National Venture Capital Association and Affiliates

Report to the Board of Directors
September 16, 2021

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RSM

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September 16, 2021

Board of Directors
National Venture Capital Association
Washington, D.C.

We are pleased to present this report related to our audit of the consolidated financial statements of National Venture Capital Association and Affiliates (collectively, the Association) as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Association's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Association.

RSM US LLP

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REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the consolidated financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated March 10, 2021. Our audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated April 20, 2021, regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices
Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies
Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Association. The Association did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions
We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates
Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management
We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the consolidated financial statements.

Consultations With Other Accountants
The Association regularly consults with its outsourced accountants, Cordia Partners, about accounting or auditing matters.

Significant Issues Discussed With Management
No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit
We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Association, such as the representation letter provided to us by management, is attached as Exhibit A.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of consolidated financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Association's December 31, 2020 consolidated financial statements.

Significant Accounting Estimates	
Useful Lives of Property and Equipment	
Accounting policy	The Association depreciates property and equipment on a straight-line basis over estimated useful lives depending on the type of asset.
Management's estimation process	Based on historical trends of assets of similar type, useful lives range from three years to seven years.
Basis for our conclusion on the reasonableness of the estimate	RSM US LLP reviewed the useful lives of property and equipment and determined that they are consistent with the Association's accounting policy and performed analytical procedures over depreciation expense
Promises to Give Allowance and Discount on Promises to Give	
Accounting policy	The Association provides for probable losses on promises to give using the allowance method. The Association uses a market rate plus a 2% risk premium to determine an appropriate discount rate applied to multiple year promises to give.
Management's estimation process	Based on management's knowledge of, and relationship with, its donors along with the age of balances, any doubtful accounts are included in the allowance. Management uses the publicly available treasury yield and adds a 2% risk premium to determine the discount rate applied to multiple year promises to give.
Basis for our conclusion on the reasonableness of the estimate	RSM US LLP selected a sample of balances, reviewed their collection history and subsequent collections, and determined that management's assessment of recording no allowance at December 31, 2020, was reasonable. RSM US LLP reviewed the applicable risk-free rates and reviewed the discount calculation to determine that it was reasonable.
Allocation of Functional Expenses	
Accounting policy	Certain indirect or overhead costs are allocated among the program services and the supporting services based on estimated employee effort.
Management's estimation process	Management reviews employee effort estimates annually for reasonableness.
Basis for our conclusion on the reasonableness of the estimate	RSM US LLP reviewed the overhead costs that were allocated and performed analytical procedures to compare the allocations between years and determined the cost allocations were reasonable.

EXHIBIT A

Significant Written Communications Between Management and Our Firm

September 16, 2021

RSM US LLP
2021 L Street, NW, Suite 400
Washington, DC 20036

This representation letter is provided in connection with your audits of the financial statements of National Venture Capital Association and Affiliates (the Association), which comprise the statements of financial position as of December 31, 2020 and 2019, 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, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of September 16, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated March 10, 2021, for the preparation and fair presentation of the consolidated financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. There are no events subsequent to the date of the consolidated financial statements for which U.S. GAAP requires adjustment or disclosure.

7. There are no known actual or possible litigation and claims against the Association.

8. The selection and application of accounting policies are appropriate. We further represent the following are properly recorded and/or disclosed in the consolidated financial statements:

    a. Our tax status, which is exempt under section 501(c)(6) for National Venture Capital Association, Inc. and 501(c)(3) for VentureForward Foundation, Inc. and the Political Action Committee's (PAC), status subject to section 527. In that regard, we have evaluated the tax position under the two step approach for recognition and measurement of uncertain tax positions required by required by the Income Taxes Topic of the FASB Accounting Standards Codification.

    b. Deferred revenue from exchange transactions.

    c. Allocation of expenses on a reasonable basis.

    d. Net assets classification.

    e. Recordable contributions by appropriate net assets class

    f. Eliminating entries.

9. With respect to the financial statement preparation services performed in the course of the audits:

    a. We have made all management decisions and performed all management functions;

    b. We assigned an appropriate individual to oversee the services;

    c. We evaluated the adequacy and results of the services performed, and made an informed decision on the results of the services performed;

    d. We have accepted responsibility for the results of the services; and

    e. We have accepted responsibility for all significant judgements and decisions that were made.

10. We have no knowledge of any uncorrected misstatements in the consolidated financial statements.

Information Provided

11. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements such as records, documentation and other matters;

    b. Additional information that you have requested from us for the purpose of the audits;

c. Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence; and

d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.

13. We have disclosed to you the results of our assessment of risk that the consolidated financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's consolidated financial statements involving:

e. Management.

f. Employees who have significant roles in internal control.

g. Others where the fraud could have a material effect on the consolidated financial statements.

15. We have knowledge of any allegations of fraud or suspected fraud affecting the Association's consolidated financial statements received in communications from employees, former employees, regulators or others.

16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

17. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the consolidated financial statements, and we have not consulted legal counsel concerning litigation or claims.

18. We have disclosed to you the identity of the Association's related parties and all the related-party relationships and transactions of which we are aware.

19. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Association's ability to record, process, summarize and report financial data.

20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

22. With respect to supplementary information presented in relation to the consolidated financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. There were no significant assumptions or interpretations regarding the measurement or presentation of such information

    e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

National Venture Capital Association and Affiliates

Bobby Franklin
Bobby Franklin (Sep 16, 2021 16:47 EDT)

Bobby Franklin
President & Chief Executive Officer

MiChele Solomon

MiChele Solomon
Director of Administration

EXHIBIT B

Recent Accounting Pronouncements

RECENT ACCOUNTING PRONOUNCEMENTS

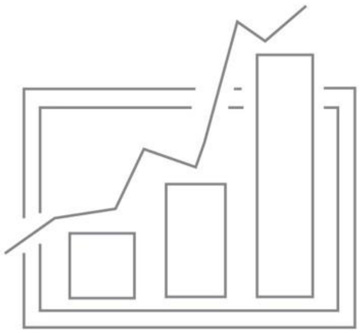
The following accounting pronouncements have been issued as of December 31, 2020, but are not yet effective and may affect the future financial reporting by the Association.

Pronouncement	Summary	RSM *Financial Reporting Insights* resources
ASU 2016-02, *Leases (Topic 842)*	The guidance in this Accounting Standards Update (ASU) supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effective for the Association's year ending December 31, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Association is currently evaluating the impact of the new standard on the consolidated financial statements.	*ASC 842: An overview and a guide to lessee accounting*
ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*	The amendment is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements in presentation and disclosure requirements. Under the new ASU, not-for-profit entities will be required to present contributed nonfinancial assets in the consolidated statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU will be effective for the Association for the year ending December 31, 2022. The adoption of ASU 2020-07 is not expected to have a significant impact on the Association's consolidated financial statements.	*Presentation and disclosure of contributed nonfinancial assets*

EXHIBIT C

Nonprofit Insights

NONPROFIT INSIGHTS



We are pleased to provide real-time, relevant perspectives to help clients anticipate and address the unique issues and challenges facing the nonprofit industry. Our insights and analysis benefit clients and others by deepening understanding of the importance of nonprofit organizations to our economy and society.

We believe the following resources will be useful to the Association:

Link to Ideas & Insights

Live seminars and webcasts

Newsletters and e-alerts

Thought leadership white papers and reports

INSIGHT ARTICLE	LINK
Accounting considerations for PPP loans and Employee Retention Credit	*Insight Article Link*
It can happen to your organization: Addressing nonprofit fraud risks	*Insight Article Link*
How nonprofits can better leverage data to drive mission impact	*Insight Article Link*