

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

AND

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

**AUDITED CONSOLIDATING
FINANCIAL STATEMENTS
JUNE 30, 2010**

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)**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidating statement of financial position of National Association of State Credit Union Supervisors (NASCUS) and National Institute for State Credit Union Examination (NISCUE) as of June 30, 2010, and the related consolidating statements of activities and changes in net assets and cash flows, and the consolidating statement of functional expenses for the year then ended. These financial statements are the responsibility of NASCUS and NISCUE's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 (NASCUS) and National Institute for State Credit Union Examination (NISCUE) as of June 30, 2010, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Murray, Jonson, White & Associates, Ltd., P.C.

Certified Public Accountants

September 1, 2010

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2010**

	ASSETS			
	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,951,938	\$ 114,114	\$ -	\$ 2,066,052
Accounts receivable	22,614	300	(300)	22,614
Prepaid expenses	<u>39,943</u>	<u>-</u>	<u>-</u>	<u>39,943</u>
TOTAL CURRENT ASSETS	<u>2,014,495</u>	<u>114,414</u>	<u>(300)</u>	<u>2,128,609</u>
FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS - NET	<u>31,821</u>	<u>-</u>	<u>-</u>	<u>31,821</u>
OTHER ASSETS	<u>7,721</u>	<u>-</u>	<u>-</u>	<u>7,721</u>
TOTAL ASSETS	<u>\$ 2,054,037</u>	<u>\$ 114,414</u>	<u>\$ (300)</u>	<u>\$ 2,168,151</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 49,068	\$ -	\$ (300)	\$ 48,768
Additional pension liability	290,898	-	-	290,898
Deferred income				
Accreditation	83,850	-	-	83,850
Membership dues	615,509	-	-	615,509
Convention registrations and sponsors	35,970	-	-	35,970
Education	<u>21,679</u>	<u>-</u>	<u>-</u>	<u>21,679</u>
TOTAL CURRENT LIABILITIES	1,096,974	-	(300)	1,096,674
DEFERRED RENT	<u>31,388</u>	<u>-</u>	<u>-</u>	<u>31,388</u>
TOTAL LIABILITIES	1,128,362	-	(300)	1,128,062
UNRESTRICTED NET ASSETS	<u>925,675</u>	<u>114,414</u>	<u>-</u>	<u>1,040,089</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,054,037</u>	<u>\$ 114,414</u>	<u>\$ (300)</u>	<u>\$ 2,168,151</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 ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2010**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
REVENUE				
Membership dues	\$ 1,264,891	\$ -	\$ -	\$ 1,264,891
Program support and contributions	54,000	76,806	-	130,806
NCUA contract	71,736	71,736	(71,736)	71,736
Accreditation	80,000	-	-	80,000
Convention	94,035	-	-	94,035
Education programs	200,250	-	(74,053)	126,197
Interest and dividends	6,580	214	-	6,794
Loss on asset disposals	<u>(388)</u>	<u>-</u>	<u>-</u>	<u>(388)</u>
TOTAL REVENUE	<u>1,771,104</u>	<u>148,756</u>	<u>(145,789)</u>	<u>1,774,071</u>
EXPENSES				
Program services				
Accreditation	131,605	-	-	131,605
Communication	137,116	-	-	137,116
Convention	168,787	-	-	168,787
Education	210,919	74,053	(74,053)	210,919
NCUA education	82,239	71,736	(71,736)	82,239
Government relations	234,278	-	-	234,278
Lobbying	5,051	-	-	5,051
Regulatory and research	<u>228,978</u>	<u>-</u>	<u>-</u>	<u>228,978</u>
TOTAL PROGRAM SERVICES	<u>1,198,973</u>	<u>145,789</u>	<u>(145,789)</u>	<u>1,198,973</u>
Supporting services				
Governance	248,270	-	-	248,270
General and administration	49,311	351	-	49,662
Membership development	158,078	-	-	158,078
NISCUE management	<u>6,948</u>	<u>-</u>	<u>-</u>	<u>6,948</u>
TOTAL SUPPORTING SERVICES	<u>462,607</u>	<u>351</u>	<u>-</u>	<u>462,958</u>
TOTAL EXPENSES	<u>1,661,580</u>	<u>146,140</u>	<u>(145,789)</u>	<u>1,661,931</u>

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

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

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2010
(Continued)**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE PENSION-RELATED ACTIVITY	109,524	2,616	-	112,140
PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	<u>(205,823)</u>	<u>-</u>	<u>-</u>	<u>(205,823)</u>
CHANGE IN UNRESTRICTED NET ASSETS	(96,299)	2,616	-	(93,683)
Net assets - Beginning of year	<u>1,021,974</u>	<u>111,798</u>	<u>-</u>	<u>1,133,772</u>
NET ASSETS - END OF YEAR	\$ <u>925,675</u>	\$ <u>114,414</u>	\$ <u>-</u>	\$ <u>1,040,089</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 FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010**

	<u>Accredi- tation</u>	<u>Communi- cation</u>	<u>Con- vention</u>	<u>Edu- cation</u>	<u>NCUA Edu- cation</u>	<u>Govern- ment Relations</u>	<u>Lobbying</u>	<u>Regula- tory and Research Services</u>	<u>Govern- ance</u>	<u>General and Adminis- tration</u>	<u>Member- ship Develop- ment</u>	<u>NISCUE Manage- ment</u>	<u>Total Expenses</u>
Salaries, Taxes, and Benefits	\$ 79,365	\$ 88,491	\$ 48,049	\$ 79,826	\$ 61,351	\$ 163,841	\$ 3,782	\$ 147,102	\$ 135,466	\$ 37,152	\$ 116,392	\$ 4,257	\$ 965,074
Defined Benefit Pension	7,692	8,594	4,259	7,859	5,998	15,785	350	14,187	13,194	3,574	11,478	386	93,356
Convention	-	-	102,151	-	-	-	-	-	-	-	-	-	102,151
Occupancy	9,443	10,914	5,273	9,892	7,540	20,210	464	18,019	16,583	2,484	14,709	497	116,028
Outside Services	4,140	12,051	1,296	2,087	2,236	4,386	99	3,634	3,749	2,066	3,235	97	39,076
Travel and Lodging	23,251	2,301	2,634	6,641	-	12,429	-	17,493	64,693	350	736	-	130,528
Schools and Seminars	-	-	-	86,685	-	124	-	-	-	-	-	1,229	88,038
Postage, Printing, and Delivery	1,141	6,864	472	2,638	703	1,765	46	4,425	1,831	828	1,287	45	22,045
Supplies, Services, and Software	875	677	549	1,539	464	1,160	29	1,235	1,869	283	919	29	9,628
Audit and Accounting	537	957	1,281	694	615	2,470	54	2,237	1,637	452	912	154	12,000
Telephone	999	1,071	570	7,440	752	2,481	50	4,133	2,682	464	1,435	60	22,137
Legal and Insurance Expenses	607	695	353	638	492	1,358	36	1,135	1,079	310	943	35	7,681
Equipment Rental and Repair	1,359	1,504	772	1,351	1,056	2,797	54	2,641	2,350	754	1,995	73	16,706
Depreciation	921	1,050	529	960	729	1,940	44	1,739	1,608	440	1,405	46	11,411
Committees and Program Events	226	-	-	996	15	692	-	8,300	-	-	-	-	10,229
Dues, Promotional and Advertising	418	1,243	204	609	217	1,537	14	1,524	474	217	1,707	15	8,179
Taxes, Licenses, and Other	631	704	395	1,064	71	1,303	29	1,174	1,055	288	925	25	7,664
TOTAL EXPENSES	\$ 131,605	\$ 137,116	\$ 168,787	\$ 210,919	\$ 82,239	\$ 234,278	\$ 5,051	\$ 228,978	\$ 248,270	\$ 49,662	\$ 158,078	\$ 6,948	\$ 1,661,931

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, 2010**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimi- nations</u>	<u>Consoli- dated</u>
OPERATING ACTIVITIES				
Change in net assets	\$ (96,299)	\$ 2,616	\$ -	\$ (93,683)
Adjustments to reconcile change in unrestricted net assets to net cash (used) provided by operating activities				
Depreciation	11,411	-	-	11,411
Loss on asset disposals	388	-	-	388
Changes in operating assets and liabilities (Increase)/decrease in:				
Accounts receivable	(13,740)	5,540	300	(7,900)
Prepaid expenses	6,598	-	-	6,598
Increase/(decrease) in:				
Accounts payable and accrued expenses	(830)	-	(300)	(1,130)
Pension liability	206,323	-	-	206,323
Deferred income:				
Accreditation	10,700	-	-	10,700
Membership dues	(45,867)	-	-	(45,867)
Convention registrations and sponsors	(32,025)	-	-	(32,025)
Education	(14,427)	-	-	(14,427)
Deferred rent	(4,771)	-	-	(4,771)
 NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	 <u>27,461</u>	 <u>8,156</u>	 <u>-</u>	 <u>35,617</u>
INVESTING ACTIVITIES				
Purchases of furniture, equipment, and leasehold improvements	<u>(2,712)</u>	<u>-</u>	<u>-</u>	<u>(2,712)</u>
 NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	 <u>(2,712)</u>	 <u>-</u>	 <u>-</u>	 <u>(2,712)</u>
 Net increase (decrease) in cash and cash equivalents	 24,749	 8,156	 -	 32,905
Cash and cash equivalents - Beginning of year	<u>1,927,189</u>	<u>105,958</u>	<u>-</u>	<u>2,033,147</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ <u>1,951,938</u>	 \$ <u>114,114</u>	 \$ <u>-</u>	 \$ <u>2,066,052</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, 2010, 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 this results in 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 customers and their current financial condition. All receivables are considered collectible.

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES: Continued

- (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.
- (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, Equipment, and Leasehold Improvements - 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. Leasehold improvements are depreciated over the life of the lease.
- (h). Income Taxes - NASCUS qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. NISCUE qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.
- (i). Functional Expense Allocations - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidating statement of activities and functional expenses. 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.
- (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. Actual results could differ from those estimates.

**NATIONAL ASSOCIATION OF STATE CREDIT
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**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
(Continued)**

NOTE 2 - FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

The following summarizes furniture, equipment, and leasehold improvements at June 30, 2010:

Furniture and fixtures	\$ 17,835
Computers and equipment	48,403
Leasehold improvements	20,291
Less: Accumulated depreciation	<u>(54,708)</u>
TOTAL	\$ <u>31,821</u>

Depreciation expense for the year ended June 30, 2010 was \$11,411.

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, 2010, NASCUS contributed \$23,587 to the plan. For the year ending June 30, 2011, NASCUS expects to contribute \$23,800 to the plan.

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.

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 65% equity securities and 35% debt securities. The estimated fair value of plan assets at June 30, 2010 by class, measured based on Level 1 inputs (market value), is as follows:

Equity funds	\$ 693,750
Fixed income funds	<u>373,559</u>
Total fair value of plan assets	\$ <u>1,067,309</u>

**NATIONAL ASSOCIATION OF STATE CREDIT
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**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
(Continued)**

NOTE 3 - PENSION PLANS: Continued

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

Fair value of plan assets at June 30, 2010	\$ 1,067,309
Benefit obligation at June 30, 2010	<u>1,358,207</u>
FUNDED STATUS	\$ <u>(290,898)</u>
Accumulated benefit obligation	\$ <u>1,246,386</u>
Employer contributions	\$ <u>88,468</u>
Plan participants' contributions	\$ <u>-</u>
Benefits paid	\$ <u>30,843</u>

The actuarial calculation related to the plan shows a pension liability of \$290,898. The balance is shown as a current liability in the accompanying consolidating statement of financial position. The additional liability is recalculated and adjusted each year as necessary.

At June 30, 2010, the liability was determined as follows:

Projected benefit obligation at June 30, 2010	\$ 1,358,207
Fair value of plan assets at June 30, 2010	<u>1,067,309</u>
Minimum liability	290,898
Prepaid pension cost	<u>-</u>
Additional pension liability	\$ <u>290,898</u>

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

Net loss	\$ 582,500
Transition obligation	<u>180</u>
Total amount recognized	\$ <u>582,680</u>

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

NOTE 3 - PENSION PLANS: Continued

At June 30, 2010, total recognized pension-related changes are comprised of the following:

Service Cost	\$ 63,841
Interest Cost	67,114
Expected return on plan assets	(68,228)
Amortization of the transition liability	122
Amortization of other losses	<u>26,119</u>
Pension expense	<u>\$ 88,968</u>

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

Net loss	\$ 232,064
Amortization of net loss	(26,119)
Amortization of obligation asset	<u>(122)</u>
Total other recognized amounts	<u>\$ 205,823</u>
Total recognized pension related changes:	<u>\$ 294,791</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	5.50%
Rate of expected long-term return on plan assets	7.50%
Rate of employee compensation increase	3.50%

The discount rate is the most recently published Citigroup Pension Liability Index adjusted if necessary by changes in the Moody's AAA long term bond index for the period between the date of the Citigroup report and the measurement date. The result is rounded to the next lower 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.

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**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>		
2010	\$	61,797
2011		48,575
2012		735,740
2013		60,110
2014		60,088
For years thereafter		<u>376,178</u>
TOTAL	\$	<u>1,342,488</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, 2010, 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	\$	71,736
Schools and seminars, grants		<u>74,053</u>
TOTAL	\$	<u>145,789</u>

At June 30, 2010 donations deposited by NASCUS on behalf of NISCUE in the amount of \$300 were due from NASCUS to NISCUE.

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**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.

Rental expense for office space amounted to \$107,664 for the year ended June 30, 2010. In addition, NASCUS paid \$1,257 for records storage and \$7,107 for utilities included as occupancy expense on the consolidating statement of functional expenses.

NASCUS, as lessee, had three operating leases for office equipment during the year ended June 30, 2010. Rent expense for the equipment amounted to \$16,706. The leases expire in 2012, 2013, and 2015.

Future minimum payments under the above leases are as follows:

<u>Year Ending June 30,</u>	<u>Equipment</u>	<u>Office</u>	<u>Total</u>
2011	\$ 13,801	\$ 116,000	\$ 129,801
2012	13,801	119,000	132,801
2013	8,672	112,000	120,672
2014	1,416	-	1,416
2015	<u>1,416</u>	<u>-</u>	<u>1,416</u>
	<u>\$ 39,106</u>	<u>\$ 347,000</u>	<u>\$ 386,106</u>

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, 2010 was as follows:

	<u>General Fund</u>	<u>Stabilization Reserve Fund</u>	<u>Total</u>
Beginning balance, July 1, 2009	\$ 505,374	\$ 516,600	\$ 1,021,974
Decrease in net assets	(96,299)	-	(96,299)
Transfer of net assets	<u>103,875</u>	<u>(103,875)</u>	<u>-</u>
Ending balance, June 30, 2010	<u>\$ 512,950</u>	<u>\$ 412,725</u>	<u>\$ 925,675</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 7 - 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 \$71,736 for the year ended June 30, 2010.

NOTE 8 - COMMITMENTS

NASCUS has contractual obligations for hotel space to hold the 2010 and 2011 annual conferences. The contracts specify that, if cancelled, NASCUS may be subject to substantial cancellation penalties based on the amount of time remaining before the reservation dates.

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, 2010. This contingent liability is not reflected in the accompanying financial statements.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 1, 2010, the date which the financial statements were available for issue. No events have occurred that would require adjustment to or disclosure in the financial statements.