NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
National Association of State Credit Union Supervisors and
National Institute for State Credit Union Examination
Arlington, Virginia

We have reviewed the accompanying consolidated financial statements of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination (collectively, the organization), which comprise the consolidated statement of financial position as of December 31, 2019, the consolidated statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review primarily includes applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, on March 11, 2020, the World Health Organization declared a pandemic due to the spread of the coronavirus disease (COVID-19). The COVID-19 outbreak in the United States of America has caused business disruption through mandated and voluntary closures of businesses as well as stay-at-home orders in order to contain the coronavirus. Management is currently evaluating the impact that COVID-19 will have on future operations. Our conclusion is not modified with respect to this matter.

Supplementary Information

The accompanying 2019 consolidating schedule – statement of financial position and 2019 consolidating schedule – statement of activities and changes in net assets are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the review procedures applied in our review of the consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Other Auditors

The consolidated financial statements of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination for the year ended December 31, 2018 were audited by other auditors, who expressed an unqualified opinion on those consolidated financial statements on May 8, 2019.

Turner, Warren, Hwang + Conrad

Burbank, California
May 15, 2020

National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination

Consolidated Statements of Financial Position

December 31, 2019 and 2018

	2019	2018 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,190,484	$ 2,824,734
Accounts receivable, net	166,282	186,664
Prepaid expenses	88,740	44,702
Total current assets	2,445,506	3,056,100
Noncurrent assets:		
Investments	1,011,163	-
Equity security	30,000	30,000
Furniture and equipment, net	124,650	162,220
Other assets	15,957	16,739
Total noncurrent assets	1,181,770	208,959
Total assets	$ 3,627,276	$ 3,265,059
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 288,300	$ 176,179
Deferred income:		
Accreditation	151,000	95,000
Membership dues	433,219	382,224
Education	24,170	22,621
Total current liabilities	896,689	676,024
Noncurrent liabilities:		
Deferred rent	17,157	9,523
Total liabilities	913,846	685,547
Net assets:		
Without donor restrictions	2,713,430	2,579,512
Total liabilities and net assets	$ 3,627,276	$ 3,265,059

The accompanying notes are an integral part of these consolidated financial statements.

National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination

Consolidated Statements of Activities and Changes in Net Assets

Years Ended December 31, 2019 and 2018

	2019	2018 (Restated)
REVENUES		
Regulator dues	$ 821,672	$ 730,188
Credit union dues	1,644,850	1,434,529
Associate member dues	128,200	107,500
Convention	149,700	139,480
Accreditation	96,000	53,000
Education	401,973	424,052
Donations	179,574	146,065
Interest and other	37,562	18,691
Total revenues	3,459,531	3,053,505
EXPENSES		
Salaries and employee benefits	1,789,665	1,412,189
Personnel, travel and training	248,970	184,794
Business fees and services	275,460	230,920
Accreditation	27,542	16,319
Board and committees	35,617	25,941
Telephones, postage and printing	32,047	31,271
Supplies and equipment	20,088	48,466
Advertising and promotion	2,805	6,052
Office occupancy	196,276	149,093
Business insurance	17,930	14,522
Depreciation	54,272	27,814
Convention	156,149	100,024
Education	317,281	234,690
Receptions	52,188	29,329
Dues and subscriptions	84,696	52,593
Other	14,627	12,823
Total expenses	3,325,613	2,576,840
CHANGE IN NET ASSETS	133,918	476,665
NET ASSETS, BEGINNING OF YEAR	2,579,512	2,102,847
NET ASSETS, END OF YEAR	$ 2,713,430	$ 2,579,512

The accompanying notes are an integral part of these consolidated financial statements.

NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 133,918	$ 476,665
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	54,272	27,814
Gain on investments	(338)	-
Changes in operating assets and liabilities:		
Accounts receivable	20,382	(25,264)
Prepaid expenses	(44,038)	17,660
Other assets	782	(5,918)
Accounts payable and accrued expenses	112,121	36,641
Deferred income	108,544	72,068
Deferred rent	7,634	(24,940)
Net cash provided by operating activities	393,277	574,726
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,010,825)	-
Purchases of property and equipment	(16,702)	(142,994)
Net cash used in investing activities	(1,027,527)	(142,994)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(634,250)	431,732
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,824,734	2,393,002
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,190,484	$ 2,824,734

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business: The National Association of State Credit Union Supervisors (NASCUS) is a 501(c)(6) nonprofit professional 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) nonprofit educational foundation organized under the laws of the District of Columbia on June 9, 1982 to conduct and sponsor education programs concerning credit unions and related topics in cooperation with NASCUS.

Principles of Consolidation: The financial statements of NASCUS and NISCUE (collectively, the organization) are presented on a consolidated basis, as they 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. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation: The consolidated financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations*. Nonprofit organizations are required to report information regarding their financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. All of the organization's net assets as of December 31, 2019 and 2018 are without donor restrictions.

Use of Estimates: The preparation of consolidated financial statements in conformity with GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value: FASB ASC 820, *Fair Value Measurements*, provides a framework for measuring fair value that requires an entity to determine fair value based on the exit price in the principal market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities.

- Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.
- Level 2 asset and liability fair values are based on observable inputs that include quoted market prices for similar assets or liabilities, quoted market prices that are not in an active market, or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

The organization's financial instruments and other accounts that are subject to fair value measurement and/or disclosure are summarized in Note 8.

Cash and Cash Equivalents: The organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents. The organization maintains cash balances that may exceed federally insured limits. Management does not believe that its cash balances present any significant credit risk.

Investments: Investments are stated at fair value based on quoted market prices in active markets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Security: The organization has an ownership interest in another entity. The investment had no readily determinable fair value; therefore, the investment is recorded at cost.

Accounts Receivable: Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectibility based on past credit history with members and their current financial condition. All receivables are considered fully collectible.

Furniture and Equipment: Furniture and equipment are initially recorded at cost when purchased. Generally, furniture and equipment additions in excess of $1,000 with an estimated useful life of three years are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years.

Impairment of Long-Lived Assets: The organization reviews long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of any asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured using the amount by which the carrying amount of the assets exceeds the fair value of the assets. During 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable.

Revenue Recognition:

Membership Dues – Members of NASCUS are financial regulators and credit unions. Dues of the regulators are based on the assets of the credit unions they supervise. Dues paid by credit unions are based on the assets of the credit unions as reflected on their third quarter Call Report data. All dues are paid in advance on an annual basis. Revenue from membership dues is deferred and recognized ratably over the membership period.

Associate membership is offered to affiliated credit union leagues and industry organizations at a flat annual dues fee of $3,000, or $4,000 for multi-state leagues, and is deferred and recognized as revenue over a 12-month period.

Program Support and Sponsorships – Credit union leagues and industry associations provide program support to NASCUS. Revenues from program support are recognized when received.

Examiner certification fees included in education programs revenue are deferred and recognized as revenue over a 12-month period.

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

Accreditation fees for state agencies are $15,000 for onsite reviews every five years and $2,000 for annual reviews. Fees are recognized upon performance and completion of the review.

Functional Expenses: Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Income Taxes: NASCUS is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC) and relevant state tax regulations. NISCUE is exempt from federal and state income taxes under IRC Section 501(c)(3) and relevant state tax regulations. Accordingly, no provision for federal or state income taxes has been reflected in the accompanying consolidated financial statements.

The organization evaluates its uncertain tax positions, if any, on a continual basis. As of December 31, 2019 and 2018, management does not believe any uncertain tax positions exist.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In December 2018, the Internal Revenue Service (the IRS) released Notice 2018-99, which provided interim guidance that became effective January 1, 2018 and required tax-exempt organizations to pay a 21% tax on expenses they incur to provide qualified transportation benefits to their employees. Section 512 (a)(7) required tax-exempt organizations to increase their unrelated business taxable income by an amount paid or incurred for qualified transportation fringe benefits provided to employees. In December 2019, the IRS repealed Section 512(a)(7) retroactively as if it were never enacted and provided the opportunity for refunds for parking taxes already paid.

New Accounting Pronouncements Adopted:

On January 1, 2018, the organization adopted Accounting Standards Update (ASU) 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, and ASU 2010-23—*Health Care Entities (Topic 954): Measuring Charity Care for Disclosure—a consensus of the FASB Emerging Issues Task Force*. ASU 2016-14 and ASU 2010-23 amend the current reporting model for nonprofit organizations and enhance the required disclosures, including quantitative and qualitative information regarding liquidity and availability of resources. Implementation of ASU 2016-14 and ASU 2010-23 did not require reclassification or restatement of any opening balances related to the period presented.

On January 1, 2019, the organization adopted ASU 2014-09—*Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, ASC 606), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The organization's services that fall within the scope of ASC 606 are presented within the revenue section of the statements of activities and changes in net assets and are recognized as revenue as the organization satisfies its obligation to the member. Services within the scope of ASC 606 include dues, convention, accreditation and education.

The organization adopted ASC 606 using the modified retrospective method, where there was no cumulative-effect adjustment to net assets as a result of adopting this new guidance. The organization has provided a disaggregation of the significant categories of revenues within the scope of this guidance and expanded the qualitative disclosures. See Note 11, *Revenue from Contracts with Members*, for additional information.

On January 1, 2019, the organization adopted ASU 2016-01—*Financial Instruments—Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,* on a modified retrospective basis. The amendment requires investments in marketable equity securities to be accounted for at fair value with unrealized gains and losses reflected in earnings. Equity securities without a readily determinable fair value are measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar securities of the same issuer.

On January 1, 2019, the organization adopted ASU 2018-08—*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides a more robust framework for determining whether a revenue transaction should be accounted for as a contribution or an exchange. Timing of revenue recognition is impacted if a contribution is conditional (barriers must be overcome such as delivery of program services and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets). If a contribution is deemed unconditional, an entity would then consider whether the contribution has donor-imposed restrictions. ASU 2018-08 had no material impact on the consolidated financial statements.

Subsequent Events: Subsequent events have been evaluated through May 15, 2020, the date the consolidated financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date, comprise the following:

	2019	2018
Cash and cash equivalents	$ 2,190,484	$ 2,824,734
Accounts receivable, net	166,282	186,664
	$ 2,356,766	$ 3,011,398

NOTE 3 – INVESTMENTS

The composition of investments is as follows:

	2019	2018
Investments at fair value:		
Cash and cash equivalents	$ 26,696	$ -
Fixed income	984,467	-
	$ 1,011,163	$ -

Information pertaining to investment strategies is as follows:

- Cash equivalents provide short-term liquidity and serve as a funding source for distributions and rebalancing.
- Fixed income provides stability and protection in a deflationary environment.

NOTE 4 – FURNITURE AND EQUIPMENT

The composition of furniture and equipment is as follows:

	2019	2018
Furniture and fixtures	$ 83,025	$ 83,025
Computers, software and equipment	163,990	147,288
Vehicles	22,912	22,912
	269,927	253,225
Accumulated depreciation	(145,277)	(91,005)
	$ 124,650	$ 162,220

Depreciation expense amounted to $54,272 and $27,814 for the years ended December 31, 2019 and 2018, respectively.

NOTE 5 – LEASES

The organization leases office and storage space under an operating lease that expires in July 2023. The office lease has an escalation clause and therefore is accounted for using the straight-line method in accordance with generally accepted accounting standards.

Future minimum lease payments are as follows:

Years Ending December 31,	
2020	$ 191,217
2021	196,953
2022	202,861
2023	121,247
	$ 712,278

Rent expense for the years ended December 31, 2019 and 2018 amounted to $196,276 and $181,967, respectively.

NOTE 6 – LINE OF CREDIT

On March 24, 2017, NASCUS obtained a $150,000 commercial line of credit with a bank with a maturity date of June 27, 2020. Draws on the line of credit are payable on demand and terms include the interest rate equal to the current one-month prime rate as published in the *Wall Street Journal* plus 25 basis points, adjusted on the first day of every month. The effective interest rate is 5.00% as of December 31, 2019. The organization had no outstanding draws on the line of credit as of December 31, 2019 and 2018.

NOTE 7 – RETIREMENT PLAN

Defined Contribution Plan: On January 1, 1994, NASCUS adopted the CUNA Mutual Group's Credit Union Benefits Service Individual Account Master and Capital Accumulation Plan, which is a pre-tax IRC Section 401(k) plan. Employees are eligible to participate in the plan immediately upon their date of hire. The employer contributes 3% of the employee's salary per the IRS Safe Harbor provision executed in December 2015. Employees who participate in the plan may make voluntary contributions not to exceed federal IRS limits. The plan provides for immediate vesting in the employer's contribution. During the years ended December 31, 2019 and 2018, NASCUS contributed $37,125 and $31,728, respectively, to the plan.

NOTE 8 – FAIR VALUE

Fair values of securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or on discounted cash flow models using the expected payment characteristics of the underlying mortgage instruments.
The fair value of assets measured on a recurring basis is as follows:

		Fair Value Measurements at Reporting Date Using		
2019	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 1,011,163	$ -	$ 1,011,163	$ -

NOTE 9 – NET ASSETS

In August 2007, the NASCUS Board voted to establish a Board Designated Stabilization Reserve Fund equal to 25% of the projected annual expenditures. In June 2017, the NASCUS Board approved a new net assets/reserves policy, setting the reserve fund at 50% of projected annual expenditures.

The balance of net assets without donor restrictions as of December 31, 2019 and 2018 is as follows:

	General Fund	Reserve Fund	Total
Balance, January 1, 2019	$ 486,578	$ 1,838,068	$ 2,324,646
Increase in net assets	92,525	-	92,525
Transfer of net assets	(47,405)	47,405	-
Balance, December 31, 2019	$ 531,698	$ 1,885,473	2,417,171
NISCUE net assets			296,259
			$ 2,713,430

	General Fund	Reserve Fund	Total
Balance, January 1, 2018	$ 420,943	$ 1,456,886	$ 1,877,829
Increase in net assets	413,943	-	413,943
Transfer of net assets	(381,182)	381,182	-
Balance, December 31, 2018, previously reported	453,704	1,838,068	2,291,772
Adjustment due to overstatement of deferred rent in 2018 (Note 13)	32,874	-	32,874
Balance, December 31, 2018, restated	$ 486,578	$ 1,838,068	2,324,646
NISCUE net assets			254,866
			$ 2,579,512

NOTE 10 – COMMITMENTS

NASCUS has committed to hotel space for future conferences and meetings through 2021. These contracts have guaranteed minimum revenue amounts, and NASCUS may be subject to substantial penalties in the event of cancellation. Because of possible COVID-19 related cancellations/postponements of the Summit Convention, the organization may have to pay a cancellation fee related to the 2020 or 2021 venues.

NASCUS has an employment contract with the President/Chief Executive Officer. This contract provides for a liability of six months of base pay and continuation of fringe benefits as well as a retention bonus if the officer is terminated without cause before December 31, 2021.

NASCUS has an employment contract with the EVP/General Counsel. This contract provides for a liability of nine months' base pay and continuation of fringe benefits if the officer is terminated without cause before December 31, 2020. In the event that NASCUS allows the agreement to expire, the contract provides for three months' pay and continuance of fringe benefits for three months if the employee satisfactorily fulfills their responsibilities through the expiration date.

NOTE 11 – REVENUE FROM CONTRACTS WITH MEMBERS

On January 1, 2019, the organization adopted ASC 606 using the modified retrospective method applied to those contracts not completed as of January 1, 2019. The new standard did not materially impact the timing or measurement of the organization's revenue recognition, as it is consistent with the organization's previously existing accounting for contracts within the scope of the new standard. There was no cumulative-effect adjustment to undivided earnings required as a result of adopting this new standard.

The following table presents revenue from contracts with members within the scope of ASC 606 for the years ended December 31, 2019 and 2018:

	2019	2018
Regulator dues	$ 821,672	$ 730,188
Credit union dues	1,644,850	1,434,529
Associate member dues	128,200	107,500
Convention	149,700	139,480
Accreditation	96,000	53,000
Education	401,973	424,052
	$ 3,242,395	$ 2,888,749

Regulator Membership: Membership fees are based on the assets under supervision for each state agency. Annual bills are sent out in April; the membership period is from July 1 to June 30. Any amounts received prior to July 1 are deferred and recognized monthly starting in July.

Credit Union Membership: Membership fees are based on the asset size of the organization. Annual bills are sent in December; the membership period is from January 1 to December 31. Any amounts received prior to December 31 are deferred and recognized monthly in subsequent years.

Associate Member Dues: Membership is a flat rate of $3,000 per year, or $4,000 for multi-state leagues. Annual bills are sent in December; the membership period is from January 1 to December 31. Any amounts received prior to December 31 are deferred and recognized monthly in subsequent years.

Accreditation: This revenue stream relates to the state credit union regulatory agencies. It is a voluntary program with approximately 29 members. There is a full onsite review of the state agency every five years. The initial fee is $15,000. In addition, there is an annual charge of $2,000 for an annual report in the off years. Agencies are allowed to make payments each year towards the $15,000 in advance of the full accreditation year. Fees are recognized upon performance and completion of the review. Fees received in advance of the performance of the review are deferred until earned.

Education and Convention: NASCUS holds various events throughout the year. The larger events are the Directors Colleges (primarily attended by credit union members) and the Summit conference. There are also various webcasts and special schools with state agencies for specific training for the regulators. Fees for education are recognized at the time they are earned. Fees received in advance of educational events are deferred until the event is held.

NOTE 12 – FUNCTIONAL EXPENSES

Functional expenses for the years ended December 31, 2019 and 2018 are as follows:

	2019			2018		
	Program	Management and General	Total	Program	Management and General	Total
Salaries and employee benefits	$ 1,359,860	$ 429,805	$ 1,789,665	$ 1,071,969	$ 340,220	$ 1,412,189
Personnel, travel and training	146,675	102,295	248,970	97,860	86,934	184,794
Business fees and services	188,360	87,100	275,460	140,372	90,548	230,920
Accreditation	27,542	-	27,542	16,319	-	16,319
Board and committees	-	35,617	35,617	-	25,941	25,941
Telephones, postage and printing	15,693	16,354	32,047	16,351	14,920	31,271
Supplies and equipment	2,962	17,126	20,088	3,864	44,602	48,466
Advertising and promotion	2,645	160	2,805	560	5,492	6,052
Office occupancy	118,806	77,470	196,276	101,559	80,408	181,967
Business insurance	10,853	7,077	17,930	8,046	6,476	14,522
Depreciation	52,076	2,196	54,272	15,427	12,387	27,814
Convention	156,149	-	156,149	100,024	-	100,024
Education	317,281	-	317,281	234,690	-	234,690
Receptions	52,188	-	52,188	5,159	24,170	29,329
Other	72,434	26,889	99,323	35,557	29,859	65,416
	$ 2,523,524	$ 802,089	$ 3,325,613	$ 1,847,757	$ 761,957	$ 2,609,714

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The organization restated its consolidated financial statements for the year ended December 31, 2018 in order to correct the overstatement of deferred rent that resulted from not adjusting the balance for the lease terminated in 2018. Net assets has been increased by $32,874, deferred rent liability has been decreased by $32,874 and office occupancy expense has been decreased by $32,874.

NOTE 14 – SUBSEQUENT EVENT – IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared a pandemic due to the spread of the coronavirus disease (COVID-19). On March 13, 2020, the President of the United States declared a national emergency in response to the coronavirus pandemic. The COVID-19 outbreak in the United States of America has caused business disruption through mandated and voluntary closures of businesses as well as stay-at-home orders in order to contain the coronavirus. On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law. The duration and outcome of these events and the ultimate impact on the organization are unknown at this time.

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National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination

Consolidating Schedule – Statement of Financial Position

December 31, 2019

	NASCUS	NISCUE	Elimination	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,894,225	$ 296,259	$ -	$ 2,190,484
Accounts receivable, net	166,282	-	-	166,282
Prepaid expenses	88,740	-	-	88,740
Total current assets	2,149,247	296,259	-	2,445,506
Noncurrent assets:				
Investments	1,011,163	-	-	1,011,163
Equity security	30,000	-	-	30,000
Furniture and equipment, net	124,650	-	-	124,650
Other assets	15,957	-	-	15,957
Total noncurrent assets	15,957	-	-	15,957
Total assets	1,181,770	-	-	1,181,770
	$ 3,331,017	$ 296,259	$ -	$ 3,627,276
LIABILITIES AND NET ASSETS				
Current liabilities:				
Account payable and accrued expenses				
Deferred income:				
Accreditation	$ 288,300	$ -	$ -	$ 288,300
Membership dues				
Education	151,000	-	-	151,000
	433,219	-	-	433,219
Total current liabilities	24,170	-	-	24,170
Noncurrent liabilities:	896,689	-	-	896,689
Deferred rent				
Total liabilities	17,157	-	-	17,157
Net assets:	913,846	-	-	913,846
Without donor restrictions				
Total liabilities and net assets	2,417,171	296,259	-	2,713,430
	$ 3,331,017	$ 296,259	$ -	$ 3,627,276

National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination

Consolidating Schedule – Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019

	NASCUS	NISCUE	Elimination	Total
REVENUES				
Regulator dues	$ 821,672	$ -	$ -	$ 821,672
Credit union dues	1,644,850	-	-	1,644,850
Associate member dues	128,200	-	-	128,200
Convention	161,255	-	(11,555)	149,700
Accreditation	96,000	-	-	96,000
Education	471,019	-	(69,046)	401,973
Donations	-	179,574	-	179,574
Interest and other	46,224	3,338	(12,000)	37,562
Total revenues	3,369,220	182,912	(92,601)	3,459,531
EXPENSES				
Salaries and employee benefits	1,789,665	-	-	1,789,665
Personnel, travel and training	248,970	-	-	248,970
Business fees and services	274,704	756	-	275,460
Accreditation	27,542	-	-	27,542
Board and committees	35,617	-	-	35,617
Telephones, postage and printing	32,047	-	-	32,047
Supplies and equipment	20,088	-	-	20,088
Advertising and promotion	2,805	-	-	2,805
Office occupancy	196,276	-	-	196,276
Business insurance	17,930	-	-	17,930
Depreciation	54,272	-	-	54,272
Convention	156,149	-	-	156,149
Education	269,119	128,763	(80,601)	317,281
Receptions	52,188	-	-	52,188
Dues and subscriptions	84,696			84,696
Other	14,627	12,000	(12,000)	14,627
Total expenses	3,276,695	141,519	(92,601)	3,325,613
CHANGE IN NET ASSETS	92,525	41,393	-	133,918
NET ASSETS, BEGINNING OF YEAR	2,324,646	254,866	-	2,579,512
NET ASSETS, END OF YEAR	$ 2,417,171	$ 296,259	$ -	$ 2,713,430