

MARCH 2020 WBENC BOARD OF DIRECTORS MEETING

March 16, 2020

WBENC 

Join Forces. Succeed Together.

NOMINATING GOVERNANCE COMMITTEE REPORT

Presented to Board of Directors

March 16, 2020



Join Forces. Succeed Together.

NOVEMBER BOARD ELECTIONS

BOARD ELECTIONS

Nominations for Existing Corporate Board Seats (1)

Johnson & Johnson Eliza Gonzalez (term exp 2022)

Vacant Corporate Seats (4)

Macy's

Raytheon

Twitter

Verizon

Open Corporate Board Seats (2)

(Formerly) Nokia

(Formerly) Owens & Minor

CORPORATE NOMINATIONS



Eliza Gonzalez

Senior Director, Citizenship Solutions
Johnson & Johnson

- Eliza and her team have responsibility for Supplier Diversity & Inclusion, Supplier Sustainability, Supplier Risk Management and building critical relationships with and outreach to external stakeholders including advocacy groups, NGOs, industry partners and peer companies, as well as internal relationships and outreach across Johnson & Johnson.
- The Citizenship Solutions team is responsible for developing and executing business strategies and solutions for the enterprise that both minimize risk and enhance the Johnson & Johnson reputation through their vast network of suppliers.
- Since 2012, Eliza has been responsible for leading the enablement of talent development for the function as Senior Director Procurement Capabilities and Leadership Development. She has left a legacy of driving significant change while maturing the function's talent development culture in partnership with Human Resources and the Procurement Leadership Team.
- Eliza holds a Bachelor of Science degree in Accounting from Rutgers University, a Master of Business Administration degree from Fairleigh Dickinson University, and is a certified coach in Hogan Assessments. Eliza has also served on the Junior Achievement of NJ Board since 2015 and volunteers as a mentor for transitioning military veterans with the American Corporate Partners.

THANK YOU

WBENC 

Join Forces. Succeed Together.

TREASURER'S REPORT

Theresa Harrison and Pamela Prince-Eason

March 16, 2020

This presentation is WBENC confidential – recipients have signed acknowledgements ensuring confidentiality



Join Forces. Succeed Together.

**WE DID THE RIGHT THING.
TIME HAS PROVEN THAT
WE MADE THE RIGHT DECISION.**

Thank you for your advice and support!

WBENC 

Now We Plan to

Join Forces. Succeed Together.

PRESENTATION TOPICS

- Year-end 2019 Preliminary Financial Results
- Review the 2020 Budget as Approved
- **Full Transparency: 2020 Financial Positioning**

WBENC Board Confidential

YTD DECEMBER 2019 FINANCIAL RESULTS (UNAUDITED)

As of December 31, 2019

2019 was another Healthy Year!

Final Steps for 2019

- Determine whether there will be a profit-sharing accrual in 2019
- **Reclasses:**
 - Evaluate all WBENC revenue to ensure appropriate classification of Unrestricted vs. Restricted Revenue
 - Visa accruals will be reclassified to correct expense accounts
 - Amex accruals will be reclassified to correct expense accounts
- **External Audit:**
 - Process reviews – Revenue Recognition and Controls after leadership change
 - On-site audit in Mid May 2020

YTD DECEMBER PRELIMINARY 2019 FINANCIAL RESULTS

As of December 31, 2019

- **Revenue:** WBENC achieved total revenue of \$12,764,118 compared to the 2019 budget \$12,579,750 and the 2019 mid-year forecast \$12,169,700
 - Unrestricted \$12,392,491
 - Restricted \$ 371,627

- **Expenses:** WBENC had total expenses of \$12,440,913 compared to the 2019 budget \$12,457,064 and the 2019 mid-year forecast \$12,045,353
 - Unrestricted \$12,243,649
 - Restricted \$ 197,264

- **Change in Net Assets (Net Income):** WBENC achieved Net Income of \$158,205 which is in excess of both the 2019 Budget (\$122,686) and 2019 mid-year forecast (\$124,347)
 - Unrestricted \$ 148,842
 - Restricted \$ 174,363
 - Assets released (\$ 90,000)
 - Subtotal **\$ 233,205**
 - Profit Sharing (\$ 75,000) *
 - Final Net Income **\$ 158,205**

*This will be assessed before 4/15/2020 – PPE awaiting impact assessment of COVID-19 projections to make recommendation to Board Chair, Treasurer and Audit Chair.

YEAR-END 2019 FINANCIAL RESULTS (PAGE 1 OF 2)

Balance Sheet as of December 31, 2019

- | | | |
|------------------------------|----------------------------|-----------------|
| • Cash - \$5,449,669 | 12/31/2019 | 3/1/2020 |
| • Operating Account | \$ 1,440,283 | \$ 3,052,575 |
| • Excess Cash Account | \$ 2,044,567 | |
| • Investment Account | \$ 1,051,602 | |
| • Liquid Assets | <u>\$ 4,536,452</u> | |
| • Restricted Funds (DBB/CWS) | \$ 913,217 | |
| • Total Cash Assets | \$ 5,449,669 | |
-
- **Accounts Receivable (net) - \$1,331,306**

YEAR-END 2019 FINANCIAL RESULTS (PAGE 2 OF 2)

Balance Sheet Measures as of December 31, 2019

- **Net Liquid Current Assets - \$4,988,171**
(Cash & Accounts Receivable – Accounts Payable & Accrued Expenses)

- **Net Working Capital - \$3,172,203**
(Current Assets – Current Liabilities)

END of TOPIC 1

EXECUTIVE SUMMARY 2020 RECOMMENDED BUDGET

Topic 2

REMINDER: Approved Budget in November 2019

- Revenue: \$12,670,000
- Expenses: \$12,573,500
- Net Income: \$96,500

2020 RECOMMENDED BUDGET: REVENUE BY CATEGORY

Revenue	2020 Budget	With 2020 S&S Postponement	With 2020 S&S/NCBF Estimated Impact
Membership	\$4,552,000	\$4,375,000	\$4,375,000
Sponsorship	\$4,935,000	\$2,710,000	\$896,000
Contributions	\$160,000	\$160,000	\$160,000
Registration Fees	\$2,103,000	\$1,685,700	\$385,700
Exhibit Fees (all NCBF)	\$750,000	\$500,000 - \$750,000	0
Other Revenues	\$170,000	\$90,000	\$90,000
Total Revenue	\$12,670,000		

Join Forces. Succeed Together.

2020 RECOMMENDED BUDGET: SPONSORSHIP & REGISTRATION BREAKDOWN (PAGE 1 OF 2)

Sponsorships	2020 Budget	2020 Low	2020 High
Summit + Salute	\$1,300,000	\$500,000	\$500,000 - \$1,229,000
NCBF (50-64%)	\$2,900,000	0	\$1,450,000-\$1,850,000
In-Kind Media	\$150,000	\$50,000	\$150,000
Tuck Program	\$120,000	\$120,000	\$120,000
Student Program	\$200,000	0	\$100,000
Energy Program	\$120,000	\$106,000	\$120,000
Other Programs	\$145,000	\$120,000	\$120,000
Total Sponsorships	\$4,935,000	\$ 896,000	\$2,710,000

Join Forces. Succeed Together.

FINANCIALS

Registration	2020 Budget	2020 Likely	Notes
Summit + Salute	\$580,000	\$0-\$70,000	
NCBF (64%)	\$1,300,000	\$0-\$832,000	
In-Kind Media	n/a	n/a	
Tuck Program <ul style="list-style-type: none"> • DBB - \$65,000 • Reg - \$80,000 	\$145,000	\$120,000	Obligations: Curriculum - \$150K; Room \$90,000
Student Program	n/a	n/a	
Energy Program <ul style="list-style-type: none"> • DBB - \$60,000 • Reg - \$18,000 	\$78,000	\$78,000	Obligations: Curriculum & Space \$125,000
Other Programs	n/a	n/a	
Total Registrations	\$2,103,000	\$198,000 +	<i>(Page 2 of 2)</i>

TOPIC 3 - ASSUMPTIONS: 2020 BUDGET REVISION

(AS OF MARCH 16, 2020 BOARD MEETING)

- Programs can still be executed and provide engagement & opportunity:
 - Energy Executive Program
 - Robert Half ALD Program
 - Tuck Executive Program
 - Wells Fargo Traction Growth Program
 - Women of Color 2020 Vision Program
- A matchmaker series can be executed in 2020 – in collaboration with RPOs to meet Corporate and WBE needs
- Business Lab series can be done remotely or in small group series around the U.S.
- Deploy WBENC (&RPO) staff to support new activities that expand WBE access to corporate supply chains
 - Work to identify gaps in industry supply chains
 - Cleanse diverse suppliers for corporations (WBE and possibly more)
 - Work to support messaging within the corporation of procurement needs
- Launch Virtual Happy Hour to listen to and speak to WBEs about concerns with RPO network, Forum and WOD leadership

FINANCIALS

2020 Total Expenses Budget: Event Category	2020 Budget	With 2020 S&S Postponement	W/ S&S/NCBF (Est) Impact
Events	\$5,402,500	TBD	TBD
Salaries, Bene + PT	\$3,702,000	\$3,500,000	\$3,300,000
RPO Allocation	\$1,950,000	\$1,950,000	\$1,950,000
Professional Fees	\$532,000	\$477,000	\$477,000
Rent + Utilities	\$350,000	\$200,000-350,000	\$200,000-TBD Vacate by 7/20
Travel	\$235,000	\$135,000 - 200,000	\$135,000
Credit Card Fees	\$125,000	\$125,000	\$125,000
Depreciation	\$80,000	\$80,000	\$80,000
Other Expenses	\$197,000	\$110,000	\$110,000
Total Expenses	\$12,573,500	TBD	TBD

ANTICIPATING QUESTIONS

Insurance Policies and Contract Obligations

1. General liability
2. Special event insurance
3. Directors & officers insurance
4. Contract terms

2020 EVENT DETAILS PRIOR TO POSTPONEMENT (S&S)

- **Liabilities**
 - Gaylord Opryland \$1,250,000 (\$388,000 deposit)
- **Sunk/Prepaid Costs**
 - Hargrove \$ 184,000
 - Experient 47,400
 - Limb 28,000
 - Trattativa 20,000
 - Stars Expenses 60,000
- **Postponed**
 - Speaker/Entertainment \$103,000
- **Amounts not spent**
 - Staff/Non-staff Travel \$ 60,000
 - Temps/Security \$ 15,000
 - Electrical/Space \$ 25,000
 - Experient Shipping \$ 10,000
 - Hargrove SOW transporting, setup on site, breakdown and return = TBD

2020 EVENT LIABILITIES (NCBF)

- **Liabilities**

- Atlanta Hotels $5,580 \text{ nights} \times .75 = 4,185 \times \$245 = \$1,025,000$
 $5,580 \times \$245 = \$1,367,100$
- Atlanta Convention Center \$ 380,000
- Atlanta Aquarium \$114,750 (\$57,000 deposit)

- **Deposits/Prepaid Costs**

- Hargrove \$ 465,000
- Experient 16,500
- Limb 34,500
- SMPR 30,000

- **Amounts not spent**

- Student travel \$35,000
- Staff/Non-staff Travel TBD
- Temps/Security TBD
- Electrical/Space TBD
- Experient Shipping TBD
- Hargrove SOW transporting, setup on site, breakdown and return = TBD

QUESTIONS?

Thank You

WBENC 

Join Forces. Succeed Together.

WBENC BOARD MEETING

NCC UPDATE – CERTIFICATION OF CANNABIS AND CANNABIS RELATED BUSINESSES

MARCH 16, 2020



Join Forces. Succeed Together.

AGENDA

- Background
- Legal Opinion
- WBENC BOD Feedback
- Next Steps

BACKGROUND

- WBENC has been asked by RPO's and women business owners if it will certify women-owned businesses who produce, sell, or distribute cannabis or cannabis related products.
- This is not a simple question because cannabis production, distribution and sales are still illegal at the federal level. For that reason, WBENC consulted legal counsel and their opinion follows.

The NCC reviewed this request and the briefing at their November meeting. Followed a motion to recommend that WBENC certify women-owned businesses who produce, sell, or distribute cannabis or cannabis related products, providing they meet all WBENC certification requirements, the NCC approved the motion and referred this to the CEO and Board Chair for further action.

SUMMARY OF LEGAL OPINION

What is the impact on WBENC's 501(c)(3) status if it certifies that a business engaged in "legal" cannabis production and sales is woman owned?

- The opinion provided is that given WBENC's broader work and the fact that this is just a very small part of what WBENC does, and most of what WBENC and its Regional Partners do has nothing to do with cannabis, there should be no impact. Moreover, WBENC is not advocating for that business; WBENC is just certifying that the owner/controller is female.
- Additionally, WBENC was advised that K&L Gates has seen no discussion in the tax press of any jeopardy to existing non-cannabis Section 501(c)(3) exempt organizations such as WBENC simply "certifying" ownership of a business (including but not limited to a cannabis business) as being woman-owned. And sees no Federal policy implications in so certifying.

Summary comments from opinion include

- The bottom line is that cannabis production, distribution and sales is still illegal at the federal level. It is legal in 33 states (medicinal) and about 10 others (adult use). That is an inconsistency/conflict that is basically unique and unprecedented in the US.
- The federal government does not enforce the federal prohibition other than in unusual situations, based on a policy by the Attorney General and a prohibition on appropriations to enforce enacted by Congress.
- Everyone basically looks to state law. Thus, to the extent your certification requires some statement about the legality of the business, every cannabis business in states where it is legal gets a specific permit or authorization to operate and WBENC should make sure the business certifies that they are operating in compliance with the state permitting requirements governing cannabis where they operate.
- The attorney did not recommend WBENC certify anyone who is transporting any product across state lines (that is basically illegal in states and at the federal level) nor did the attorney recommend that WBENC certify anyone operating in a state where cannabis (either medical or recreational) is not legalized.

BOARD FEEDBACK SUMMARY

- Overall all Board Members noted general recognition that some products are illegal Federally but also recognition that no legal action is being taken when it is legal at the State level. As long as we are following State law, all are comfortable certifying cannabis related businesses.
- The most concern in certifying these businesses is from Financial Services/Banking due to Federal Charters and other Federal Regulations impacting their businesses. After legal department reviews, final determinations are that this should be okay. *Pam Eason will continue to monitor this closely to ensure that none of our network actions will jeopardize our network from receiving funding from Financial Services/Banking.*
- Repeated insight that this is projected to be a multi-billion dollar business and it is essential that we get certified WBEs and MBEs in it at the ground floor. The potential impact to jobs, communities, wealth, etc., is very high and we should be progressive in this space.

NEXT STEPS

- The NCC is seeking WBENC Board Approval

Motion: The NCC is seeking from the WBENC Board of Directors approval to offer WBENC Certification to Cannabis and Cannabis related businesses.

- If approved, the NCC and WBENC will work with the RPOs to implement the certification of women-owned businesses who produce, sell, or distribute cannabis or cannabis related products
- WOSB Certification will not be offered for these businesses

WBENC BOARD MEETING

NCC UPDATE – VIRTUAL SITE VISIT PROCESS

MARCH 16, 2020



Join Forces. Succeed Together.

AGENDA – VIRTUAL SITE VISIT PROCESS

- Background
- Criteria – New Certifications
- Criteria – Recertifications
- Process Requirements
- WBENC BOD Feedback
- Virtual Site Visit Process Next Steps
- Temporary Virtual Site Visit Process Update and Next Steps

VIRTUAL SITE VISIT BACKGROUND

- In 2017 the NCC was asked to consider virtual site visits at the request of the RPOs
- In 2018, the pilot results and implementation recommendations were reviewed with the NCC
- At the November 2018 NCC meeting, the criteria and ability to implement it came under question, warranting action to revisit the criteria
- A new subcommittee was formed in December 2019, they presented new criteria to NCC in February 2019
- The RPO leaders on the sub-committee requested the opportunity to consult their peer RPO leaders at their next meeting
- Coming out of the RPO leader review, the Leadership Council requested edits, requiring follow up on three points to assess implications for WBENC
 - The three points in question, which we will cover today, have been reviewed and discussed with NCC leadership and the Leadership Council, all parties are in alignment on moving ahead with the final criteria
- The Virtual Site Visit Process Proposal was brought to the NCC in November for a final review and vote, the NCC voting to approve the proposal, requested it be moved to the next step for input and approval

VIRTUAL SITE VISIT PROCESS CRITERIA - NEW

The Virtual Site Visit option for **NEW CERTIFICATIONS** is a temporary measure, meant to accommodate specific situations where weather or travel requirements temporarily preclude the RPO's ability to perform an on-site visit.

Virtual Site Visits may be conducted on **NEW CERTIFICATIONS** only in the following circumstances and according to the following criteria:

- A formal request has been submitted and approved by WBENC certification department, AND
- Inclement weather precludes travel to the principal place of business OR
- The business is located outside a 60-minute travel time for site visitor via ground transportation AND
- The business meets the following certification committee review criteria:
 - Recommendation is to certify
 - Resume(s) of female owner(s) clearly show expertise in primary NAICS code field
 - The business is not being screened for any additional certifications that requires an in-person site visit
 - An in-person site visit **MUST** be conducted within 6 months of certification granted

VIRTUAL SITE VISIT PROCESS CRITERIA - RECERTIFICATIONS

Virtual Site Visits may be conducted on RECERTIFICATIONS according to the following criteria:

1. The business meets all the following certification committee review criteria:

- Has had at least (1) one recertification in-person site visit
- Unanimous recommendation is to recertify
- No changes to ownership, management and/or control since last review
- Resume(s) of female owner(s) clearly show expertise in primary NAICS code field
- Has not relocated company principal place of business since last site visit
- Must be able to view the functional mission of the business for which being certified (virtual tour required)

2. The business is not being screened for an additional certifications that require an in-person site visit. This includes WOSB as well as any local RPO certification related MOU's. The implications of local RPO certification related MOU's are the responsibility of the RPO to manage.

VIRTUAL SITE VISIT PROCESS REQUIREMENTS

ALL Virtual site visits (**for both New Certifications & Recertifications**) must adhere to the following **PROCESS REQUIREMENTS** criteria:

- No more than two (2) consecutive virtual site visits may be conducted for a company
- Have a photo ID of the female owner(s)
- If multiple owners, those holding at least 51% must be present for site visit, either at the principal place of business or via the virtual site visit where the site visit is conducted at the principal place of business with owners attending virtually
- Virtual site visitor must conduct the virtual visit at the RPO office
- If the virtual site visitor recommends denial, the file will go back to committee and the committee may require an in-person site visit before rendering a final decision

VIRTUAL SITE VISIT PROCESS BOARD FEEDBACK

Summary - There is strong support for this process change from all constituents; Corporations, WBEs and RPOs.

- Several suggestions on the defined criteria have been covered in today's presentation, of note
 - WBE has had at least (1) one recertification in-person site visit
 - No more than two (2) consecutive virtual site visits may be conducted for a company

Two important insights from corporate experience that are worth noting:

- While the virtual site visit makes sense for recertification, to protect the value and reputation over the long haul, I'd suggest WBENC maintain a minimum frequency for onsite certification, for example, once every 2 years, even if "no change in business or no concerns." **Response - See criteria above regarding frequency of in-person site visit.**
- Has there been any consideration to cost and fees? The Board Member was not saying there should be, but knows the value we place on certification. A WBE who has to pay the same fee whether the annual certification is on-site or it's virtual may have a very different view. They certainly "save" on the time and prep side, but they may see value differently and be expecting a lower cost or concession in the absence of proactive communications. **Response – The WBE pays an annual certification application fee, the site visits are conducted once every three years. WBENC is still conducting the site visit, we are choosing to utilize technology in a controlled process to improve the process efficiencies for WBENC and the WBE.**

Alternative for consideration:

- This board member understands there is a lot of pressure to reduce the burden of the certification process on both the applicant and the RPO but personally would prefer WBENC pursue changes that reduced the amount of documentation required for certification and/or extending the length of a certification before adjusting site visit procedures. That being said there is trust in Pam and the NCC to be surgical and thoughtful in how this is executed. **Response – WBENC, the RPO's and the NCC regularly look at process improvement opportunities in the certification process and appreciate the input.**
 - The physical site visit is one of the most time consuming elements of the certification process and therefore evaluating virtual site visits under a controlled process became a goal of the NCC.
 - Extending the length of certification has been considered in the past by the NCC and as recently as November 2018, feedback from our corporate members and RPOs indicated that annual certification is an effective means to stay connected with the WBE and ensure timely validation of certification.
 - Regarding documentation requirements, a document review was conducted in late 2016 prior to the implementation of WBENCLink2.0, we will take this suggestion under advisement with the NCC in 2020.

VIRTUAL SITE VISIT PROCESS NEXT STEPS

- The NCC is seeking WBENC Board Approval

Motion: The NCC is seeking approval from the WBENC Board of Directors to approve the WBENC Virtual Site Visit Process as documented in today's presentation

- The NCC and WBENC along with the RPO's will manage the use of a temporary virtual site visit process as outlined in the following slides
- The WBENC Board will receive an update following a checkpoint scheduled for April 30 where WBENC, the Leadership Council, and the NCC will recommend whether or not to extend the temporary process
- WBENC will provide the NCC reporting on the virtual site elements being tracked by the RPOs on a monthly basis

TEMPORARY VIRTUAL SITE VISIT UPDATE

Due to concerns across our network about completing in-person site visits with existing and potentially expanding travel bans and state mandates related to the coronavirus outbreak, with WBENC leadership support, the Leadership Council voted to unanimously approve the motion below. The motion was reviewed with NCC leadership and General Counsel, each of whom agreed with moving forward.

Motion:

That all site visits be converted to virtual site visits during time of the coronavirus outbreak and to revisit conducting physical site visits once deemed safe to travel.

Assumptions:

- We are suspending all criteria for New Certifications, EXCEPT the requirement for an in-person site visit within six months
- We are suspending all criteria for Recertification virtual site visits and will track data
- Once the temporary process is lifted, future site visits will be done in accordance with WBENC policy
- We modified the process requirement for the virtual site visit to be done at the RPO office, the virtual site visit may now be done at the RPO office OR a professional location conducted by a trained volunteer or trained RPO staff
- RPO Certification teams are required to update a flagged status in WBENCLink to indicate a VSV was used and will track data on whether or not the business meets the eight virtual site visit criteria

TEMPORARY VIRTUAL SITE VISIT NEXT STEPS

- The temporary change went in effect Monday, March 9, understanding that it would take a few days to implement across the network
- WBENC notified the SBA of our temporary process change to utilize our virtual site visit process for all site visits during the time of the coronavirus outbreak
- WBENC met with the RPO Certification teams March 11 to review the impact of the temporary process change and to provide documented instructions
- WBENC, with Leadership Council Chair, and Vice Chair will draft a site visitor survey by March 20 to solicit feedback on their overall virtual site visit experience
- WBENC, the Leadership Council, and the NCC will reassess this temporary use of the Virtual Site Visit process on April 30

QUESTIONS

WBENC 

Join Forces. Succeed Together.