

**THE MINORITY CORPORATE COUNSEL  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

## **TABLE OF CONTENTS**

<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1 – 2</b>
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5 – 8
Statements of Cash Flows .....	9
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>10 – 20</b>



**PENAN & SCOTT, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Minority Corporate Counsel Association, Inc.  
Washington, DC

We have audited the accompanying financial statements of The Minority Corporate Counsel Association, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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.

### ***Auditor's Responsibility***

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

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

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

***Opinion***

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

*Penan : Scott, P.C.*

June 18, 2021



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 550,730	\$ 618,094
Accounts receivable, net	526,596	347,957
Investments	4,098,586	3,758,758
Prepaid expenses	<u>738,441</u>	<u>37,333</u>
Total current assets	5,914,353	4,762,142
<b>Property and Equipment, net</b>	<u>17,764</u>	<u>28,428</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,932,117</u></u>	<u><u>\$ 4,790,570</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 28,977	\$ 21,291
Accrued expenses	185,687	190,690
Credit card payable	-	973
PPP Loan	153,100	-
Line of credit	-	196,791
Deferred revenue	<u>771,767</u>	<u>620,105</u>
Total current liabilities	1,139,531	1,029,850
<b>Net Assets</b>		
Board-designated	101,028	71,015
Unrestricted and undesignated	<u>4,691,558</u>	<u>3,689,705</u>
<b>Net Assets Without Donor Restrictions</b>	<u>4,792,586</u>	<u>3,760,720</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,932,117</u></u>	<u><u>\$ 4,790,570</u></u>

See accompanying notes to the financial statements.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Conferences	\$ 257,166	\$ 322,614
Memberships	2,079,138	1,349,095
Programs and dinner	662,850	1,095,987
Contributions and donations	566,673	496,766
C-Suite income	50,000	25,000
Publication income	1,700	5,100
Job bank	75,185	88,282
Vault diversity survey	30,517	29,425
Investment income	318,641	599,514
Other income	<u>9,386</u>	<u>-</u>
Total revenues and other support without donor restrictions	4,051,256	4,011,783
<b>Expenses</b>		
Program services:		
Research, education and website	684,913	457,675
Publications	27,354	122,504
Dinners and special events	574,580	1,816,254
Supporting services:		
Management and general	1,567,058	1,336,586
Fundraising	<u>165,485</u>	<u>138,319</u>
Total expenses	<u>3,019,390</u>	<u>3,871,338</u>
<b>Change in Net Assets Without Donor Restrictions</b>	1,031,866	140,445
<b>Net Assets Without Donor Restrictions - beginning of year</b>	<u>3,760,720</u>	<u>3,620,275</u>
<b>Net Assets Without Donor Restrictions - end of year</b>	<u><u>\$ 4,792,586</u></u>	<u><u>\$ 3,760,720</u></u>

See accompanying notes to the financial statements.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services				Supporting Services			
	Research, Education and Website	Publications	Dinners and Special Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Accounting	\$ -	\$ -	\$ -	\$ -	\$ 100,205	\$ -	\$ 100,205	\$ 100,205
Administrative support	-	-	-	-	103,626	-	103,626	103,626
Auditing	-	-	-	-	19,052	-	19,052	19,052
Bad debts	-	-	-	-	5,000	-	5,000	5,000
Bank service charges	-	-	-	-	961	-	961	961
Board meeting expenses	-	-	-	-	1,440	-	1,440	1,440
Credit card processing fee	-	-	-	-	24,145	-	24,145	24,145
Depreciation expense	-	-	-	-	19,442	-	19,442	19,442
Donations	-	-	-	-	300	-	300	300
Dues and subscriptions	-	-	-	-	1,717	-	1,717	1,717
Equipment computer repairs	6,552	36	8,377	14,965	21,224	4,577	25,801	40,766
Employee benefits	4,130	23	5,280	9,433	13,378	2,885	16,263	25,696
Pathway conference	-	-	113,263	113,263	-	-	-	113,263
C-Suite expense	-	-	18,053	18,053	-	-	-	18,053
Health insurance	5,431	30	6,943	12,404	17,594	3,794	21,388	33,792
Insurance	-	-	-	-	19,826	-	19,826	19,826
Interest	-	-	-	-	6,597	-	6,597	6,597
Investment fees	-	-	-	-	68,271	-	68,271	68,271
LMJ Scholarships	90,000	-	-	90,000	-	-	-	90,000
Membership acquisition	-	-	-	-	9,793	-	9,793	9,793
Networking and gala expense	-	-	114,345	114,345	-	-	-	114,345
On-line services	-	-	16,870	16,870	16,869	-	16,869	33,729
Postage and delivery services	-	-	-	-	3,727	-	3,727	3,727
Payroll/401(k) services fees	1,482	8	1,894	1,902	4,799	1,035	5,834	7,736
Professional services - legal	-	-	-	-	22,834	-	22,834	22,834
Professional services - communication firm	2,774	111	2,327	5,212	6,345	670	7,015	12,227
Professional services- marketing (Ideation)	-	-	-	-	367,386	-	367,386	367,386
Rent	53,842	294	68,836	122,972	174,418	37,610	212,028	335,000
Publications	-	25,953	-	25,953	-	-	-	25,953
Research	331,189	-	-	331,189	-	-	-	331,189
Payroll taxes	8,937	49	11,425	20,411	28,950	6,243	35,193	55,604
Salaries and wages	150,623	823	192,568	344,014	487,940	105,213	593,153	937,167
Scholarship administration expense	8,500	-	-	8,500	-	-	-	8,500
G-TEC conference	-	-	8,068	8,068	-	-	-	8,068

See accompanying notes to the financial statements.

THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

	Research, Education and Website	Publications	Dinners and Special Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Staff meetings & entertainment	801	4	1,024	1,829	2,593	559	3,152	4,981
Supplies	-	-	-	-	5,180	-	5,180	5,180
Telephone	1,241	7	1,585	2,833	4,017	866	4,883	7,716
Travel and entertainment - CEO	1,775	10	2,269	4,054	5,749	1,240	6,989	11,043
Travel and entertainment - staff meals	749	4	958	1,711	2,427	523	2,950	4,661
Travel and entertainment - staff travel	387	2	495	884	1,253	270	1,523	2,407
Website costs	16,500	-	-	16,500	-	-	-	16,500
Total expenses	<u>\$ 684,913</u>	<u>\$ 27,354</u>	<u>\$ 574,580</u>	<u>\$ 1,285,365</u>	<u>\$ 1,567,058</u>	<u>\$ 165,485</u>	<u>\$ 1,732,543</u>	<u>\$ 3,017,908</u>

See accompanying notes to the financial statements.



**YEAR ENDED DECEMBER 31, 2019**

CLE

to

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Research, Education and Website	Publications	Dinners and Special Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Staff meetings & entertainment	759	96	2,354	3,209	2,843	549	3,392	6,601
Supplies	-	-	-	-	4,683	-	4,683	4,683
Telephone	1,114	140	3,453	4,707	4,171	805	4,976	9,683
Travel and entertainment - CEO	5,997	757	18,597	25,351	22,468	4,335	26,803	52,154
Travel and entertainment - staff meals	163	21	506	690	610	118	728	1,418
Travel and entertainment - staff travel	1,568	198	4,863	6,629	5,875	1,134	7,009	13,638
Website costs	16,813	-	-	16,813	-	-	-	16,813
Total expenses	<u>\$ 457,675</u>	<u>\$ 122,504</u>	<u>\$ 1,816,254</u>	<u>\$ 2,396,433</u>	<u>\$ 1,336,586</u>	<u>\$ 138,319</u>	<u>\$ 1,474,905</u>	<u>\$ 3,871,338</u>

See accompanying notes to the financial statements.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets without donor restrictions	\$ 1,031,866	\$ 140,445
<b>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:</b>		
Depreciation	19,442	35,128
Realized loss (gain) on investments	128,108	(53,901)
Unrealized (gain) on investments	(346,091)	(424,825)
<b>(Increase) decrease in:</b>		
Accounts receivable, net	(178,639)	6,216
Prepaid expenses	(701,108)	(24,823)
<b>Increase (decrease) in:</b>		
Accounts payable	7,686	(263,085)
Accrued expenses	(5,003)	55,897
Credit card payable	(973)	(12,827)
Deferred revenue	<u>151,662</u>	<u>524,605</u>
Net cash provided (used) by operating activities	106,950	(17,170)
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(8,779)	-
Purchase of investments	(1,549,005)	(3,206,384)
Proceeds on sale of investments	<u>1,427,161</u>	<u>3,173,098</u>
Net cash used by investing activities	(130,623)	(33,286)
<b>Cash Flows From Financing Activities</b>		
Proceeds from PPP - Loan	153,100	-
Line of credit	<u>(196,791)</u>	<u>(5,042)</u>
Net cash used by financing activities	<u>(43,691)</u>	<u>(5,042)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(67,364)	(55,498)
<b>Cash and Cash Equivalents - beginning of year</b>	<u>618,094</u>	<u>673,592</u>
<b>Cash and Cash Equivalents - end of year</b>	<u>\$ 550,730</u>	<u>\$ 618,094</u>
<b>Supplemental Disclosure of Additional Cash Flow Information</b>		
<b>Cash paid for:</b>		
Interest expense	<u>\$ 6,597</u>	<u>\$ 16,860</u>

See accompanying notes to the financial statements.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Minority Corporate Counsel Association, Inc. (the “Association”) was formed as a not-for-profit, New York corporation in November 1996 and began operations in 1997. The purpose is to advocate for the expanded hiring, retention, and promotion of minority attorneys in corporate law departments and the law firms that serve them. The Association furthers its mission through the collection and dissemination of information about diversity in the legal profession.

Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for a scholarship fund. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation - continued

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless the use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Association has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contributions were received.

Contributions

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as donor restricted support that increases net asset with donor restrictions.

Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less.

Cash and cash equivalents were comprised of the following at year end:

	<u>2020</u>	<u>2019</u>
Cash - operating account	\$ 255,503	\$ 85,921
Cash and cash equivalents - investments	194,199	461,158
Cash and cash equivalents - scholarship fund	<u>101,028</u>	<u>71,015</u>
	<u>\$ 550,730</u>	<u>\$ 618,094</u>

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions, if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Accounts Receivable

Accounts receivable consist of program fees that have been invoiced to participants. The Association uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of allowance for doubtful accounts of \$14,500 and \$10,000 at December 31, 2020 and 2019, respectively. The provision is based on historical collections on receivables.

Property, Equipment and Depreciation

Property and equipment are stated at cost or at estimated fair market value at the time of contribution to the Association. Depreciation is being computed using the straight-line method over the applicable estimated useful lives. Individual purchases over \$1,000 and improvements which prolong the useful life of an asset are capitalized. The cost of maintenance and repairs is expensed as incurred.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association, in substance and unconditional. Contributions that are restricted by the donor are reported as increase in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Association uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

The Association is a non-profit organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities, not directly related to the Association's tax-exempt purpose, is subject to taxation as unrelated business income. The Association is exempt from the payment of sales tax in the States of New York, Florida, Texas, and District of Columbia.

Estimates

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

Functional Expense

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated to program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefit costs	Time and effort
Rent	Staff usage
Public relations and marketing	Program usage

Fundraising Costs

Fundraising costs are incurred by the Association in generating funds through contributions and donations in support of its tax exempt purpose. These costs are expensed as incurred. Fundraising costs totaled \$165,485 and \$138,319, respectively for the year ended December 31, 2020 and 2019, respectively.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Association financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2020	2019
Cash - operating	\$ 255,503	\$ 85,921
Cash - investments	194,199	461,158
Accounts receivable, net	526,596	347,957
Prepaid expenses	738,441	37,333
Investments	<u>4,098,586</u>	<u>3,758,758</u>
	<u>\$ 5,813,325</u>	<u>\$ 4,691,127</u>

The Association financial assets have been reduced by amounts not available for general use because of board designated purpose restrictions. Within one year of the balance sheet date, the board designated amount for scholarship is:

	2020	2019
Cash and cash equivalents - scholarship fund	\$ 101,028	\$ 71,015

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. To help manage unanticipated liquidity needs the Association may ask members for additional contributions. The Association does not intend to use restricted funds other than fulfilling purpose restriction. However, the Association may ask for approval from the board of directors should the need arise.

**NOTE C – INVESTMENTS**

Investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets without donor restrictions in the statement of activities. Market risk could occur and is dependent on the future changes in market price of the various investments held.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE C – INVESTMENTS (CONTINUED)**

Investments stated at fair value include the following at December 31:

	<u>2020</u>	<u>2019</u>
Corporate fixed income	\$ 1,362,210	\$ 1,535,281
Corporate equity stocks	1,909,917	1,552,403
Mutual funds	<u>826,459</u>	<u>671,074</u>
Total Investments	<u>\$ 4,098,586</u>	<u>\$ 3,758,758</u>

The following schedule summarizes investment returns and their classification in the statements of activities for the years ended December 31:

	<u>Without Donor Restrictions</u>	
	<u>2020</u>	<u>2019</u>
Interest income	\$ 100,658	\$ 120,788
Realized gain (loss)	(128,108)	53,901
Unrealized gain	<u>346,091</u>	<u>424,825</u>
	<u>\$ 318,641</u>	<u>\$ 599,514</u>

**NOTE D – FAIR VALUE MEASUREMENTS**

The Association invests in marketable securities from companies located throughout the United States and internationally. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE D – FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair value of assets measured on a recurring basis at December 31, 2020, are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate fixed income	\$ 1,362,210	\$ 1,362,210
Corporate equity stocks	1,909,917	1,909,917
Mutual funds	<u>826,459</u>	<u>826,459</u>
Total	<u>\$ 4,098,586</u>	<u>\$ 4,098,586</u>

Fair value of assets measured on a recurring basis at December 31, 2019, are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate fixed income	\$ 1,535,281	\$ 1,535,281
Corporate equity stocks	1,552,403	1,552,403
Mutual funds	<u>671,074</u>	<u>671,074</u>
Total	<u>\$ 3,758,758</u>	<u>\$ 3,758,758</u>

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE E – PROPERTY AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>
Equipment	\$ 50,314	\$ 48,083
Furniture and fixtures	35,808	34,625
Website and software	<u>100,449</u>	<u>95,084</u>
Total property and equipment	186,571	177,792
Less: accumulated depreciation and amortization	<u>(168,807)</u>	<u>(149,364)</u>
	<u>\$ 17,764</u>	<u>\$ 28,428</u>

**NOTE F – PREPAID EXPENSES**

Prepaid expenses consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Conference, dinner, and tournament expenses	\$ 738,441	\$ 37,333

**NOTE G – LINE OF CREDIT**

The Association has a line of credit with a commercial lender, with a maximum borrowing amount of \$200,000 bearing interest at 5.5% at December 31, 2020. The line is secured by the assets of the Association. The balance is due upon demand by the bank and interest is payable at a rate equal to .75% above the highest US Prime Rate in the Money Rates Section of the *Wall Street Journal* on the effective date. The Association is in compliance with the line of credit covenants requirements. The balance outstanding plus accrued interest on the line of credit at December 31, 2019, was \$196,791. There was no balance as of December 31, 2020.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE H – DEBT**

On April 13, 2020, the Association received loan proceeds in the amount of \$153,100 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying businesses in amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

**NOTE I – DEFERRED REVENUE**

Deferred revenue arises from program fees collected in advance. Deferred revenues as of December 31, 2020 and 2019, were \$771,767 and \$620,105, respectively.

**NOTE J – IN-KIND CONTRIBUTION**

During the years ended December 31, 2020 and 2019, the Association's office space and administrative services were donated to the Association by the law firm Morgan, Lewis & Bockius, LLP in Washington, DC. The fair market value of the space donated, and administrative services was recognized as income and an equivalent value of expenses were also recognized. The income and expenses for the years ended December 31, 2020 and 2019, were \$335,000 for both years.

**NOTE K – RETIREMENT PLAN**

During 2002, the Association instituted a defined contribution retirement plan, which is available to all employees who are employed for six months or more. The Association matches dollar for dollar up to the first 3% and then the match is 50% per dollar contributed subject to an overall cap on the Association match of 4%. Employees are 100% vested in all contributions made by them or the Association at the time of the contribution. For the years ended December 31, 2020 and 2019, the contributions to employees' 401(k) plan was \$24,926 and \$23,566, respectively.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE L – REVENUE**

The major sources of revenue for the Association include contributions and donations, event fees, publication income and membership dues. A portion of the dinner, professional development, and conference revenues includes contributions from donors. The following chart shows detail for the period ended December 31, 2020 and 2019:

	<u>Contributions</u>	<u>Programs</u>	<u>Total</u>
<u>2020</u>			
Dinner revenue	\$ 654,000	\$ 8,850	\$ 662,850
C-Suite	50,000	-	50,000
G-TEC Conference	-	31,316	31,316
Pathways Conference	-	225,850	225,850
<u>2019</u>			
Dinner revenue	\$ 832,268	\$ 263,719	\$ 1,095,987
C-Suite	25,000	-	25,000
G-TEC Conference	-	60,450	60,450
Pathways Conference	-	262,164	262,164

**NOTE M – CONCENTRATION OF CREDIT RISK**

The Association maintains its cash in bank deposit accounts at a financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits. At December 31, 2020, the cash balance exceeded this limit by \$5,503. The cash balance did not exceed the FDIC limit at December 31, 2019.

The Association has cash investments that are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000. At December 31, 2020 and 2019, the cash balances exceeded the SIPC limit by \$45,227 and \$282,173, respectively. The SIPC also insures an additional \$250,000 in equity securities.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE N – SUBSEQUENT EVENTS**

Management has reviewed subsequent events through June 18, 2021, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain. Therefore, the related financial impact and duration cannot be reasonably estimated at this time.