

National Venture Capital Association and Affiliates

Consolidated Audited Financial Statements

*Years ended December 31, 2022 and 2021
with Report of Independent Auditors*

National Venture Capital Association and Affiliates

Consolidated Audited Financial Statements

Years ended December 31, 2022 and 2021

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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 statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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.

Adoption of New Accounting Standard

As discussed in Note A to the consolidated financial statements, effective January 1, 2022, the Association adopted Financial Accounting Standards Board Accounting Update 2016-02 and subsequent amendments, Leases (*Topic 842*). Our opinion is not modified with respect to this matter.

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, as of December 31, 2022, and consolidating statement of activities for the year then ended 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 with large loops and flourishes.

Vienna, Virginia
August 14, 2023

National Venture Capital Association and Affiliates

Consolidated Statements of Financial Position

As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 12,779,894	\$ 10,673,351
Investments, net	2,834,926	2,803,594
Accounts receivable, net	296,635	193,585
Promises to give, net	197,897	1,308,304
Deposits and prepaid expenses	499,578	239,912
Deferred compensation asset	484	373,521
Property and equipment, net	302,414	230,712
ROU assets - operating leases	<u>944,034</u>	<u>-</u>
Total assets	<u>\$ 17,855,862</u>	<u>\$ 15,822,979</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 367,124	\$ 382,755
Deferred revenue	3,311,403	3,111,626
Deferred rent	-	409,983
Deferred compensation liability	484	373,521
Lease liabilities - operating leases	<u>1,267,951</u>	<u>-</u>
Total liabilities	4,946,962	4,277,885
Net assets:		
Without donor restrictions		
Undesignated	11,567,369	9,442,186
Board designated	<u>275,967</u>	<u>260,197</u>
	11,843,336	9,702,383
With donor restrictions	<u>1,065,564</u>	<u>1,842,711</u>
Total net assets	<u>12,908,900</u>	<u>11,545,094</u>
Total liabilities and net assets	<u>\$ 17,855,862</u>	<u>\$ 15,822,979</u>

See accompanying notes to the consolidated financial statements.

National Venture Capital Association and Affiliates

Consolidated Statements of Activities

Years ended December 31, 2022 and 2021

	2022	2021
Activities without donor restrictions:		
Revenue and support		
Member dues	\$ 7,512,227	\$ 6,847,790
Contributions	368,043	503,271
Events	1,524,413	992,441
Investment income	146,739	9,253
Other income	68,999	82,689
Net assets released from donor restrictions	1,207,418	693,485
Total revenue and support	10,827,839	9,128,929
Expenses		
Program services		
Public policy	3,237,548	3,011,333
Membership	820,414	739,055
Communications and marketing	730,052	466,478
Events	533,985	84,641
Research	230,334	299,572
Total program services	5,552,333	4,601,079
Supporting services:		
Management and general	2,481,062	1,808,143
Fundraising	653,491	627,652
Total expenses	8,686,886	7,036,874
Change in net assets without donor restrictions	2,140,953	2,092,055
Change in net assets with donor restrictions:		
Contributions	430,271	463,467
Net assets released from donor restrictions	(1,207,418)	(693,485)
Change in net assets with donor restrictions	(777,147)	(230,018)
Change in net assets	1,363,806	1,862,037
Net assets, beginning of year	11,545,094	9,683,057
Net assets, end of year	\$ 12,908,900	\$ 11,545,094

See accompanying notes to the consolidated financial statements.

National Venture Capital Association and Affiliates

Consolidated Statements of Functional Expenses

Years ended December 31, 2022 and 2021

	Program Services					Total Program Services	Supporting Services		Total 2022 Expenses
	Public Policy	Membership	Communications and Marketing	Events	Research		Management and General	Fundraising	
Personnel	\$ 1,575,797	\$ 735,017	\$ 591,407	\$ -	\$ 210,956	\$ 3,113,177	\$ 1,045,021	\$ 653,491	\$ 4,811,689
Professional fees	1,049,396	825	48,535	-	-	1,098,756	234,189	-	1,332,945
Meetings and travel	60,932	25,382	9,994	533,985	2,122	632,415	44,742	-	677,157
Occupancy and office expense	180,634	59,190	80,116	-	17,256	337,196	742,566	-	1,079,762
Contributions	370,789	-	-	-	-	370,789	-	-	370,789
Bad debt	-	-	-	-	-	-	414,544	-	414,544
Total expenses	<u>\$ 3,237,548</u>	<u>\$ 820,414</u>	<u>\$ 730,052</u>	<u>\$ 533,985</u>	<u>\$ 230,334</u>	<u>\$ 5,552,333</u>	<u>\$ 2,481,062</u>	<u>\$ 653,491</u>	<u>\$ 8,686,886</u>

	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
Total expenses	<u>\$ 3,011,333</u>	<u>\$ 739,055</u>	<u>\$ 466,478</u>	<u>\$ 84,641</u>	<u>\$ 299,572</u>	<u>\$ 4,601,079</u>	<u>\$ 1,808,143</u>	<u>\$ 627,652</u>	<u>\$ 7,036,874</u>

See accompanying notes to the consolidated financial statements.

National Venture Capital Association and Affiliates

Consolidated Statements of Cash Flows

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,363,806	\$ 1,862,037
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	69,385	89,752
Net realized and unrealized gains on investments	(31,784)	(140)
Loss on disposal of fixed assets	16,084	-
Noncash lease expense	354,013	-
Allowance for doubtful accounts	414,544	-
Changes in assets and liabilities:		
Accounts receivable	(120,550)	(25,815)
Promises to give	713,363	214,099
Deposits and prepaid expenses	(259,666)	33,543
Accounts payable and accrued expenses	(15,631)	122,422
Deferred revenue	199,777	245,223
Deferred rent	-	(73,474)
Deferred compensation	(373,037)	89,033
Lease liabilities	<u>(440,079)</u>	<u>-</u>
Net cash provided by operating activities	1,890,225	2,556,680
Cash flows from investing activities		
Sales of investments	405,663	12,790
Purchases of investments	(32,174)	(101,823)
Purchases of property and equipment	<u>(157,171)</u>	<u>(30,220)</u>
Net cash provided by (used in) investing activities	<u>216,318</u>	<u>(119,253)</u>
Net change in cash and cash equivalents	2,106,543	2,437,427
Cash and cash equivalents, beginning of year	<u>10,673,351</u>	<u>8,235,924</u>
Cash and cash equivalents, end of year	<u>\$ 12,779,894</u>	<u>\$ 10,673,351</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, 2022 and 2021

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.

National Venture Capital Association and Affiliates

Notes to the Consolidated Financial Statements (Continued)

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

Adoption of Accounting Standard

The Association adopted ASC Topic 842, *Leases* on January 1, 2022. Among other requirements, lessees are required to identify leases as either operating or finance and to recognize the following for all leases (with the exception of short-term leases) as of the date of adoption: 1) a lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) a right-of-use (ROU) asset, which is an asset that represents the lessee's ROU, or control the use of a specified asset for the lease term. On adoption, the Association elected to utilize the year of adoption modified retrospective approach, which had no impact to the operating balance of net assets. The Association also elected to apply all practical expedients applicable to the Association in the updated guidance for transition for leases in effect at adoption, including using hindsight to determine the lease term of existing leases, the option to not reassess whether an existing contract is a lease or contains a lease and whether the lease is an operating or finance lease. As a result of adopting, the Association recognized a ROU asset of \$1,298,047 and a lease liability of \$1,708,030 on January 1, 2022.

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.

Board-designated net assets consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Designated for Medic fund	\$ 240,081	\$ 240,081
Designated for NY-VC program	2,530	2,530
Designated for MD-VC program	<u>33,356</u>	<u>17,586</u>
Total Board-designated net assets	<u>\$ 275,967</u>	<u>\$ 260,197</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.

National Venture Capital Association and Affiliates

Notes to the Consolidated Financial Statements (Continued)

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

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 0.7%. 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, 2022, management elected to write off \$414,544 as bad debt. At December 31, 2021 management elected not to record bad debt as all outstanding amounts were deemed to be collectible.

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.

National Venture Capital Association and Affiliates

Notes to the Consolidated Financial Statements (Continued)

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

Leases

The Association determines if an arrangement is a lease or contains a lease at inception of a contract and classifies each lease as an operating or finance lease. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Association records a right-of-use (ROU) asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis, for the obligation to make lease payments arising from the lease. The discount rate used is typically the Association's secured borrowing rate, as most of the Association's leases do not provide an implicit rate. The lease term includes options to extend or to terminate the lease that the Association is reasonably certain to exercise. The Association has elected for all classes of underlying assets the practical expedient to not separate lease and nonlease components and account for them as a single lease component. ROU assets are subject to review for impairment.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. The Association has elected as an accounting policy not to record ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset.

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 benefits, the sole performance obligation, are 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. 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, 2022 or 2021.

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, 2022 and 2021.

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.

Subsequent Events

The Association has performed an evaluation of subsequent events through August 14, 2023, which is the date the consolidated financial statements were available to be issued and has considered any relevant matters in the preparation of the financial statements and notes. See Note K for subsequent event.

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, 2022 and 2021, respectively:

<u>2022</u>	Total	Level 1
Assets, at fair value:		
Cash and cash equivalents		
Money market funds	\$ 102,670	\$ 102,670
Investments		
Money market funds	2,834,926	2,834,926
Total investments, at fair value	2,937,596	2,937,596
Deferred compensation:		
Exchange traded products and equity mutual funds	484	484
Total deferred compensation at fair value	484	484
Total assets, at fair value	\$ 2,938,080	\$ 2,938,080
<u>2021</u>	Total	Level 1
Assets, at fair value:		
Cash and cash equivalents		
Money market funds	\$ 100,687	\$ 100,687
Investments		
Money market funds	2,803,594	2,803,594
Total investments, at fair value	\$ 2,904,281	\$ 2,904,281
Deferred compensation:		
Exchange traded products and equity mutual funds	373,521	373,521
Total deferred compensation at fair value	373,521	373,521
Total assets, at fair value	\$ 3,277,802	\$ 3,277,802

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, net consists of the following as of December 31, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	Opening Balance	Closing Balance	Opening Balance	Closing Balance
Accounts receivable, net	<u>\$ 193,585</u>	<u>\$ 296,635</u>	<u>\$ 167,700</u>	<u>\$ 193,585</u>

Note D - Promises to Give

Promises to give, net consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 373,266	\$ 868,600
Receivable in one to five years	<u>225,000</u>	<u>450,000</u>
	598,266	1,318,600
Less discount to net present value	(3,325)	(10,296)
Less allowance for doubtful accounts	<u>(397,044)</u>	<u>-</u>
Total promises to give, net	<u>\$ 197,897</u>	<u>\$ 1,308,304</u>

Note E - Deferred Revenue

Deferred revenue consists of the following as of December 31, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	Opening Balance	Closing Balance	Opening Balance	Closing Balance
Membership dues	\$ 2,874,492	\$ 3,128,396	\$ 2,474,953	\$ 2,874,492
Other	<u>237,134</u>	<u>183,007</u>	<u>391,450</u>	<u>237,134</u>
Total Deferred Revenue	<u>\$ 3,111,626</u>	<u>\$ 3,311,403</u>	<u>\$ 2,866,403</u>	<u>\$ 3,111,626</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents	\$ 12,779,894	\$ 10,673,351
Investments	2,834,926	2,803,594
Accounts receivable	296,635	193,585
Promises to give in less than 1 year	<u>373,266</u>	<u>868,600</u>
Subtotal financial assets	16,284,721	14,539,130
Amounts not available within one year:		
Net assets designated for specific purposes	(275,967)	(260,197)
Net assets with donor restrictions	<u>(1,065,564)</u>	<u>(1,842,711)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,943,190</u>	<u>\$ 12,436,222</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, net consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 411,847	\$ 418,700
Furniture and fixtures	140,818	140,818
Equipment	47,380	33,605
Computer equipment	30,706	35,750
Software	206,833	83,706
Telephone	<u>5,967</u>	<u>5,967</u>
	843,551	718,546
Less: accumulated depreciation and amortization	<u>(541,137)</u>	<u>(487,834)</u>
Total property and equipment, net	<u>\$ 302,414</u>	<u>\$ 230,712</u>

Depreciation and amortization totaled \$69,385 and \$89,752 for the years ended December 31, 2022 and 2021, 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 \$149,163 and \$105,571 during the years ended December 31, 2022 and 2021, 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. This agreement was completed in 2017 and in 2022 a new agreement was executed. The Association's contributions to the deferred compensation was \$60,000 for the years ended December 31, 2022 and 2021. The assets of the plan are included with prepaid expenses and other assets. The deferred compensation assets and liability totaled \$484 and \$373,521 at December 31, 2022 and 2021, respectively.

Note I - Commitments

Leases

The Association entered into a 12-year, non-cancelable office lease agreement for office space at 25 Massachusetts Ave, Washington, D.C., commencing on April 24, 2014. The lease contains a provision for increasing the annual rent at a fixed percentage rate of 2.75% per year and an option to renew for one five-year period. The lease provides for certain allowances for leasehold improvements and rent abatements. The Association has not recognized any renewal options as they will not be exercising them. See Note K for a subsequent event related to the Association's office space in Washington, D.C.

The Association entered into a 5-year, non-cancelable office lease agreement for office space at 214 Grant Ave, San Francisco, CA, commencing on February 20, 2020. The lease contains a provision for increasing the annual rent at a fixed percentage rate of 3% per year and an option to renew for one five-year period. The lease provides for certain allowances for leasehold improvements and rent abatements. The Association has not recognized any renewal options as it is uncertain if the option will be exercised.

National Venture Capital Association and Affiliates

Notes to the Consolidated Financial Statements (Continued)

Note I - Commitments (Continued)

The Association's lease costs, terms and discount rates are as follows for the year ending December 31, 2022:

	<u>2022</u>
Operating lease cost:	
Lease cost	\$ <u>362,777</u>
Total lease cost	\$ <u><u>362,777</u></u>
 <u>Other Information</u>	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 453,744
ROU assets obtained in exchange for new operating lease liabilities	1,298,047
 Weighted-average remaining lease term - operating leases	 5.25 years
 Weighted-average discount rate - operating leases	 0.93 %

Future minimum lease payments and reconciliation to the consolidated statement of financial position as of December 31, 2022 are as follows:

	<u>Operating</u>
2023	\$ 466,696
2024	480,018
2025	<u>337,138</u>
Total undiscounted future lease payments	1,283,852
Less: present value adjustment	<u>(15,901)</u>
Lease liability	<u><u>\$ 1,267,951</u></u>

The Association does not have any lease commitments that have not yet commenced as of December 31, 2022.

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, 2022 and 2021, consist of the following:

	Balance at December 31, 2021	Additions	Released	Balance at December 31, 2022
Program:				
PAC	\$ 534,407	\$ 307,005	\$ (370,789)	\$ 470,623
Venture Forward	<u>1,308,304</u>	<u>123,266</u>	<u>(836,629)</u>	<u>594,941</u>
Total net assets with donor restrictions	<u>\$ 1,842,711</u>	<u>\$ 430,271</u>	<u>\$ (1,207,418)</u>	<u>\$ 1,065,564</u>

	Balance at December 31, 2020	Additions	Released	Balance at December 31, 2021
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 net assets with donor restrictions	<u>\$ 2,072,729</u>	<u>\$ 463,467</u>	<u>\$ (693,485)</u>	<u>\$ 1,842,711</u>

Note K - Subsequent Event

The Association entered into a 13-year, non-cancelable office lease agreement for office space at 200 Massachusetts Ave, N.W., Washington, D.C. on May 19, 2023. The Association plans on occupying the leased property in 2024.

National Venture Capital Association and Affiliates

Consolidating Statement of Financial Position

As of December 31, 2022

	NVCA	PAC	Venture Forward	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 5,950,810	\$ 470,623	\$ 6,358,461	\$ -	\$ 12,779,894
Investments, net	2,834,926	-	-	-	2,834,926
Accounts receivable, net	151,035	-	145,600	-	296,635
Venture Forward receivables	884,933	-	-	(884,933)	-
Promise to give, net	-	-	197,897	-	197,897
Deposits and prepaid expenses	499,578	-	-	-	499,578
Deferred compensation	484	-	-	-	484
Property and equipment, net	244,118	-	58,296	-	302,414
ROU assets - operating leases	944,034	-	-	-	944,034
Total assets	<u>\$ 11,509,918</u>	<u>\$ 470,623</u>	<u>\$ 6,760,254</u>	<u>\$ (884,933)</u>	<u>\$ 17,855,862</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 356,096	\$ -	\$ 895,961	\$ (884,933)	\$ 367,124
Deferred revenue	3,195,896	-	115,507	-	3,311,403
Deferred compensation	484	-	-	-	484
Lease liabilities - operating leases	1,267,951	-	-	-	1,267,951
Total liabilities	<u>4,820,427</u>	<u>-</u>	<u>1,011,468</u>	<u>(884,933)</u>	<u>4,946,962</u>
Net assets:					
Without donor restrictions					
Undesignated	6,413,524	-	5,153,845	-	11,567,369
Board designated	275,967	-	-	-	275,967
	<u>6,689,491</u>	<u>-</u>	<u>5,153,845</u>	<u>-</u>	<u>11,843,336</u>
With donor restrictions	<u>-</u>	<u>470,623</u>	<u>594,941</u>	<u>-</u>	<u>1,065,564</u>
Total net assets	<u>6,689,491</u>	<u>470,623</u>	<u>5,748,786</u>	<u>-</u>	<u>12,908,900</u>
Total liabilities and net assets	<u>\$ 11,509,918</u>	<u>\$ 470,623</u>	<u>\$ 6,760,254</u>	<u>\$ (884,933)</u>	<u>\$ 17,855,862</u>

National Venture Capital Association and Affiliates

Consolidating Statement of Activities

Year ended December 31, 2022

	NVCA	PAC	Venture Forward	Eliminations	Total
Activities without donor restrictions:					
Revenue and support					
Member dues	\$ 7,512,227	\$ -	\$ -	\$ -	\$ 7,512,227
Contributions	-	-	368,043	-	368,043
Events	919,913	-	604,500	-	1,524,413
Investment income	80,765	-	65,974	-	146,739
Other income	68,999	-	-	-	68,999
Net assets released from donor restrictions	-	370,789	836,629	-	1,207,418
Total revenue and support	<u>8,581,904</u>	<u>370,789</u>	<u>1,875,146</u>	<u>-</u>	<u>10,827,839</u>
Expenses					
Program services:					
Public policy	2,866,759	370,789	-	-	3,237,548
Membership	820,414	-	-	-	820,414
Communications and marketing	730,052	-	-	-	730,052
Events	522,113	-	11,872	-	533,985
Research	230,334	-	-	-	230,334
Total program services	<u>5,169,672</u>	<u>370,789</u>	<u>11,872</u>	<u>-</u>	<u>5,552,333</u>
Supporting services:					
Management and general	1,844,626	-	636,436	-	2,481,062
Fundraising	-	-	653,491	-	653,491
Total expenses	<u>7,014,298</u>	<u>370,789</u>	<u>1,301,799</u>	<u>-</u>	<u>8,686,886</u>
Change in net assets from activities without donor restrictions	1,567,606	-	573,347	-	2,140,953
Change in net assets with donor restrictions:					
Contributions	-	307,005	123,266	-	430,271
Net assets released from donor restrictions	-	(370,789)	(836,629)	-	(1,207,418)
Change in net assets with donor restrictions	<u>-</u>	<u>(63,784)</u>	<u>(713,363)</u>	<u>-</u>	<u>(777,147)</u>
Change in net assets	1,567,606	(63,784)	(140,016)	-	1,363,806
Net assets, beginning of year	<u>5,121,885</u>	<u>534,407</u>	<u>5,888,802</u>	<u>-</u>	<u>11,545,094</u>
Net assets, end of year	<u>\$ 6,689,491</u>	<u>\$ 470,623</u>	<u>\$ 5,748,786</u>	<u>\$ -</u>	<u>\$ 12,908,900</u>