

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)**

**AND**

**NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**AUDITED CONSOLIDATING  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2013**

**MURRAY, JONSON, WHITE & ASSOCIATES, LTD., P.C.**  
Certified Public Accountants  
Falls Church, Virginia

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
AND  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

TABLE OF CONTENTS

	<b><u>Page</u></b>
Independent Auditors' Report	1-2
Consolidating Statement of Financial Position	3
Consolidating Statement of Activities and Changes in Net Assets	4-5
Consolidating Statement of Cash Flows	6
Notes to Consolidating Financial Statements	7-15
Supplementary Information - Consolidating Statement of Functional Expenses	16

## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors  
National Association of State Credit Union Supervisors  
and National Institute for State Credit Union Examination**

We have audited the accompanying consolidating financial statements of National Association of State Credit Union Supervisors (NASCUS) and National Institute for State Credit Union Examination (NISCUE) (nonprofit organizations), which comprise the consolidating statements of financial position as of June 30, 2013, and the related consolidating statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to consolidating 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 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 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 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.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination as of June 30, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The statement of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Murray Jensen White & Associates Ltd., P.C.*

**Certified Public Accountants**

September 3, 2013

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2013**

	<b>ASSETS</b>			
	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,716,864	\$ 199,383	\$ -	\$ 1,916,247
Accounts receivable	47,228	-	(150)	47,078
Prepaid expenses	<u>25,087</u>	<u>-</u>	<u>-</u>	<u>25,087</u>
<b>TOTAL CURRENT         ASSETS</b>	<u>1,789,179</u>	<u>199,383</u>	<u>(150)</u>	<u>1,988,412</u>
<b>FURNITURE AND EQUIPMENT - NET</b>	<u>10,649</u>	<u>-</u>	<u>-</u>	<u>10,649</u>
<b>OTHER ASSETS</b>	<u>8,921</u>	<u>-</u>	<u>-</u>	<u>8,921</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,808,749</u></b>	<b>\$ <u>199,383</u></b>	<b>\$ <u>(150)</u></b>	<b>\$ <u>2,007,982</u></b>
	<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 49,772	\$ 150	\$ (150)	\$ 49,772
Deferred income				
Accreditation	73,750	-	-	73,750
Membership dues	571,648	-	-	571,648
Convention registrations and sponsors	36,039	-	-	36,039
Education	<u>11,134</u>	<u>-</u>	<u>-</u>	<u>11,134</u>
<b>TOTAL CURRENT         LIABILITIES</b>	742,343	150	(150)	742,343
<b>LONG TERM LIABILITIES</b>				
Pension Liability	249,140	-	-	249,140
Deferred rent	<u>10,208</u>	<u>-</u>	<u>-</u>	<u>10,208</u>
<b>TOTAL LIABILITIES</b>	1,001,691	150	(150)	1,001,691
<b>UNRESTRICTED NET ASSETS</b>	<u>807,058</u>	<u>199,233</u>	<u>-</u>	<u>1,006,291</u>
<b>TOTAL LIABILITIES         AND NET ASSETS</b>	<b>\$ <u>1,808,749</u></b>	<b>\$ <u>199,383</u></b>	<b>\$ <u>(150)</u></b>	<b>\$ <u>2,007,982</u></b>

The accompanying notes to consolidating financial statements are an integral part of this statement.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2013**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
<b>REVENUE</b>				
Membership dues	\$ 1,036,923	\$ -	\$ -	\$ 1,036,923
Education programs	290,136	-	(8,400)	281,736
Convention	86,348	-	-	86,348
Accreditation	81,000	-	-	81,000
NCUA contract	74,940	74,940	(74,940)	74,940
Program support and contributions	54,750	82,141	(65,539)	71,352
Interest and dividends	2,110	204	-	2,314
Other income	<u>682</u>	<u>-</u>	<u>-</u>	<u>682</u>
TOTAL REVENUE	<u>1,626,889</u>	<u>157,285</u>	<u>(148,879)</u>	<u>1,635,295</u>
<b>EXPENSES</b>				
Program services				
Regulatory and Research Services	261,157	-	-	261,157
Education	232,410	65,539	(65,539)	232,410
Government Relations	116,173	-	-	116,173
Accreditation	142,928	-	-	142,928
Convention	167,645	-	-	167,645
Communication	155,461	-	-	155,461
NCUA Education	87,045	74,940	(74,940)	87,045
Lobbying	<u>1,298</u>	<u>-</u>	<u>-</u>	<u>1,298</u>
TOTAL PROGRAM SERVICES	<u>1,164,117</u>	<u>140,479</u>	<u>(140,479)</u>	<u>1,164,117</u>
Supporting services				
Governance	220,430	-	-	220,430
Membership development	162,932	-	-	162,932
General and administration	55,490	8,435	(8,400)	55,525
NISCUE management	<u>2,397</u>	<u>-</u>	<u>-</u>	<u>2,397</u>
TOTAL SUPPORTING SERVICES	<u>441,249</u>	<u>8,435</u>	<u>(8,400)</u>	<u>441,284</u>
TOTAL EXPENSES	<u>1,605,366</u>	<u>148,914</u>	<u>(148,879)</u>	<u>1,605,401</u>

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**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2013  
(Continued)**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE PENSION-RELATED ACTIVITY	21,523	8,371	-	29,894
PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	<u>166,325</u>	<u>-</u>	<u>-</u>	<u>166,325</u>
CHANGE IN UNRESTRICTED NET ASSETS	187,848	8,371	-	196,219
Net assets - Beginning of year	<u>619,210</u>	<u>190,862</u>	<u>-</u>	<u>810,072</u>
NET ASSETS - END OF YEAR	\$ <u>807,058</u>	\$ <u>199,233</u>	\$ <u>-</u>	\$ <u>1,006,291</u>

The accompanying notes to consolidating financial statements are an integral part of this statement.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**CONSOLIDATING STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2013**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
<b>OPERATING ACTIVITIES</b>				
Change in net assets	\$ 187,848	\$ 8,371	\$ -	\$ 196,219
Adjustments to reconcile change in unrestricted net assets to net cash (used) provided by operating activities				
Depreciation	10,309	-	-	10,309
Loss on sale of assets	867	-	-	867
Changes in operating assets and liabilities				
(Increase)/decrease in:				
Accounts receivable	(30,922)	424	150	(30,348)
Prepaid expenses	1,918	-	-	1,918
Increase/(decrease) in:				
Accounts payable and accrued expenses	(10,821)	150	(150)	(10,821)
Pension liability	(138,347)	-	-	(138,347)
Deferred income:				
Accreditation	33,100	-	-	33,100
Membership dues	41,777	-	-	41,777
Convention registrations and sponsors	11,087	-	-	11,087
Education	(11,667)	-	-	(11,667)
Deferred rent	<u>(2,472)</u>	<u>-</u>	<u>-</u>	<u>(2,472)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>92,677</u>	 <u>8,945</u>	 <u>-</u>	 <u>101,622</u>
<b>INVESTING ACTIVITIES</b>				
Proceeds from sale of assets	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>150</u>	 <u>-</u>	 <u>-</u>	 <u>150</u>
 Net increase in cash and cash equivalents	 92,827	 8,945	 -	 101,772
Cash and cash equivalents - Beginning of year	<u>1,624,037</u>	<u>190,438</u>	<u>-</u>	<u>1,814,475</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 1,716,864</u>	 <u>\$ 199,383</u>	 <u>\$ -</u>	 <u>\$ 1,916,247</u>

The accompanying notes to consolidating financial statements are an integral part of this statement.



**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

The National Association of State Credit Union Supervisors (NASCUS) is a 501(c)(6) non-profit trade association organized under the laws of the District of Columbia on October 6, 1975 for the purpose of improving the supervision of credit unions and to facilitate the administration of laws governing these institutions.

The National Institute for State Credit Union Examination (NISCUE) is a 501(c)(3) non-profit educational foundation organized under the laws of the District of Columbia on June 9, 1982 to conduct and sponsor educational programs concerning credit unions and related topics in cooperation with NASCUS.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a). Basis of Presentation - The financial statements of NASCUS and NISCUE are presented on a separated and consolidated basis, since the organizations are under common control. The trustees who serve as the board of NISCUE are appointed annually by NASCUS, and these trustees may be removed upon consent of a majority of the Board of Directors of NASCUS.

NASCUS and NISCUE account for contributions as unrestricted, temporarily restricted, or permanently restricted based upon restrictions imposed by the donor. When donor restrictions expire, either through the passage of time or accomplishment of the purpose for which the restriction was imposed, the net assets are reclassified to unrestricted. For the year ended June 30, 2013, all assets were considered unrestricted.

- (b). Principles of Consolidation - The consolidating financial statements include all accounts of NASCUS and NISCUE. All significant intercompany accounts and transactions are eliminated in consolidation.
- (c). Cash and Cash Equivalents - Cash and cash equivalents consist of demand deposits, certificates of deposit with maturities up to six months, and money market accounts through a brokerage firm, a federal credit union, and a bank. NASCUS and NISCUE maintain cash balances which may exceed federally insured limits. Management does not believe that its cash balances present any significant credit risk to the entities.
- (d). Accounts Receivable - Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability based on past credit history with members and their current financial condition. All receivables are considered fully collectible.
- (e). Membership Dues - Members of NASCUS are financial regulators and credit unions. Dues of the regulators are based on assets of the credit unions they supervise. Dues paid by credit unions are based upon the assets of the credit unions as reflected on their most recent financial statements. All dues are paid in advance on an annual basis. Revenue from membership dues is deferred and recognized ratably over the membership period.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES: Continued**

- (f). Program Support and Contributions - Credit Union Leagues and other entities provide program support to NASCUS. Revenues from program support are recognized when received.

Dual charter benefactor membership is deferred and recognized as revenue over a twelve-month period.

Certification fees included in education programs revenue are deferred and recognized as revenue over a twelve-month period.

Fees for educational programs are recognized at the time they are earned.

- (g). Furniture and Equipment - Furniture and equipment are recorded at original cost and are depreciated over the estimated useful lives of three to seven years using the straight-line method.

- (h). Income Taxes - NASCUS is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and relevant state tax regulations. NISCUE is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state tax regulations. Contributions made to NISCUE are deductible by the donor for federal income tax purposes, subject to statutory limitations on charitable contributions. Income tax expense is limited to activities that are deemed by the Internal Revenue Service (IRS) to be unrelated to NASCUS and NISCUE's exempt purposes. Neither NASCUS nor NISCUE had any net unrelated business income for the year ended June 30, 2013.

NASCUS and NISCUE have evaluated their tax positions and determined that their positions are more-likely-than-not to be sustained upon examination. The tax returns are subject to review and examination by federal, state, and local authorities. Tax returns for the years ended after June 30, 2009 are open to examination by federal, state, and local authorities.

- (i). Functional Expense Allocations - The costs of providing various programs and other activities have been summarized on a functional basis. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classification. Certain costs common to several functions have been allocated among the various programs benefited. General and administration costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES: Continued**

- (j). Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the inherent assumptions and guidelines used by the actuary to calculate the funding status of the defined benefit pension plan as well as Management's estimates of the use of resources and service efforts related to the allocation of functional expenses. Actual results could differ from those estimates.

**NOTE 2 - FURNITURE AND EQUIPMENT**

The following summarizes furniture and equipment at June 30, 2013:

Furniture and Fixtures	\$	16,725
Computers and Equipment		58,092
Less: Accumulated Depreciation		<u>(64,168)</u>
TOTAL	\$	<u>10,649</u>

Depreciation expense for the year ended June 30, 2013 was \$10,309.

**NOTE 3 - PENSION PLANS**

NASCUS participates in two group pension plans with CUNA Mutual Group's Credit Union Benefits Service (CUBS).

On January 1, 1994, NASCUS adopted the CUBS Individual Account Master and Capital Accumulation Plan which is a pre-tax Internal Revenue Code Section 401(k) plan. Employees are eligible to participate in the plan immediately upon date of hire. The employer matches 100% of employee contributions to the plan, limited to IRS contribution limits. Employees who participate in the plan contribute three percent of before tax wages, plus voluntary contributions not to exceed ten percent of compensation. The plan provides for immediate vesting in the employer's contribution. During the year ended June 30, 2013, NASCUS contributed \$23,056 to the plan. For the year ending June 30, 2014, NASCUS expects to contribute \$26,200 to the plan.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 3 - PENSION PLANS: Continued**

On January 1, 1994, NASCUS also entered the CUBS Retirement Defined Benefit Pension Plan. The plan covers employees over the age of twenty years and six months who have completed six months of service. Plan benefits vest after three years of service with the Association. The benefits are based on years of service of employees and employees' average annual salary during the final five years. The funding policy is to contribute the annual suggested amount determined for ERISA purposes. For the year ending June 30, 2014, NASCUS expects to contribute \$150,000 to the plan.

The investment goal is to minimize contributions as a percentage of payroll by providing a total return over a five-year period equal to the actuarially assumed target at the lowest possible portfolio risk level. The Association's defined benefit plan invests in both equity and debt securities. Target asset allocation is determined by the Plan board of trustees who oversees the retirement pension plan investment entity. Asset allocation is targeted at 60% equity securities and 40% debt securities. The estimated fair value of plan assets at June 30, 2013 by class, measured based on Level 1 inputs (market value), is as follows:

<u>Fair value by class</u>	
Equity Funds	\$ 951,491
Fixed Income Funds	<u>634,328</u>
Total Fair Value of Plan Assets	\$ <u>1,585,819</u>

The following table sets forth the plan's funded status:

Fair Value of Plan Assets at June 30, 2013	\$ 1,585,819
Benefit Obligation at June 30, 2013	<u>1,834,959</u>
FUNDED STATUS	\$ <u>(249,140)</u>
Accumulated Benefit Obligation	\$ <u>1,710,850</u>
Employer Contributions	\$ <u>100,000</u>
Plan Participants' Contributions	\$ <u>-</u>
Benefits Paid	\$ <u>52,556</u>

The actuarial calculation related to the plan shows a pension liability of \$249,140. The balance is shown as a noncurrent liability in the accompanying consolidating statement of financial position.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 3 - PENSION PLANS: Continued**

Amounts recognized in accumulated pension-related changes other than net periodic pension cost are:

Net Loss (Gain)	\$ <u>559,487</u>
Total Amount Recognized	\$ <u>559,487</u>

At June 30, 2013, total recognized pension-related changes are comprised of the following:

Service Cost	\$ 99,522
Interest Cost	76,606
Expected (Return) on Plan Assets	(106,127)
Amortization of Other Losses	<u>57,977</u>
Pension Expense	\$ <u>127,978</u>

Other amounts recognized in pension-related changes other than net periodic pension cost:

Net Loss (Gain)	\$ (108,348)
Amortization of Net (Loss) Gain	<u>(57,977)</u>
Total Other Recognized Amounts	\$ <u>(166,325)</u>
Total Recognized Pension Related Changes:	\$ <u>(38,347)</u>

The weighted-average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were as follows:

Discount Rate on the Benefit Obligation	4.75%
Rate of Expected Long-Term Return on Plan Assets	7.50%
Rate of Employee Compensation Increase	3.00%

The discount rate is determined using the Mercer Pension Discount Index Rate for an Average Plan. The result is rounded to the nearest quarter percent.

The expected long-term rate of return is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 3 - PENSION PLANS: Continued**

NASCUS expects to pay the following benefits over the next five years and thereafter:

<u>For Period Beginning July 1,</u>	
2013	\$ 1,010,072
2014	69,202
2015	69,149
2016	68,960
2017	162,601
For years thereafter	<u>320,674</u>
TOTAL	\$ <u>1,700,658</u>

In December 2007 and January 2008, the NASCUS Board of Directors adopted resolutions to amend the CUBS Retirement Defined Benefit Pension Plan, effective February 1, 2008. The resolutions call for the addition of a cash balance feature with respect to employees hired or rehired on or after September 1, 2007, allowing current employees to be grandfathered under the defined benefit formula as adopted in October 2003.

In December 2009, the NASCUS Board of Directors adopted a resolution to amend the CUBS Retirement Defined Benefit Pension Plan to comply with the Pension Protection Act of 2006, the Heroes Earnings Assistance and Relief Tax Act of 2008 and the Worker, Retiree, and Employer Recovery Act of 2008.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2013, NASCUS incurred costs which were for the benefit of, and were reimbursed by NISCUE. These costs were primarily for the services of NASCUS employees who allocated all or a portion of their time to the educational activities of NISCUE, for reimbursement of allocated overhead, and purchases made by NASCUS for the benefit of NISCUE. These NISCUE reimbursements were eliminated in the accompanying financial statements. These costs were as follows:

<u>Description of Cost</u>	<u>Amount</u>
NCUA Program Management	\$ 74,940
Schools, Seminars, Grants	65,539
NISCUE Overhead Assessment	<u>8,400</u>
TOTAL	\$ <u>148,879</u>

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 5 - LEASES**

In March 1999, NASCUS and NISCUE entered into an operating lease for 3,038 square feet of office space in Arlington, Virginia. The lease was amended on July 2, 2002 and February 14, 2003 to add additional square footage. The term of the amended lease is for ten years ending May 31, 2013. The lease includes escalation clauses of 2.75% per year. NASCUS and NISCUE also pay their share of any increases in operating expenses and real property taxes.

In July 2012, the lease was amended to apply to different office spaces in the same building. The term of the amended lease is for eight years ending August 31, 2020. The lease includes an escalation clause of 3% per year.

Rental expense for office space amounted to \$112,459 for the year ended June 30, 2013. In addition, NASCUS paid \$1,030 for utilities included as occupancy expense on the consolidating statement of functional expenses.

NASCUS, as lessee, had two operating leases for office equipment during the year ended June 30, 2013. Rent expense for the equipment amounted to \$12,135. The remaining lease in effect at year end expires in 2015.

Future minimum payments under the above leases are as follows:

<b>Year Ending <u>June 30,</u></b>	<b><u>Equipment</u></b>	<b><u>Office</u></b>	<b><u>Total</u></b>
2014	\$ 1,416	\$ 112,563	\$ 113,979
2015	1,416	115,940	117,356
2016	-	119,418	119,418
2017	-	123,000	123,000
2018	-	126,690	126,690
Thereafter	<u>-</u>	<u>287,407</u>	<u>287,407</u>
	<b>\$ <u>2,832</u></b>	<b>\$ <u>885,018</u></b>	<b>\$ <u>887,850</u></b>

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 6 - NET ASSETS**

In August 2007, the NASCUS Board voted to establish a Board Designated Stabilization Reserve Fund equal to 25% of projected annual expenditures.

The balance of unrestricted net assets as of June 30, 2013 was as follows:

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Beginning Balance, July 1, 2012	\$ 172,710	\$ 446,500	\$ 619,210
Increase in net assets	187,848	-	187,848
Transfer of net assets	<u>(22,225)</u>	<u>22,225</u>	<u>-</u>
Ending Balance, June 30, 2013	\$ <u>338,333</u>	\$ <u>468,725</u>	\$ <u>807,058</u>

**NOTE 7 - NCUA CONTRACT**

On September 1, 1990, NISCUE was awarded a contract with the National Credit Union Administration (NCUA) to provide personnel and other services to educate state credit union examiners. The contract continues until revoked by either party and provides for payments which were \$74,940 for the year ended June 30, 2013.

**NOTE 8 - COMMITMENTS**

NASCUS has committed to hotel and/or conference space for future annual conferences through 2014. These contracts specify that, if canceled, NASCUS may be subject to substantial cancellation penalties based on the amount of time remaining before the reservation date.

2013	Coeur d'Alene, Idaho	The Coeur D'Alene Hotel
2014	Nashville, Tennessee	Omni Nashville Hotel

NASCUS has an employment contract with the president/chief executive officer. This contract provides for a liability of the year's base pay and continuation of fringe benefits if the officer is terminated without cause before December 31, 2013. This contingent liability is not reflected in the accompanying financial statements.

NASCUS has an employment contract with the general counsel. This contract provides for a liability of the year's base pay and continuation of fringe benefits if the officer is terminated without cause before June 30, 2014. In the event that NASCUS allows the agreement to expire, the contract provides for four month's pay and continuance of fringe benefits for six months. This contingent liability is not reflected in the accompanying financial statements.



**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
(Continued)**

**NOTE 9 - SUBSEQUENT EVENTS**

Events that occur after the statement of financial position date, but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of NASCUS and NISCUE through September 3, 2013, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**NATIONAL ASSOCIATION OF STATE CREDIT  
UNION SUPERVISORS (NASCUS)  
and  
NATIONAL INSTITUTE FOR STATE CREDIT  
UNION EXAMINATION (NISCUE)**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2013**

	Regula- tory and Research Services	Edu- cation	Govern- ment Relations	Accredi- tation	Con- vention	Commun- ication	NCUA Edu- cation	Lobbying	Govern- ance	Member- ship Develop- ment	General and Admini- stration	NISCUE Manage- ment	Total Expenses
Salaries, taxes, and benefits	168,759	76,282	77,072	93,161	69,356	99,175	63,798	934	151,111	113,253	38,235	1,667	952,803
Defined benefit pension	21,252	11,096	10,308	11,952	9,257	13,506	8,870	194	22,559	16,508	5,816	389	131,707
Schools and seminars	-	119,368	28	-	-	-	-	-	-	-	-	-	119,396
Occupancy costs	20,190	8,731	9,276	11,364	8,566	11,808	7,548	88	17,388	13,175	5,221	134	113,489
Convention	-	-	-	-	70,936	-	-	-	-	-	-	-	70,936
Travel and lodging	20,489	1,602	11,500	12,875	73	1,060	80	-	11,558	1,072	-	-	60,309
Outside services	2,635	1,390	1,103	3,993	1,711	13,577	1,136	17	2,824	2,062	945	31	31,424
Audit and accounting expense	3,351	1,302	1,145	1,865	2,173	2,063	1,266	12	2,997	2,297	950	15	19,436
Telephone	2,782	4,747	808	826	514	811	498	6	2,814	909	997	16	15,728
Dues and promotional	2,456	319	558	602	313	887	277	7	416	7,256	437	7	13,535
Equipment rental	2,202	879	982	1,194	920	1,250	809	4	1,879	1,481	519	16	12,135
Supplies, services and software	1,338	2,232	635	1,631	1,224	914	608	13	1,672	1,098	482	57	11,904
Depreciation	1,952	734	823	1,079	818	1,098	685	1	1,511	1,177	426	5	10,309
Legal and insurance expense	1,874	770	847	949	765	928	624	7	1,381	1,029	901	33	10,108
Committees and program events	8,388	442	162	28	-	-	-	-	-	-	-	-	9,020
Printing	1,127	99	51	80	45	7,142	53	2	173	108	35	6	8,921
Taxes, license and miscellaneous	1,306	539	523	708	666	774	475	8	1,139	825	364	12	7,339
Postage	1,056	1,878	352	621	308	468	318	5	1,008	682	197	9	6,902
<b>TOTAL EXPENSES</b>	<u>261,157</u>	<u>232,410</u>	<u>116,173</u>	<u>142,928</u>	<u>167,645</u>	<u>155,461</u>	<u>87,045</u>	<u>1,298</u>	<u>220,430</u>	<u>162,932</u>	<u>55,525</u>	<u>2,397</u>	<u>1,605,401</u>

The accompanying notes to consolidating financial statements are an integral part of this statement.