and support					
Member dues	\$ 6,847,790	\$ -	\$ -	\$ -	\$ 6,847,790
Contributions	-	-	503,271	-	503,271
Events	455,728	-	536,713	-	992,441
Investment income	4,871	-	4,382	-	9,253
Other income	82,689	-	-	-	82,689
Net assets released from donor restrictions	-	410,786	282,699	-	693,485
Total revenue and support	<u>7,391,078</u>	<u>410,786</u>	<u>1,327,065</u>	<u>-</u>	<u>9,128,929</u>
Expenses					
Program services:					
Public policy	2,600,547	410,786	-	-	3,011,333
Membership	739,055	-	-	-	739,055
Communications and marketing	466,478	-	-	-	466,478
Events	79,893	-	4,748	-	84,641
Research	299,572	-	-	-	299,572
Total program services	<u>4,185,545</u>	<u>410,786</u>	<u>4,748</u>	<u>-</u>	<u>4,601,079</u>
Supporting services:					
Management and general	1,572,794	-	235,349	-	1,808,143
Fundraising	-	-	627,652	-	627,652
Total expenses	<u>5,758,339</u>	<u>410,786</u>	<u>867,749</u>	<u>-</u>	<u>7,036,874</u>
Change in net assets from activities without donor restrictions	1,632,739	-	459,316	-	2,092,055
<b>Change in net assets with donor restrictions:</b>					
Contributions	-	394,867	68,600	-	463,467
Net assets released from donor restrictions	-	(410,786)	(282,699)	-	(693,485)
Change in net assets with donor restrictions	<u>-</u>	<u>(15,919)</u>	<u>(214,099)</u>	<u>-</u>	<u>(230,018)</u>
Change in net assets	1,632,739	(15,919)	245,217	-	1,862,037
Net assets, beginning of year	<u>3,489,146</u>	<u>550,326</u>	<u>5,643,585</u>	<u>-</u>	<u>9,683,057</u>
Net assets, end of year	<u>\$ 5,121,885</u>	<u>\$ 534,407</u>	<u>\$ 5,888,802</u>	<u>\$ -</u>	<u>\$ 11,545,094</u>