

**WBENC**

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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

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DECEMBER 31, 2019**

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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, 2019, 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, 2019, 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.

***Emphasis of Matter***

As discussed in Note 2 of the financial statements, WBENC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

***Report on Summarized Comparative Information***

We have previously audited WBENC's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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.  
January 28, 2021

Certified Public Accountants

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

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)**

<b>Assets</b>	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,690,732	\$ 4,024,081
Investments	517,799	505,309
Accounts Receivable, Net of Allowance for Doubtful Accounts of Approximately \$145,000 in 2019 and \$120,000 in 2018	1,107,149	1,282,161
Contributions Receivable	107,018	-
Prepaid Expenses	978,268	311,049
Other Current Assets	<u>2,066</u>	<u>27,935</u>
Total Current Assets	6,403,032	6,150,535
<b>Investments, Less Current Portion</b>	397,921	513,779
<b>Fixed Assets, Net</b>	154,230	159,983
<b>Restricted Cash</b>	843,217	951,534
<b>Security Deposits</b>	34,774	34,774
<b>Assets under Deferred Compensation Plan</b>	<u>-</u>	<u>40,000</u>
<b>Total Assets</b>	<u><u>\$ 7,833,174</u></u>	<u><u>\$ 7,850,605</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 1,125,401	\$ 965,758
Deferred Revenue	<u>2,507,780</u>	<u>2,872,172</u>
Total Current Liabilities	3,633,181	3,837,930
<b>Deferred Compensation Payable</b>	-	40,000
<b>Deferred Rent, Less Current Portion</b>	102,039	-
<b>Deferred Revenue, Less Current Portion</b>	<u>-</u>	<u>33,500</u>
Total Liabilities	3,735,220	3,911,430
<b>Net Assets</b>		
Without Donor Restrictions	2,776,336	2,902,440
With Donor Restrictions	<u>1,321,618</u>	<u>1,036,735</u>
Total Net Assets	<u>4,097,954</u>	<u>3,939,175</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 7,833,174</u></u>	<u><u>\$ 7,850,605</u></u>

*See accompanying Notes to Financial Statements.*

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>Revenue</b>				
Membership Dues	\$ 4,423,333	\$ -	\$ 4,423,333	\$ 4,343,375
Contributions	379,592	288,283	667,875	250,769
Exhibitor Fees	707,000	-	707,000	805,600
Conference Fees	2,102,101	-	2,102,101	2,096,549
Sponsorships	4,349,685	90,328	4,440,013	4,962,572
Investment Income	62,205	6,257	68,462	30,465
Certification Fees	88,075	-	88,075	91,100
Other Income	24,638	-	24,638	83,782
Net Assets Released from Restrictions	248,507	(248,507)	-	-
<b>Total Revenue</b>	<b>12,385,136</b>	<b>136,361</b>	<b>12,521,497</b>	<b>12,664,212</b>
<b>Expenses</b>				
Program Services				
Membership	814,951	-	814,951	850,164
Summit & Salute	1,993,774	-	1,993,774	1,782,216
National Conference and Business Fair	4,692,112	-	4,692,112	4,609,646
Certification	2,803,385	-	2,803,385	2,812,763
Other Programs	1,149,084	-	1,149,084	1,223,795
<b>Total Program Services</b>	<b>11,453,306</b>	<b>-</b>	<b>11,453,306</b>	<b>11,278,584</b>
Supporting Services				
Management and General	932,320	-	932,320	1,038,370
Fundraising	125,614	-	125,614	189,981
<b>Total Expenses</b>	<b>12,511,240</b>	<b>-</b>	<b>12,511,240</b>	<b>12,506,935</b>
Change in Net Assets	(126,104)	136,361	10,257	157,277
Net Assets, Beginning of Year	2,902,440	1,036,735	3,939,175	3,781,898
Adjustment to Adopt ASU 2018-08	-	148,522	148,522	-
<b>Net Assets, End of Year</b>	<b>\$ 2,776,336</b>	<b>\$ 1,321,618</b>	<b>\$ 4,097,954</b>	<b>\$ 3,939,175</b>

*See accompanying Notes to Financial Statements.*

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

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services					Supporting Services			Total
	Membership	Summit & Salute	National Conference and Business Fair	Certification	Other Programs	Total Program Services	Management and General	Fundraising	
Salaries and Benefits	\$ 624,988	\$ 507,803	\$ 976,545	\$ 781,236	\$ 468,741	\$ 3,359,313	\$ 468,741	\$ 78,124	\$ 3,906,178
Conferences and Meetings	-	1,321,134	3,103,673	39,981	507,651	4,972,439	72,350	28,638	5,073,427
Professional Fees and Outside Services	22,659	18,410	39,996	207,549	51,919	340,533	153,497	2,979	497,009
Travel	18,116	47,506	1,543	34,676	43,735	145,576	124,467	304	270,347
Awards and Scholarships	-	-	2,082	-	19,125	21,207	-	6,445	27,652
Occupancy	52,687	42,808	82,324	65,859	39,515	283,193	39,515	6,586	329,294
Postage and Shipping	-	-	-	65	27	92	3,801	-	3,893
Printing and Publications	-	-	-	-	500	500	7,191	-	7,691
Supplies	-	171	-	666	61	898	13,138	-	14,036
Telecommunications	6,508	5,288	10,169	8,615	4,881	35,461	12,946	814	49,221
Equipment Maintenance and Repair	-	-	-	-	-	-	6,303	-	6,303
Dues and Subscriptions	-	-	-	-	-	-	1,681	-	1,681
Bank Fees and Interest	24,702	33,420	80,431	727	2,355	141,635	4,359	-	145,994
Depreciation and Amortization	13,791	11,205	21,549	17,239	10,343	74,127	10,343	1,724	86,194
Insurance	-	-	-	-	-	-	11,774	-	11,774
Payments to Affiliated Organizations	-	-	363,800	1,635,540	-	1,999,340	-	-	1,999,340
Miscellaneous	51,500	6,029	10,000	11,232	231	78,992	2,214	-	81,206
<b>Total Expenses</b>	<b>\$ 814,951</b>	<b>\$ 1,993,774</b>	<b>\$ 4,692,112</b>	<b>\$ 2,803,385</b>	<b>\$ 1,149,084</b>	<b>\$ 11,453,306</b>	<b>\$ 932,320</b>	<b>\$ 125,614</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, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 10,257	\$ 157,277
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Adjustment to Adopt 2018-08	148,522	-
Depreciation and Amortization	86,194	88,060
Net Gain on Investments	(32,514)	(15,449)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	175,012	(127,684)
Contributions Receivable	(107,018)	-
Prepaid Expenses	(667,219)	252,434
Other Current Assets	25,869	(26,409)
Asset under Deferred Compensation Plan	40,000	250,362
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	159,643	115,838
Deferred Rent	102,039	(68,228)
Deferred Compensation Payable	(40,000)	(250,362)
Deferred Revenue	(397,892)	65,522
Net Cash (Used in) Provided by Operating Activities	<u>(497,107)</u>	441,361
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(395,000)	(515,000)
Redemptions of Certificates of Deposit	530,882	515,000
Net Cash Provided by Investing Activities	135,882	-
<b>Cash Flows from Financing Activities</b>		
Purchases of Fixed Assets	(80,441)	(109,649)
Net Cash Used in Financing Activities	<u>(80,441)</u>	<u>(109,649)</u>
Net (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	(441,666)	331,712
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>4,975,615</u>	<u>4,643,903</u>
<b>Cash and Cash Equivalents and Restricted Cash, End of Year</b>	<u>\$ 4,533,949</u>	<u>\$ 4,975,615</u>
<b>Supplementary Disclosures of Cash Flow Information</b>		
Cash and Cash Equivalents	\$ 3,690,732	\$ 4,024,081
Restricted Cash	843,217	951,534
<b>Cash and Cash Equivalents and Restricted Cash</b>	<u>\$ 4,533,949</u>	<u>\$ 4,975,615</u>

*See accompanying Notes to Financial Statements.*



WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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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 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 business enterprises 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 an annual event sponsored by WBENC to promote its mission of being the leader in women's business development. This annual conference and business fair brings together major corporations interested in building world-class supplier diversity programs, and the women business owners who are seeing to break through the barriers.

*Certification:* certifying women owned businesses is the foundation of WBENC's mission, along with connecting WBENC-certified women business enterprises with WBENC's corporate members to facilitate real time business opportunities and serves as a resource to offer training that helps the women business enterprise and corporate members grow their capacity.

*Other:* includes scholarship and other programs such as Tuck, Student Entrepreneur, and Business Stars.

*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.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

*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, 2019, was approximately \$109,000.

*Accounts Receivable*

Accounts receivable consists of amounts due for 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.

*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 certain 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.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

*Revenue Recognition and Net Assets (Continued)*

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.

*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.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

*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 2018 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, 2018. 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, 2018, from which the summarized information was derived.

**2. ADOPTION OF NEW ACCOUNTING STANDARDS**

*Accounting Standards Update 2018-08*

During the year ended December 31, 2019, WBENC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, the cumulative-effect adjustment to opening net assets with donor restrictions as of January 1, 2019, was an increase of approximately \$149,000.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**2. ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

*Accounting Standards Codification Topic 606*

During the year ended December 31, 2019, WBENC adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of January 1, 2019, to all contracts open at January 1, 2019. Analysis of the various provisions of this standard resulted in no significant changes in the way WBENC recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

*Accounting Standards Update 2016-18*

During the year ended December 31, 2019, WBENC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The ASU requires information about cash flows from cash and cash equivalents and restricted cash. Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the users of its financial statements. Before the change, restricted cash was not included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the statement of cash flows. This change in accounting principle was adopted on a retrospective basis in 2019. The effect of this change was to increase total cash and cash equivalents and restricted cash in the statement of cash flows by approximately \$1,032,000 and \$952,000 at the beginning of 2018 and 2019, respectively.

**3. 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, 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.

WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

As of December 31, 2019, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2020:

*Financial Assets*

Cash and Cash Equivalents	\$ 3,690,732
Restricted Cash	843,217
Short-Term Investments	517,799
Accounts Receivable	1,107,149
Contributions Receivable	107,018
	<u>6,265,915</u>
Less Amounts Restricted by Donors for Purpose	(1,219,600)
Less Amounts Restricted by Board for Cheryl W. Snead Scholarship Fund	(20,000)
Less Amounts Restricted by Board for Reserve	<u>(2,756,336)</u>
Total Financial Assets and Liquidity Available within One Year	<u>\$ 2,269,979</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.

**4. FIXED ASSETS**

Fixed assets consisted of the following as of December 31, 2019:

Description	Amount
Equipment	\$ 437,759
Software Development Costs	486,944
Leasehold Improvements	35,580
Furniture and Fixtures	137,387
	<u>1,097,670</u>
Less Accumulated Depreciation and Amortization	<u>(943,440)</u>
Fixed Assets, Net	<u>\$ 154,230</u>

**5. OPERATING LEASES**

WBENC leases office space in Washington, D.C. Effective January 1, 2019, WBENC entered into a lease amendment with its landlord to reduce rented office space. The amendment also extended the office lease through March 31, 2024. The lease amendment 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, 2019

5. 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>
2020	\$ 363,432
2021	377,964
2022	393,084
2023	408,804
2024	106,290
Total Future Minimum Lease Payments	<u>\$ 1,649,574</u>

These minimum future rental payments have not been reduced by approximately \$82,000 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 \$44,000 for the year ended December 31, 2019.

6. RESTRICTED CASH

Restricted cash is maintained in two separate bank accounts for the Dorothy 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 Brothers Scholarship Fund of approximately \$770,000.

7. 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.

8. 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).

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

The following presents WBENC's assets measured at fair value as of December 31, 2019:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 915,720	\$ -	\$ 915,720
Total Investments	<u>\$ -</u>	<u>\$ 915,720</u>	<u>\$ -</u>	<u>\$ 915,720</u>

**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 2019 were approximately \$80,000. WBENC may also make additional discretionary contributions to the Plan. Discretionary contributions for 2019 were approximately \$115,000.

**10. COMMITMENTS**

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.

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

**11. DISAGGREGATION OF REVENUE**

During the year ended December 31, 2019, revenue from contracts with customers has been earned as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Membership Dues	\$ -	\$ 4,423,333	\$ 4,423,333
Exhibitor Fees	707,000	-	707,000
Conference Fees	2,102,101	-	2,102,101
Sponsorships Without Donor Restrictions	4,349,685	-	4,349,685
Certification Fees	88,075	-	88,075



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12. NET ASSETS WITH DONOR RESTRICTIONS/ENDOWMENT

At December 31, 2019, WBENC's net assets with donor restrictions consisted of the following:

Description	Amount
Traction Program	\$ 100,000
Tuck Program	35,000
Student Entrepreneur Program	8,000
Women of Color Program	60,000
Energy Program	25,000
Cheryl W. Snead Scholarship Fund	127,283
Dorothy Brothers Scholarship Fund	791,217
Dorothy Brothers Scholarship Fund Endowment	73,100
Time Restricted	102,018
Total Net Assets With Donor Restrictions	<u>\$ 1,321,618</u>

Net assets were released from donor restrictions during 2019 as follows:

Description	Amount
Traction Program	\$ 25,000
Tuck Program	18,000
Student Entrepreneur Program	4,000
Energy Program	50,000
Cheryl W. Snead Scholarship Fund	29,089
Dorothy Brothers Scholarship Fund	122,418
Total Net Assets Released from Restrictions	<u>\$ 248,507</u>

***Dorothy Brothers Scholarship Fund Endowment***

Endowment net assets represent funds that are to be invested in perpetuity for the Dorothy Brothers Scholarship Fund with the investment income, as available, used for scholarships. Endowment net assets as of December 31, 2019, were \$73,100. There was no activity in this endowment for the year ended December 31, 2019.

***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.

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.

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

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, 2019.

*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 \$1,999,000 for the year ended December 31, 2019. Included in accrued expenses as of December 31, 2019, is approximately \$329,000 payable to various RPOs.

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. The total amount of the annual allocation pool is approximately 17% of cash-basis unrestricted revenue, payable in five installments. The pool is 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-

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

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.

***Other***

WBENC receives support from organizations that employ members of its Board of Directors. Support from these organizations totaled approximately \$3,867,000 for the year ended December 31, 2019. Accounts receivable as of December 31, 2019, includes approximately \$480,000 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, 2019, 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, 2019, 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 FACILITIES AND SERVICES**

The value of donated facilities and services included as revenue and expense in the financial statements are as follows:

Description	Membership	Summit & Salute	National Conference and Business Fair	Certification	Other Programs	Management and General	Fundraising	Total
Conferences and Meetings	\$ -	\$ 46,424	\$ 231,519	\$ -	\$ 31,120	\$ 684	\$ 478	\$ 310,225
Travel	1,000	4,663	-	3,342	2,000	21,705	-	32,710
Legal	-	-	-	29,277	-	-	-	29,277
Miscellaneous	10,000	-	-	10,000	-	-	-	20,000
Total	<u>\$ 11,000</u>	<u>\$ 51,087</u>	<u>\$ 231,519</u>	<u>\$ 42,619</u>	<u>\$ 33,120</u>	<u>\$ 22,389</u>	<u>\$ 478</u>	<u>\$ 392,212</u>

**16. SUBSEQUENT EVENTS**

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit 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.

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**16. SUBSEQUENT EVENTS (CONTINUED)**

In May 2020, WBENC received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$485,830. 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 has cancelled several 2020 events or changed the formats to virtual due to COVID-19, and is currently evaluating 2021 events. Management estimates that WBENC will incur penalties and sunk costs of approximately \$500,000. In addition, management expects to not realize approximately \$170,000 of amounts in deferred revenue at December 31, 2019.

Subsequent events were evaluated through January 28, 2021, which is the date the financial statements were available to be issued.