

National Venture Capital Association and Affiliates

Consolidated Financial Report
December 31, 2020

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RSM US LLP

Independent Auditor's Report

Board of Directors
National Venture Capital Association

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of National Venture Capital Association and Affiliates (collectively, the Association), which comprise the consolidated 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 (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Venture Capital Association and Affiliates as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Washington, D.C.
September 16, 2021

National Venture Capital Association and Affiliates

**Consolidated Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
Assets		
Cash and cash equivalents	\$ 7,995,843	\$ 5,083,414
Investments	2,803,454	2,793,889
Accounts receivable, net	167,770	103,335
Promises to give, net	1,522,403	1,640,823
Prepaid expenses and other assets	557,943	338,717
Restricted cash	240,081	240,081
Property and equipment, net	290,244	328,538
	<u> </u>	<u> </u>
Total assets	\$ 13,577,738	\$ 10,528,797
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 260,333	\$ 377,854
Deferred revenue	2,866,403	2,095,962
Deferred rent	483,457	547,442
Deferred compensation	284,488	196,340
	<u> </u>	<u> </u>
Total liabilities	3,894,681	3,217,598
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Undesignated	7,311,170	4,656,182
Board designated	299,158	339,813
	<u> </u>	<u> </u>
	7,610,328	4,995,995
With donor restrictions		
	<u> </u>	<u> </u>
	2,072,729	2,315,204
	<u> </u>	<u> </u>
	9,683,057	7,311,199
	<u> </u>	<u> </u>
Total liabilities and net assets	\$ 13,577,738	\$ 10,528,797

See notes to consolidated financial statements.

National Venture Capital Association and Affiliates

**Consolidated Statements of Activities
Years Ended December 31, 2020 and 2019**

	2020	2019
Activities without donor restrictions:		
Revenue and support:		
Member dues	\$ 5,897,931	\$ 5,278,295
Contributions	939,426	1,475,500
Events	664,756	1,079,849
Investment income	14,491	94,937
Other income	12,006	1,716
Net assets released from restrictions	1,652,548	320,329
Total revenue and support	9,181,158	8,250,626
Expenses:		
Program services:		
Public policy	2,992,718	2,363,978
Membership	993,510	1,038,191
Communications and marketing	506,588	478,773
Research	292,590	17,796
Events	81,143	526,910
Total program services	4,866,549	4,425,648
Supporting services:		
Management and general	1,221,518	1,737,800
Fundraising	478,758	105,128
Total expenses	6,566,825	6,268,576
Change in net assets without donor restrictions	2,614,333	1,982,050
Activities with donor restrictions:		
Contributions	1,410,073	2,096,887
Net assets released from restrictions	(1,652,548)	(320,329)
Change in net assets with donor restrictions	(242,475)	1,776,558
Change in net assets	2,371,858	3,758,608
Net assets:		
Beginning	7,311,199	3,552,591
Ending	\$ 9,683,057	\$ 7,311,199

See notes to consolidated financial statements.

National Venture Capital Association and Affiliates

Consolidated Statements of Functional Expenses Years Ended December 31, 2020 and 2019

2020	Program Services					Total Program Services	Supporting Services		
	Public Policy	Membership	Communications and Marketing	Events	Research		Management and General	Fundraising	Total
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
Total expenses	\$ 2,992,718	\$ 993,510	\$ 506,588	\$ 81,143	\$ 292,590	\$ 4,866,549	\$ 1,221,518	\$ 478,758	\$ 6,566,825

2019	Program Services					Total Program Services	Supporting Services		
	Public Policy	Membership	Communications and Marketing	Events	Research		Management and General	Fundraising	Total
Personnel	\$ 1,179,318	\$ 706,448	\$ 388,955	\$ -	\$ -	\$ 2,274,721	\$ 1,134,256	\$ 85,342	\$ 3,494,319
Professional fees	677,415	241,309	18,338	-	-	937,062	217,185	11,962	1,166,209
Meetings and travel	62,861	25,117	15,934	526,910	16,788	647,610	54,529	3,795	705,934
Occupancy and office expense	124,055	65,317	55,546	-	1,008	245,926	321,830	4,029	571,785
Contributions	320,329	-	-	-	-	320,329	10,000	-	330,329
Total expenses	\$ 2,363,978	\$ 1,038,191	\$ 478,773	\$ 526,910	\$ 17,796	\$ 4,425,648	\$ 1,737,800	\$ 105,128	\$ 6,268,576

See notes to consolidated financial statements.

National Venture Capital Association and Affiliates

**Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 2,371,858	\$ 3,758,608
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	88,268	74,203
Net realized and unrealized gains on investments	(9,112)	(55,665)
Loss on disposal of fixed assets	-	627
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(64,435)	(99,904)
Promises to give	118,420	(1,640,823)
Prepaid expenses and other assets	(219,226)	33,551
Increase (decrease) in:		
Accounts payable and accrued expenses	(117,521)	1,084
Deferred revenue	770,441	192,639
Deferred rent	(63,985)	(66,692)
Deferred compensation	88,148	83,214
Net cash provided by operating activities	2,962,856	2,280,842
Cash flows from investing activities:		
Redemption of investments	2,793,302	2,619,104
Purchases of investments	(2,793,755)	(2,619,104)
Purchases of property and equipment	(49,974)	(55,991)
Net cash used in investing activities	(50,427)	(55,991)
Net increase in cash and cash equivalents and restricted cash	2,912,429	2,224,851
Cash and cash equivalents and restricted cash:		
Beginning	5,323,495	3,098,644
Ending	\$ 8,235,924	\$ 5,323,495

See notes to consolidated financial statements.

National Venture Capital Association and Affiliates

Notes to Consolidated Financial Statements

Note 1. 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 follow.

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.

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.

Foundation activities: Activities to promote the growth and effectiveness of venture capital financing through programs that identify, study and report on critical issues affecting the industry, and develop the industry's body of knowledge.

National Venture Capital Association and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

PAC activities: Activities to promote good citizenship through the participation of its contributors in the elective process at the federal level to protect and advance the ideals and values of the Association's member companies.

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. Designated net assets consist of net assets without donor restrictions that have been internally designated to be used for specific purposes.

Designated net assets consisted of the following at December 31, 2020 and 2019:

	2020	2019
Designated for Medic fund	\$ 240,081	\$ 240,081
Designated for CA-VC program	40,242	99,732
Designated for NY-VC program	8,009	-
Designated for MD-VC program	10,826	-
	<u>\$ 299,158</u>	<u>\$ 339,813</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.

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.

Restricted cash: The Association has cash totaling \$240,081 and \$240,081 at December 31, 2020 and 2019, respectively, which has been internally designated for Medic programs.

National Venture Capital Association and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: The Association's investments consist primarily of money market funds, which are carried at fair value.

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 2%. 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, 2020 and 2019, management elected not to record an allowance for doubtful promises to give 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 meetings 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 7).

Revenue and support: The Association's revenue streams under contracts with customers are comprised of membership dues, business conferences and meetings, and sponsorships. 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 benefits 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.

Business conferences and meetings revenue are recognized over the 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.

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 judgements 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.

National Venture Capital Association and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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, 2020 and 2019. 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, 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.

Upcoming accounting pronouncement: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this 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.

In July 2020, the FASB issued 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 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.

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 Consolidated Financial Statements

Note 1. 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: Subsequent events have been evaluated through September 16, 2021, which is the date the consolidated financial statements are available to be issued.

Note 2. Fair Value Measurements and Investments

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.

The following is a summary of input levels used to determine fair values, measured on a recurring basis, at December 31, 2020 and 2019:

2020	Total	Level 1	Level 2	Level 3
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	585	585	-	-
Total investments at fair value	<u>2,803,454</u>	<u>2,803,454</u>	-	-
Deferred compensation:				
Exchange traded products and equity mutual funds				
Total deferred compensation at fair value	<u>284,488</u>	<u>284,488</u>	-	-
Total assets at fair value	<u>\$ 3,188,616</u>	<u>\$ 3,188,616</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Deferred compensation obligation	\$ 284,488	\$ -	\$ 284,488	\$ -
Total liabilities at fair value	<u>\$ 284,488</u>	<u>\$ -</u>	<u>\$ 284,488</u>	<u>\$ -</u>

National Venture Capital Association and Affiliates

Notes to Consolidated Financial Statements

Note 2. Fair Value Measurements and Investments (Continued)

2019	Total	Level 1	Level 2	Level 3
Assets, at fair value:				
Cash and cash equivalents				
Money market funds	\$ 1,200,795	\$ 1,200,795	\$ -	\$ -
Investments:				
Money market funds	2,793,327	2,793,327	-	-
Government obligations	562	-	562	-
Total investments at fair value	<u>2,793,889</u>	<u>2,793,327</u>	<u>562</u>	<u>-</u>
Deferred compensation:				
Exchange traded products and equity mutual funds				
	196,340	196,340	-	-
Total deferred compensation at fair value	<u>196,340</u>	<u>196,340</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 4,191,024</u>	<u>\$ 4,190,462</u>	<u>\$ 562</u>	<u>\$ -</u>
Liabilities:				
Deferred compensation obligation				
	\$ 196,340	\$ -	\$ 196,340	\$ -
Total liabilities at fair value	<u>\$ 196,340</u>	<u>\$ -</u>	<u>\$ 196,340</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. Investments classified in Level 2 were valued by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors used a market approach to obtain pricing spreads based on the credit risk of the issuer, maturity, current yield and other terms and conditions of each security. Management believes the estimated fair values of asset classified in Level 2 to be a reasonable approximation of the exit price for these investments. The deferred compensation liability is based on observable inputs of the related assets and is, therefore, considered a Level 2 item within the fair value hierarchy.

Note 3. Promises to Give

Promises to give consisted of the following at December 31, 2020 and 2019:

	2020	2019
Receivable in less than one year	\$ 800,000	\$ 995,177
Receivable in one to five years	750,000	660,323
	<u>1,550,000</u>	<u>1,655,500</u>
Less discount to net present value	(27,597)	(14,677)
	<u>\$ 1,522,403</u>	<u>\$ 1,640,823</u>

National Venture Capital Association and Affiliates

Notes to Consolidated Financial Statements

Note 4. 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, 2020 and 2019:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 7,995,843	\$ 5,083,414
Investments	2,803,454	2,793,889
Accounts receivable	167,770	103,335
Promises to give	1,522,403	1,640,823
Subtotal financial assets	<u>12,489,470</u>	<u>9,621,461</u>
Amounts not available within one year:		
Net assets designated for specific purposes	(299,158)	(339,813)
Net assets with donor restrictions	(2,072,729)	(2,315,204)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,117,583</u>	<u>\$ 6,966,444</u>

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

Note 5. Property and Equipment

Property and equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Leasehold improvements	\$ 409,942	\$ 409,942
Furniture and fixtures	140,818	99,811
Equipment	33,605	29,599
Computer equipment	30,288	30,288
Software	67,706	62,746
Telephone	5,967	5,967
	<u>688,326</u>	<u>638,353</u>
Less accumulated depreciation and amortization	(398,082)	(309,815)
	<u>\$ 290,244</u>	<u>\$ 328,538</u>

Depreciation and amortization totaled \$88,268 and \$74,203 for the years ended December 31, 2020 and 2019, respectively.

Note 6. 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 \$107,844 and \$98,743 during the years ended December 31, 2020 and 2019, respectively.

National Venture Capital Association and Affiliates

Notes to Consolidated Financial Statements

Note 6. Retirement Plans (Continued)

Deferred compensation plan: 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, 2020 and 2019. The assets of the plan are included with prepaid expenses and other assets. The deferred compensation assets and liability totaled \$284,488 and \$196,340 at December 31, 2020 and 2019, respectively.

Note 7. 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 \$483,457 and \$547,442 at December 31, 2020 and 2019, respectively.

Rent expense is recognized on a straight-line basis and totaled \$343,876 and \$230,369 for the years ended December 31, 2020 and 2019, respectively. The future minimum cash basis lease payments, excluding increases in real estate taxes and operating expenses, are as follows:

Years ending December 31:	
2021	\$ 441,200
2022	453,700
2023	466,700
2024	480,000
2025	337,100
	<u>\$ 2,178,700</u>

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

Note 8. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Association operates. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Association. The continued spread of COVID-19 could adversely impact the Association's operations and may have a material adverse effect on the financial condition of the Association.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
National Venture Capital Association

We have audited the consolidated financial statements of National Venture Capital Association and Affiliates (collectively, the Association), as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets and cash flows of the individual entities, and is 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 consolidating information has been subjected to the auditing procedures applied in the audits 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 standard generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Washington, D.C.
September 16, 2021

National Venture Capital Association and Affiliates

Consolidating Statement of Financial Position December 31, 2020

	NVCA	PAC	Venture Forward	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 3,194,844	\$ 550,326	\$ 4,250,673	\$ -	\$ 7,995,843
Investments	2,803,002	-	452	-	2,803,454
Accounts receivables, net	264,082	-	147,215	(243,527)	167,770
Promises to give, net	-	-	1,522,403	-	1,522,403
Prepaid expenses and other assets	557,943	-	-	-	557,943
Restricted cash	240,081	-	-	-	240,081
Property and equipment, net	278,875	-	11,369	-	290,244
Total assets	\$ 7,338,827	\$ 550,326	\$ 5,932,112	\$ (243,527)	\$ 13,577,738
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 260,333	\$ -	\$ 243,527	\$ (243,527)	\$ 260,333
Deferred revenue	2,821,403	-	45,000	-	2,866,403
Deferred rent	483,457	-	-	-	483,457
Deferred compensation	284,488	-	-	-	284,488
Total liabilities	3,849,681	-	288,527	(243,527)	3,894,681
Net assets:					
Without donor restrictions:					
Undesignated	3,189,988	-	4,121,182	-	7,311,170
Board designated	299,158	-	-	-	299,158
	3,489,146	-	4,121,182	-	7,610,328
With donor restrictions	-	550,326	1,522,403	-	2,072,729
	3,489,146	550,326	5,643,585	-	9,683,057
Total liabilities and net assets	\$ 7,338,827	\$ 550,326	\$ 5,932,112	\$ (243,527)	\$ 13,577,738

National Venture Capital Association and Affiliates

Consolidating Statement of Activities Year Ended December 31, 2020

	NVCA	PAC	Venture Forward	Eliminations	Total
Activities without donor restrictions:					
Revenue and support:					
Member dues	\$ 5,897,931	\$ -	\$ -	\$ -	\$ 5,897,931
Contributions	-	-	1,189,426	(250,000)	939,426
Events	318,225	-	346,531	-	664,756
Investment income (loss)	17,089	-	(2,598)	-	14,491
Other income	12,006	-	-	-	12,006
	<u>6,245,251</u>	<u>-</u>	<u>1,533,359</u>	<u>(250,000)</u>	<u>7,528,610</u>
Net assets released from restrictions	-	409,128	1,243,420	-	1,652,548
Total revenue and support	6,245,251	409,128	2,776,779	(250,000)	9,181,158
Expenses:					
Program services:					
Public policy	2,583,590	409,128	-	-	2,992,718
Membership	993,510	-	-	-	993,510
Events	76,539	-	4,604	-	81,143
Communications and marketing	506,588	-	-	-	506,588
Research	292,590	-	-	-	292,590
Total program services	4,452,817	409,128	4,604	-	4,866,549
Supporting services:					
Management and general	1,417,345	-	54,173	(250,000)	1,221,518
Fundraising	-	-	478,758	-	478,758
Total expenses	5,870,162	409,128	537,535	(250,000)	6,566,825
Change in net assets without donor restrictions	375,089	-	2,239,244	-	2,614,333
Activities with donor restrictions:					
Contributions	-	285,073	1,125,000	-	1,410,073
Net assets released from restrictions	-	(409,128)	(1,243,420)	-	(1,652,548)
Change in net assets with donor restrictions	-	(124,055)	(118,420)	-	(242,475)
Change in net assets	375,089	(124,055)	2,120,824	-	2,371,858
Net assets:					
Beginning	<u>3,114,057</u>	<u>674,381</u>	<u>3,522,761</u>	<u>-</u>	<u>7,311,199</u>
Ending	<u>\$ 3,489,146</u>	<u>\$ 550,326</u>	<u>\$ 5,643,585</u>	<u>\$ -</u>	<u>\$ 9,683,057</u>