

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

**FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
The Minority Corporate Counsel Association, Inc.  
Washington, DC

### **Opinion**

We have audited the accompanying financial statements of The Minority Corporate Counsel Association, Inc. (the "Association"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Penan & Scott, P.C.*

June 20, 2022



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,825,534	\$ 550,730
Accounts receivable, net	498,513	526,596
Investments	4,411,392	4,098,586
Prepaid expenses	<u>276,325</u>	<u>738,441</u>
Total current assets	7,011,764	5,914,353
<b>Property and Equipment, net</b>	<u>54,778</u>	<u>17,764</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,066,542</u></u>	<u><u>\$ 5,932,117</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 34,240	\$ 28,977
Accrued expenses	276,150	185,687
PPP Loan	-	153,100
Deferred revenue	<u>912,368</u>	<u>771,767</u>
Total current liabilities	1,222,758	1,139,531
<b>Net Assets</b>		
Board-designated	101,038	101,028
Unrestricted and undesignated	<u>5,742,746</u>	<u>4,691,558</u>
<b>Net Assets Without Donor Restrictions</b>	<u>5,843,784</u>	<u>4,792,586</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 7,066,542</u></u>	<u><u>\$ 5,932,117</u></u>

See accompanying notes to the financial statements.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Conferences	\$ 237,030	\$ 257,166
Memberships	2,513,412	2,079,138
Programs and dinner	833,150	662,850
Contributions and donations	458,668	566,673
C-Suite income	45,000	50,000
Publication income	-	1,700
Job bank	120,699	75,185
Vault diversity survey	-	30,517
Investment income	314,636	250,262
Other income	<u>153,100</u>	<u>9,386</u>
Total revenues and other support without donor restrictions	4,675,695	3,982,877
<b>Expenses</b>		
Program services:		
Research, education and website	1,322,413	891,973
Membership	383,888	374,030
Publications	-	1,289
Events	785,592	540,200
Supporting services:		
Management and general	983,349	999,925
Fundraising	<u>149,255</u>	<u>143,594</u>
Total expenses	<u>3,624,497</u>	<u>2,951,011</u>
<b>Change in Net Assets Without Donor Restrictions</b>	1,051,198	1,031,866
<b>Net Assets Without Donor Restrictions - beginning of year</b>	<u>4,792,586</u>	<u>3,760,720</u>
<b>Net Assets Without Donor Restrictions - end of year</b>	<u><u>\$ 5,843,784</u></u>	<u><u>\$ 4,792,586</u></u>

See accompanying notes to the financial statements.

THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services				
	Research, Education and Website	Membership	Publications	Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salary and benefits	\$ 575,360	\$ 208,969	\$ -	\$ 213,014	\$ 997,343	\$ 239,361	\$ 93,019	\$ 332,380	\$ 1,329,723
Professional fees	24,300	5,000	-	-	29,300	349,709	-	349,709	379,009
Meeting expenses	3,687	13,905	-	417,319	434,911	9,806	1,676	11,482	446,393
Travel expenses	4,049	1,472	-	-	5,521	5,696	1,840	7,536	13,057
Printing, Postage and freight	-	-	-	-	-	6,402	-	6,402	6,402
Banking and credit card fees	-	-	-	-	-	19,996	-	19,996	19,996
Occupancy (in-kind rent)	116,714	52,262	-	54,362	223,338	83,400	32,035	115,435	338,773
Office equipment and supplies	-	-	-	-	-	37,422	-	37,422	37,422
Contracted and temporary help	-	9,068	-	-	9,068	37,165	-	37,165	46,233
Insurance	-	-	-	-	-	22,533	-	22,533	22,533
Dues and subscriptions	-	-	-	-	-	1,615	-	1,615	1,615
Depreciation expense	-	-	-	-	-	20,794	-	20,794	20,794
Donations and contributions	23,000	2,500	-	-	25,500	500	-	500	26,000
Licenses and fees	-	-	-	-	-	182	-	182	182
Website costs	350,965	9,276	-	-	360,241	9,276	-	9,276	369,517
LMJ Scholarships	48,500	-	-	-	48,500	-	-	-	48,500
Scholarship administration expense	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-
Public relations and media	83,720	66,948	-	74,527	225,195	139,492	20,685	160,177	385,372
Software	-	14,488	-	14,488	28,976	-	-	-	28,976
Research and development	92,118	-	-	11,882	104,000	-	-	-	104,000
Total expenses	\$ 1,322,413	\$ 383,888	\$ -	\$ 785,592	\$ 2,491,893	\$ 983,349	\$ 149,255	\$ 1,132,604	\$ 3,624,497

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	Membership	Publications	Dinners and Special Events	Total Program Services	Management and General	Total Supporting Services
Salary and benefits	\$ 128,992	\$ 248,306	\$ 932	\$ 175,032	\$ 553,262	\$ 404,389	\$ 508,216
Professional fees	-	-	-	-	-	254,318	254,318
Meeting expenses	605	10,959	4	282,081	293,649	4,777	5,264
Travel expenses	2,201	4,236	16	2,986	9,439	5,076	6,848
Printing, Postage and freight	-	-	-	-	-	3,727	3,727
Banking and credit card fees	-	-	-	-	-	32,670	32,670
Occupancy (in-kind rent)	41,647	80,173	301	56,511	178,632	130,564	164,086
Office equipment and supplies	4,954	9,536	36	6,722	21,248	20,710	24,696
Contracted and temporary help	-	20,820	-	-	20,820	80,539	80,539
Insurance	-	-	-	-	-	19,827	19,827
Dues and subscriptions	-	-	-	-	-	1,718	1,718
Depreciation expense	-	-	-	-	-	19,442	19,442
Donations and contributions	-	-	-	-	-	300	300
Website costs	267,386	-	-	-	267,386	-	267,386
LMI Scholarships	90,000	-	-	-	90,000	-	90,000
Scholarship administration expense	8,500	-	-	-	8,500	-	8,500
Bad debt expense	-	-	-	-	-	5,000	5,000
Public relations and media	-	-	-	-	-	-	-
Software	-	-	-	16,868	16,868	16,868	33,736
Research and development	347,688	-	-	-	347,688	-	347,688
Total expenses	\$ 891,973	\$ 374,030	\$ 1,289	\$ 540,200	\$ 1,807,492	\$ 999,925	\$ 1,143,519
						\$ 143,594	\$ 2,951,011

See accompanying notes to the financial statements.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets without donor restrictions	\$ 1,051,198	\$ 1,031,866
<b>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:</b>		
Depreciation	20,794	19,442
PPP loan forgiveness	(153,100)	
Realized loss (gain) on investments	(280,215)	128,108
Unrealized loss (gain) on investments	45,069	(346,091)
<b>(Increase) decrease in:</b>		
Accounts receivable, net	28,083	(178,639)
Prepaid expenses	462,116	(701,108)
<b>Increase (decrease) in:</b>		
Accounts payable	5,263	7,686
Accrued expenses	90,463	(5,003)
Credit card payable	-	(973)
Deferred revenue	140,601	151,662
Net cash provided (used) by operating activities	<u>1,410,272</u>	<u>106,950</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(57,808)	(8,779)
Purchase of investments	(2,964,990)	(1,549,005)
Proceeds on sale of investments	<u>2,887,331</u>	<u>1,427,161</u>
Net cash used by investing activities	(135,467)	(130,623)
<b>Cash Flows From Financing Activities</b>		
Proceeds from PPP - Loan	-	153,100
Line of credit	<u>-</u>	<u>(196,791)</u>
Net cash used by financing activities	<u>-</u>	<u>(43,691)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	1,274,805	(67,364)
<b>Cash and Cash Equivalents - beginning of year</b>	<u>550,730</u>	<u>618,094</u>
<b>Cash and Cash Equivalents - end of year</b>	<u><u>\$ 1,825,534</u></u>	<u><u>\$ 550,730</u></u>
<b>Supplemental Disclosure of Additional Cash Flow Information</b>		
<b>Cash paid for:</b>		
Interest expense	<u><u>\$ -</u></u>	<u><u>\$ 6,597</u></u>

See accompanying notes to the financial statements.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**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.

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



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Basis of Presentation (Continued)

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>2021</u>	<u>2020</u>
Cash - operating account	\$ 777,972	\$ 255,503
Cash and cash equivalents - investments	946,524	194,199
Cash and cash equivalents - scholarship fund	<u>101,038</u>	<u>101,028</u>
	<u>\$ 1,825,534</u>	<u>\$ 550,730</u>

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.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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 \$16,500 and \$14,500 at December 31, 2021 and 2020, 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.

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.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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 \$149,255 and \$143,594, respectively for the years ended December 31, 2021 and 2020, respectively.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

	<u>2021</u>	<u>2020</u>
Cash - operating	\$ 777,972	\$ 255,503
Cash - investments	946,524	194,199
Accounts receivable, net	498,513	526,596
Prepaid expenses	276,325	738,441
Investments	<u>4,411,392</u>	<u>4,098,586</u>
	<u>\$ 6,910,726</u>	<u>\$ 5,813,325</u>

The Association's 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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents - scholarship fund	<u>\$ 101,038</u>	<u>\$ 101,028</u>

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, 2021 AND 2020**

**NOTE C – INVESTMENTS (CONTINUED)**

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

	<u>2021</u>	<u>2020</u>
Corporate fixed income	\$ 1,560,273	\$ 1,362,210
Corporate equity stocks	1,750,189	1,909,917
Mutual funds	<u>1,100,930</u>	<u>826,459</u>
Total Investments	<u>\$ 4,411,392</u>	<u>\$ 4,098,586</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>2021</u>	<u>2020</u>
Interest income	\$ 160,260	\$ 101,207
Realized gain (loss)	280,215	(128,108)
Investment expenses	(80,770)	(68,928)
Unrealized gain	<u>(45,069)</u>	<u>346,091</u>
	<u>\$ 314,636</u>	<u>\$ 250,262</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, 2021 AND 2020**

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

Fair value of assets measured on a recurring basis at December 31, 2021, are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical <u>Assets (Level 1)</u>
Corporate fixed income	\$ 1,560,273	\$ 1,560,273
Corporate equity stocks	1,750,189	1,750,189
Mutual funds	<u>1,100,930</u>	<u>1,100,930</u>
Total	<u>\$ 4,411,392</u>	<u>\$ 4,411,392</u>

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 <u>Assets (Level 1)</u>
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>



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2021 and 2020:

Equipment	\$ 62,421	\$ 50,314
Furniture and fixtures	35,808	35,808
Website and software	<u>146,149</u>	<u>100,449</u>
 Total property and equipment	 244,378	 186,571
 Less: accumulated depreciation and amortization	 <u>(189,600)</u>	 <u>(168,807)</u>
	<u><u>\$ 54,778</u></u>	<u><u>\$ 17,764</u></u>

**NOTE F – PREPAID EXPENSES**

Prepaid expenses consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
 Operating and program expenses	 \$ 276,325	 \$ 738,441

**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, 2021. 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. There was no balance outstanding nor accrued interest on the line of credit as December 31, 2021 or 2020.

**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**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 loan was forgiven and recognized as other income in 2021 and the Association no longer has the debt.

**NOTE I – DEFERRED REVENUE**

Deferred revenue arises from program fees collected in advance. Deferred revenues as of December 31, 2021 and 2020, were \$912,368 and \$771,767, respectively.

**NOTE J – IN-KIND CONTRIBUTION**

During the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 4% with 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, 2021 and 2020, the contributions to employees' 401(k) plan was \$25,011 and \$24,926, respectively.



**THE MINORITY CORPORATE COUNSEL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE L – REVENUE**

The major sources of revenue for the Association include contributions and donations, event fees 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, 2021 and 2020:

	<u>Contributions</u>	<u>Programs</u>	<u>Total</u>
<u>2021</u>			
Dinner Revenue	\$ 813,500	\$ 19,650	\$ 833,150
C-Suite	45,000	-	45,000
G-TEC Conference	25,000	2,341	27,341
Pathways Conference	133,000	26,689	159,689
Sources of Success	50,000	-	50,000
<u>2020</u>			
Dinner revenue	\$ 654,000	\$ 8,850	\$ 662,850
C-Suite	50,000	-	50,000
G-TEC Conference	30,000	1,316	31,316
Pathways Conference	204,000	21,850	225,850

**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, 2021 and 2020, the cash balances exceeded this limit by \$550,459 and \$5,503 respectively

The Association has cash investments that are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000. At December 31, 2021 and 2020, the cash balances exceeded the SIPC limit by \$797,562 and \$45,227, respectively. The SIPC also insures an additional \$250,000 in equity securities.



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**NOTE N – RECLASSIFICATION**

The Statement of Functional Expenses for the year ended December 31, 2020, has been reclassified to agree to classification for the year ended December 31, 2021. Management believes the new classifications more accurately reflects the operations of the Association given its staffing and programming.

**NOTE O – SUBSEQUENT EVENTS**

An employment discrimination lawsuit was filed on March 1, 2022. Association is making efforts to settle outside of court. The Association is insured under its employment practices liability policy.

Management has reviewed subsequent events through June 20, 2022, the date the financial statements were available to be issued.