



**WOMEN'S BUSINESS ENTERPRISE  
NATIONAL COUNCIL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.**

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DECEMBER 31, 2020**

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## Independent Auditors' Report

Board of Directors  
Women's Business Enterprise National Council, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of the Women's Business Enterprise National Council, Inc. (WBENC), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider 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 WBENC as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Women's Business Enterprise National Council, Inc.

***Report on Summarized Comparative Information***

We have previously audited WBENC's 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Councilor, Buchanan + Mitchell, P.C.*

Washington, D.C.  
October 13, 2021

Certified Public Accountants

**WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,668,753	\$ 3,690,732
Investments	397,937	517,799
Accounts Receivable, Net of Allowance for Doubtful Accounts of Approximately \$49,000 in 2020 and \$145,000 in 2019	914,864	1,107,149
Contributions Receivable	829,000	107,018
Prepaid Expenses	1,108,611	978,268
Other Current Assets	49,756	2,066
Total Current Assets	6,968,921	6,403,032
Investments, Less Current Portion	-	397,921
Fixed Assets, Net	141,003	154,230
Restricted Cash	831,318	843,217
Security Deposits	34,774	34,774
<b>Total Assets</b>	<b>\$ 7,976,016</b>	<b>\$ 7,833,174</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 695,016	\$ 1,125,401
Deferred Rent	13,843	-
Refundable Advance	485,830	-
Deferred Revenue	2,327,500	2,507,780
Total Current Liabilities	3,522,189	3,633,181
Deferred Rent, Less Current Portion	88,894	102,039
Total Liabilities	3,611,083	3,735,220
<b>Net Assets</b>		
Without Donor Restrictions	2,328,510	2,776,336
With Donor Restrictions	2,036,423	1,321,618
Total Net Assets	4,364,933	4,097,954
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,976,016</b>	<b>\$ 7,833,174</b>

*See accompanying Notes to Financial Statements.*

**WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>Revenue</b>				
Membership Dues	\$ 4,447,397	\$ -	\$ 4,447,397	\$ 4,423,333
Contributions	2,537,011	1,011,722	3,548,733	667,875
Exhibitor Fees	-	-	-	707,000
Conference Fees	-	-	-	2,102,101
Sponsorships	135,215	-	135,215	4,440,013
Investment Income	21,140	101	21,241	68,462
Certification Fees	75,250	-	75,250	88,075
Other Income	48,513	-	48,513	24,638
Net Assets Released from Restrictions	297,018	(297,018)	-	-
<b>Total Revenue</b>	<b>7,561,544</b>	<b>714,805</b>	<b>8,276,349</b>	<b>12,521,497</b>
<b>Expenses</b>				
Program Services				
Membership	479,170	-	479,170	814,951
Summit & Salute	916,557	-	916,557	1,993,774
National Conference and Business Fair	360,892	-	360,892	4,692,112
Certification	2,602,986	-	2,602,986	2,803,385
Executive Education	1,064,522	-	1,064,522	397,968
Other Programs	1,714,157	-	1,714,157	751,116
<b>Total Program Services</b>	<b>7,138,284</b>	<b>-</b>	<b>7,138,284</b>	<b>11,453,306</b>
Supporting Services				
Management and General	807,896	-	807,896	932,320
Fundraising	63,189	-	63,189	125,614
<b>Total Expenses</b>	<b>8,009,370</b>	<b>-</b>	<b>8,009,370</b>	<b>12,511,240</b>
Change in Net Assets	(447,826)	714,805	266,979	10,257
Net Assets, Beginning of Year	2,776,336	1,321,618	4,097,954	3,939,175
Adjustment to Adopt ASU 2018-08	-	-	-	148,522
<b>Net Assets, End of Year</b>	<b>\$ 2,328,510</b>	<b>\$ 2,036,423</b>	<b>\$ 4,364,933</b>	<b>\$ 4,097,954</b>

*See accompanying Notes to Financial Statements.*

**WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Program Services						Supporting Services		2020 Total	2019 Total	
	Membership	Summit & Salute	National Conference and Business Fair	Certification	Executive Education	Other Programs	Total Program Services	Management and General			Fundraising
Salaries and Benefits	\$ 366,681	\$ 403,349	\$ 183,340	\$ 440,215	\$ 861,700	\$ 990,333	\$ 3,245,618	\$ 383,185	\$ 55,002	\$ 3,683,805	\$ 3,906,178
Conferences and Meetings	460	409,530	148,275	-	39,760	268,565	866,590	134,244	-	1,000,834	5,073,427
Professional Fees and Outside Services	12,292	22,881	6,671	154,514	29,262	39,184	264,804	157,554	1,844	424,202	497,009
Travel	4,063	16,260	1,461	6,144	-	6,549	34,477	15,711	-	50,188	270,347
Awards and Scholarships	-	-	-	-	30,000	276,570	306,570	-	-	306,570	27,652
Occupancy	32,903	36,194	16,452	39,484	77,323	88,839	291,195	32,903	4,936	329,033	329,294
Postage and Shipping	-	-	-	33	-	-	33	5,337	-	5,370	3,893
Printing and Publications	-	-	-	-	-	-	-	126	-	126	7,691
Supplies	75	325	-	76	-	476	952	8,315	-	9,267	14,036
Telecommunications	3,620	3,961	1,800	4,860	8,461	9,721	32,423	18,434	540	51,397	49,221
Equipment Maintenance and Repair	-	-	-	-	-	-	-	6,878	-	6,878	6,303
Dues and Subscriptions	-	-	-	-	-	8,436	8,436	1,932	-	10,368	1,681
Bank Fees and Interest	26,540	17,693	-	590	4,129	10,027	58,979	18,478	-	77,457	145,994
Depreciation and Amortization	5,786	6,365	2,893	6,943	13,887	15,334	51,208	5,786	868	57,862	86,194
Insurance	-	-	-	-	-	-	-	11,871	-	11,871	11,774
Payments to Affiliated Organizations	-	-	-	1,950,000	-	-	1,950,000	-	-	1,950,000	1,999,340
Miscellaneous	26,750	-	-	127	-	123	27,000	7,142	-	34,142	81,206
<b>Total Expenses</b>	<b>\$ 479,170</b>	<b>\$ 916,557</b>	<b>\$ 360,892</b>	<b>\$ 2,602,986</b>	<b>\$ 1,064,522</b>	<b>\$ 1,714,157</b>	<b>\$ 7,138,284</b>	<b>\$ 807,896</b>	<b>\$ 63,189</b>	<b>\$ 8,009,370</b>	<b>\$ 12,511,240</b>

See accompanying Notes to Financial Statements.

**WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 266,979	\$ 10,257
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Adjustment to Adopt 2018-08	-	148,522
Depreciation and Amortization	57,862	86,194
Net Gain on Investments	(15,913)	(32,514)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	192,285	175,012
Contributions Receivable	(721,982)	(107,018)
Prepaid Expenses	(130,343)	(667,219)
Other Current Assets	(47,690)	25,869
Asset Under Deferred Compensation Plan	-	40,000
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(430,385)	159,643
Deferred Rent	698	102,039
Deferred Compensation Payable	-	(40,000)
Refundable Advance	485,830	-
Deferred Revenue	(180,280)	(397,892)
Net Cash Used in Operating Activities	<u>(522,939)</u>	<u>(497,107)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	-	(395,000)
Redemptions of Certificates of Deposit	533,696	530,882
Net Cash Provided by Investing Activities	<u>533,696</u>	<u>135,882</u>
<b>Cash Flows from Financing Activities</b>		
Purchases of Fixed Assets	(44,635)	(80,441)
Net Cash Used in Financing Activities	<u>(44,635)</u>	<u>(80,441)</u>
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(33,878)	(441,666)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>4,533,949</u>	<u>4,975,615</u>
<b>Cash and Cash Equivalents and Restricted Cash, End of Year</b>	<u>\$ 4,500,071</u>	<u>\$ 4,533,949</u>
<b>Supplementary Disclosures of Cash Flow Information</b>		
Cash and Cash Equivalents	\$ 3,668,753	\$ 3,690,732
Restricted Cash	831,318	843,217
<b>Cash and Cash Equivalents and Restricted Cash</b>	<u>\$ 4,500,071</u>	<u>\$ 4,533,949</u>

*See accompanying Notes to Financial Statements.*



WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization*

Women's Business Enterprise National Council, Inc. (WBENC), is a not-for-profit organization incorporated under the laws of the District of Columbia. WBENC is a third-party certifier of businesses owned, operated, and controlled by women in the United States. WBENC partners with fourteen Regional Partner Organizations (RPOs) to provide its certification to women-owned businesses throughout the country. WBENC provides funding through allocations to the fourteen RPOs to assist them with their WBENC certification operations. WBENC strives to be the nation's leading advocate for women-owned businesses as suppliers to America's corporations. Throughout the year, WBENC provides business development and educational opportunities for member corporations, government agencies, and thousands of certified women-owned businesses at events and other forums.

WBENC's principal sources of revenues are membership dues, sponsorships, and conference registration fees. WBENC's principal programs are:

*Membership:* this is customer service and relationship management for dues-paying corporate and government members of WBENC, including new member onboarding and annual membership renewals; assistance in sourcing certified women businesses for corporate member opportunities; communication, management, and fulfillment of sponsorships; and, education and guidance in development of supplier diversity programs and initiatives.

*Summit & Salute:* this is customarily an annual event sponsored by WBENC to promote its mission of being the leader in women's business development. This event brings together corporate members and women's business enterprises (WBEs) for educational programming, networking opportunities and WBENC's Salute Gala Dinner which is WBENC's primary annual fundraiser.

*National Conference and Business Fair:* this is customarily an annual event sponsored by WBENC to provide educational and networking opportunities to WBEs and the major corporations interested in sourcing from them. The event includes educational sessions on a variety of business topics, a business fair, and multiple networking opportunities.

*Certification:* the foundation of WBENC's mission is to provide certification services to WBEs. Certification audits vet whether or not WBEs meet the standards of being at least 51% owned, operated, and controlled by a woman or women. In addition to the performance of certification services, WBENC strives to provide educational and networking opportunities to certified WBE's.

*Executive Education:* encompasses WBENC's business education programs and WBENC's executive education scholarship funds. WBENC's business education programs include the WBENC-Tuck Executive Education, WeThrive, WeIGNITE, and the Energy Executive programs. WBENC's executive education scholarship funds include the Dorothy B. Brothers Scholarship Fund and the Cheryl W. Snead Scholarship Fund. The purpose of these programs and funds is to provide access to business education for certified WBEs to aid them in better managing their businesses.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Other:* WBENC's other programs include recognition programs, financial guidance and resource programs, and programs that target specific audiences. The recognition programs include the Top Corporations Awards and the WBE Stars Awards. The financial guidance and resource programs include the Financial Center of Excellence/LIFT Program and various grant programs. The programs that target specific audiences include: Collegiate Accelerator, Women of Color, NextGen, and Planet Mogul.

*Basis of Accounting*

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

*Cash and Cash Equivalents*

WBENC considers cash and cash equivalents to be all highly liquid investments, which can be converted into known amounts of cash, including certificates of deposit with original maturity dates of three months or less when purchased.

*Investments*

Investments in marketable securities are stated at fair market value based on quoted market prices for similar assets. Investment income is reported as an increase or decrease in net assets without donor restrictions, unless restricted by donor or law.

*Fixed Assets*

WBENC records property and equipment at cost, if purchased. All acquisitions of property and equipment in excess of \$1,000 and with a useful life of more than one year are capitalized. Donated property and equipment is recorded at fair market value at the date of donation. Depreciation of property and equipment is being provided for by the straight-line method over the estimated useful lives of the related assets.

*Advertising Costs*

Advertising costs are charged to expense when incurred and are included in conferences and meetings expenses. Advertising expense for the year ended December 31, 2020, was approximately \$133,000.

*Accounts Receivable*

Accounts receivable consists of amounts due for event sponsorships, exhibitor fees, and membership dues. WBENC records accounts receivable at estimated net realizable value. Allowances for doubtful accounts are estimated based on the length of time outstanding, past history with and economic circumstances of individual customers. Accounts receivable are written off against the allowance when deemed uncollectible.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Contributions Receivable*

Contributions receivable consist primarily of amounts due from pledges that were not received by WBENC at year-end. Management reviews the collectability of the accounts on a regular basis. No allowance for doubtful accounts is deemed necessary as all amounts are deemed to be fully collectible.

*Revenue Recognition and Net Assets*

Contributions and sponsorships are recognized when a donor makes an unconditional promise to give. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. WBENC reports contributions and grants as without donor restriction and available for general operations unless specifically restricted by the donor.

Net assets without donor-imposed restrictions may include amounts restricted for specific purposes by WBENC's Board of Directors. Contributions and sponsorships that are received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time or are subject to donor-imposed stipulations that they be maintained permanently by WBENC, are reported as net assets with donor restrictions. When the stipulated time restrictions end or the purpose of the restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and sponsorships received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

*Revenue from Contracts with Customers*

Revenue from membership dues is recognized over the period that the membership benefits are consumed by the member. Amounts received or contracted for at year-end that relate to a future membership year are deferred. Conference, exhibitor fees, and sponsorships for annual events are earned at the point-in-time that the related conference takes place. Amounts received or contracted for at year-end that relate to events to be held in a future period are deferred.

*Donated Goods and Services*

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by WBENC. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

*Lease Commitment*

Rent expense is recognized on a straight-line basis over the term of the lease.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes*

WBENC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. WBENC is exempt from the payment of taxes on income other than net unrelated business income.

*Accounting for Uncertain Tax Positions*

WBENC requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. WBENC does not believe its financial statements include, or reflect, any uncertain tax positions. WBENC's Form 990 is generally subject to examination by the taxing authorities for three years after filing.

*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Reclassifications*

Certain 2019 amounts have been reclassified for comparative purposes.

*Functional Allocation of Expenses*

The allocation of expenses among program services, management and general, and fundraising activities, where applicable, is based on direct expenses incurred. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, occupancy, depreciation and amortization. These expenses are allocated on the basis of management's estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

*Prior Year Information*

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2019. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**2. LIQUIDITY AND AVAILABILITY OF RESOURCES**

WBENC's cash flows have seasonal variations due to the timing of conferences, membership dues, and vendor payments. WBENC manages its liquidity to meet general expenditures, liabilities,

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

2. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

and other obligations as they become due. Excess cash flows not needed for day-to-day operations are invested in an interest-bearing cash account and in certificates of deposit with varying maturity dates.

As of December 31, 2020, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2021:

*Financial Assets*

Cash and Cash Equivalents	\$ 3,668,753
Short-Term Investments	397,937
Accounts Receivable	914,864
Contributions Receivable	829,000
	<u>5,810,554</u>
Less Amounts Restricted by Donors for Purpose	(912,505)
Less Amounts Restricted by Board for Cheryl W. Snead Scholarship Fund	(20,000)
Less Amounts Restricted by Board for Reserve	<u>(2,308,510)</u>
Total Financial Assets and Liquidity Available within One Year	<u>\$ 2,569,539</u>

In 2018, WBENC's Board of Directors designated \$20,000 for scholarships in honor of Cheryl W. Snead. In 2015, WBENC's Board of Directors adopted an Unrestricted Net Asset Policy (UNA) under which WBENC would accumulate, over-time, unrestricted net assets approximating 6 to 12 months of operating expenses, to serve as a reserve. The reserve may be used for operating purposes that meet certain criteria and with appropriate approval and reserve replenishment plan.

3. FIXED ASSETS

Fixed assets consisted of the following as of December 31, 2020:

<u>Description</u>	<u>Amount</u>
Equipment	\$ 474,892
Software Development Costs	494,444
Leasehold Improvements	35,580
Furniture and Fixtures	137,387
	<u>1,142,303</u>
Less Accumulated Depreciation and Amortization	<u>(1,001,300)</u>
Fixed Assets, Net	<u>\$ 141,003</u>

4. OPERATING LEASES

WBENC leases office space in Washington, D.C. through March 31, 2024. The lease contains a rent abatement period and annual rent escalations, real estate tax charges, and a lease term extension option.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

4. OPERATING LEASES (CONTINUED)

Future minimum lease payments under the amended operating lease are as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 377,964
2022	393,084
2023	408,804
2024	106,290
Total Future Minimum Lease Payments	<u>\$ 1,286,142</u>

These minimum future rental payments have not been reduced by approximately \$50,000 of sublease rentals to be received in the future under non-cancelable subleases. Rent expense was net of sublease income from an affiliate of approximately \$32,000 for the year ended December 31, 2020.

5. CONCENTRATIONS

WBENC maintains cash balances at financial institutions in Washington, D.C., which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, WBENC's cash balance exceeded the FDIC insurance amounts. Management believes the risk in this situation to be minimal.

At December 31, 2020, one donor accounts for 21% of total accounts and contributions receivable.

6. RESTRICTED CASH

Restricted cash is maintained in two separate bank accounts for the Dorothy B. Brothers Scholarship Fund. One of the accounts holds the \$73,100 of endowment net assets with donor restrictions in perpetuity and the other account holds the temporarily donor-restricted net assets for the Dorothy B. Brothers Scholarship Fund of approximately \$758,000.

7. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

*Level 1* - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

*Level 2* - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

*Level 3* - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and split interest agreements).

**WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**7. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following presents WBENC's assets measured at fair value as of December 31, 2020:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 397,937	\$ -	\$ 397,937
Total Investments	<u>\$ -</u>	<u>\$ 397,937</u>	<u>\$ -</u>	<u>\$ 397,937</u>

**8. CONDITIONAL CONTRIBUTION AND REFUNDABLE ADVANCE**

In 2020, WBENC received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$485,830. The PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If WBENC maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven. Management believes WBENC will meet the criteria for loan forgiveness. However, at December 31, 2020, WBENC is accounting for this SBA loan as a conditional contribution since repayment has not yet been waived, and as such, the loan proceeds are presented as a refundable advance on the statement of financial position.

**9. DEFINED CONTRIBUTION PLAN**

WBENC maintains a 401(k) plan (the Plan) for all eligible employees. Participants may elect to make voluntary contributions to the Plan. WBENC matches participant contributions up to 3% of compensation at the rate of 100% and matches participant contributions of the next 2% of compensation at a rate of 50%. Employer safe harbor contributions for 2020 were approximately \$87,000. WBENC may also make additional discretionary contributions to the Plan. Discretionary contributions for 2020 were approximately \$117,000.

**10. COMMITMENTS AND CONTINGENCIES**

WBENC has entered into contracts with facilities in connection with future meetings and conferences. In the event of cancellation of these agreements by WBENC or if attendance is less than agreed-upon minimum levels, WBENC would be responsible for certain fees. Management does not anticipate cancellation of these events or attendance below minimum levels.

In addition, WBENC has contracts for professional services through 2023 that contain cancellation penalties.

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses and not-for-profit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

**WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.**

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**11. DISAGGREGATION OF REVENUE**

During the year ended December 31, 2020, revenue from contracts with customers has been earned as follows:

	Point in Time	Over Time	Total
Membership Dues	\$ -	\$ 4,447,397	\$ 4,447,397
Sponsorships	135,215	-	135,215
Certification Fees	75,250	-	75,250

**12. NET ASSETS WITH DONOR RESTRICTIONS/ENDOWMENT**

At December 31, 2020, WBENC's net assets with donor restrictions consisted of the following:

Description	Amount
Tuck/WeThrive Program	\$ 105,000
Women of Color Program	69,108
Energy Program	43,114
Virtual Summit and Salute Program	144,000
Women-Owned Business Certification Program	359,000
Planet Mogul Program	10,000
Other Programs	55,000
Cheryl W. Snead Scholarship Fund	127,283
Dorothy B. Brothers Scholarship Fund	802,818
Dorothy B. Brothers Scholarship Fund Endowment	73,100
Time Restricted	248,000
Total Net Assets With Donor Restrictions	\$ 2,036,423

Net assets were released from donor restrictions during 2020 as follows:

Description	Amount
Traction Program	\$ 100,000
Tuck/WeThrive Program	35,000
Women of Color Program	60,000
Time Restricted	102,018
Total Net Assets Released from Restrictions	\$ 297,018

***Dorothy B. Brothers Scholarship Fund Endowment***

Endowment net assets represent funds that are to be invested in perpetuity for the Dorothy B. Brothers Scholarship Fund with the investment income, as available, used for scholarships. Endowment net assets as of December 31, 2020, were \$73,100. There was no activity in this endowment for the year ended December 31, 2020.

***Interpretation of Relevant Law***

WBENC follows the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.



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**12. NET ASSETS WITH DONOR RESTRICTIONS/ENDOWMENT (CONTINUED)**

*Interpretation of Relevant Law (Continued)*

WBENC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment funds, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' real value, which excess is available for appropriation and, therefore, is classified as temporarily restricted net assets until appropriated by WBENC for expenditure.

In accordance with the Act, WBENC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of WBENC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income
- (6) Other resources of WBENC

*Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires WBENC to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020.

*Return Objectives and Risk Parameters*

WBENC has adopted policies for endowment assets that attempt to provide a predictable, secure stream of funding to programs supported by its endowment assets. Endowment assets include those assets of donor-restricted funds that the WBENC must hold in perpetuity or for donor-specified periods.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

WBENC has a goal of protecting the principal investment of the funds supporting its endowments. Therefore, annual expenses charged to the fund are not to exceed the annual net earnings of the fund plus current year temporarily restricted contributions.

**13. ALLOCATION PAYMENTS AND RELATED PARTY TRANSACTIONS**

*Payments to RPOs*

WBENC makes various payments to its affiliated Regional Partner Organizations (RPOs). The allocation payments are to offset the cost of their certification operations and are required to be used for WBENC certification. These payments totaled approximately \$1,950,000 for the year ended December 31, 2020.

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**13. ALLOCATION PAYMENTS AND RELATED PARTY TRANSACTIONS (CONTINUED)**

*Payments to RPOs (Continued)*

Each calendar year, WBENC's management budgets a sum that is available for allocation to RPOs. This amount is approved by the Board of Directors. Customarily, the total amount of the annual allocation pool is approximately 17% of cash-basis unrestricted revenue, payable in five installments. The pool is then allocated among individual RPOs in three ways: fixed equal portions of \$20,000 each; a payment of 20% of the profit from the annual National Conference and Business Fair (the Conference) to the RPO that hosts the Conference; and, a performance-based allocation. The performance-based allocation consists of an amount, weighted at 70%, based on the number of certifications handled by each RPO, and another amount, weighted at 30%, based on the number of attendees and exhibitors at the Conference from each RPO's territory. For the year ended December 31, 2020, the allocation pool was established by the Board of Directors at the 2019 amount.

*Other*

WBENC receives support from organizations that employ members of its Board of Directors. Support from these organizations totaled approximately \$3,266,000 for the year ended December 31, 2020. Accounts receivable as of December 31, 2020, includes approximately \$409,000 due from these organizations.

WBENC purchases services from companies who employ members of its Board of Directors in the normal course of doing business.

WBENC has a retainer agreement with the law firm that employs one of its directors. During the year ended December 31, 2020, WBENC paid approximately \$72,000 to the law firm.

**14. DEFERRED COMPENSATION PLAN**

WBENC maintains a deferred compensation plan to provide benefits to certain key members of management. The related deferred compensation expense for the year ended December 31, 2020, was \$40,000. Any undistributed amounts maintained to provide these benefits to participants under this plan are reported as WBENC assets, with an offsetting deferred compensation liability.

**15. DONATED SERVICES AND NONMONETARY TRANSACTIONS**

The value of donated services and nonmonetary transactions included as revenue and expense in the financial statements are as follows for the year ended December 31, 2020:

Description	Summit & Salute	Other Programs	Management and General	Fundraising	Total
Conferences and Meetings	\$ -	\$ -	\$ -	\$ 133,215	\$ 133,215
Travel	-	684	3,749	-	4,433
Legal	829	-	-	-	829
Total	<u>\$ 829</u>	<u>\$ 684</u>	<u>\$ 3,749</u>	<u>\$ 133,215</u>	<u>\$ 138,477</u>

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**16. AGENCY TRANSACTION**

WBENC has a grant agreement under which it does not have variance power, but has performance obligations to facilitate the operation of training programs. Amounts received under this agency arrangement, \$103,000 at December 31, 2020, is included in accounts payable and accrued expenses in the accompanying statement of financial position.

**17. SUBSEQUENT EVENTS**

Subsequent to year end, the Small Business Administration (SBA) waived repayment of WBENC's first SBA loan under the Paycheck Protection Program (PPP) in the amount of \$485,830. In addition, WBENC has received a second Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$485,830.

Subsequent events were evaluated through October 13, 2021, which is the date the financial statements were available to be issued.