

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2015**

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
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YEAR ENDED DECEMBER 31, 2015**

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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  
Arlington, Virginia

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination (the Organization), which comprise the consolidated statement of financial position as of December 31, 2015, and the related 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.

### ***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 from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Correction of Error**

As described in Note 9 to the consolidated financial statements, the Organization restated its opening net asset balances to correct its recording of revenue for 2014. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the consolidating statement of financial position and consolidating statement of activities and change in net assets is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and change in net assets of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Tucson, Arizona  
August 15, 2016

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015**

**ASSETS**

**CURRENT ASSETS**

|                           |              |
|---------------------------|--------------|
| Cash and Cash Equivalents | \$ 1,932,384 |
| Certificates of Deposit   | 228,433      |
| Accounts Receivable, Net  | 139,966      |
| Prepaid Expenses          | 36,257       |
| Total Current Assets      | 2,337,040    |

**FURNITURE AND EQUIPMENT, NET**

16,776

**OTHER ASSETS**

8,921

Total Assets

\$ 2,362,737

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                       |            |
|---------------------------------------|------------|
| Accounts Payable and Accrued Expenses | \$ 110,132 |
| Deferred Income:                      |            |
| Accreditation                         | 82,300     |
| Membership Dues                       | 313,376    |
| Education                             | 8,325      |
| Total Current Liabilities             | 514,133    |

**OTHER LIABILITIES**

|                   |           |
|-------------------|-----------|
| Pension Liability | 514,667   |
| Deferred Rent     | 37,442    |
| Total Liabilities | 1,066,242 |

**UNRESTRICTED NET ASSETS**

1,296,495

Total Liabilities and Net Assets

\$ 2,362,737

*See accompanying Notes to Consolidated Financial Statements.*

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2015**

**REVENUES**

|                       |            |
|-----------------------|------------|
| Regulator Dues        | \$ 560,115 |
| Credit Union Dues     | 843,705    |
| Associate Member Dues | 76,000     |
| Convention            | 121,779    |
| Accreditation         | 160,000    |
| Education             | 314,664    |
| Education - NCUA      | 81,924     |
| Donations             | 88,857     |
| Interest and Other    | 4,412      |
| Total Revenues        | 2,251,456  |

**EXPENSES**

|                                  |           |
|----------------------------------|-----------|
| Salaries, Taxes and Benefits     | 1,050,288 |
| Personnel, Travel and Training   | 96,066    |
| Business Fees and Services       | 128,825   |
| Accreditation                    | 99,860    |
| Board and Committees             | 39,748    |
| Telephones, Postage and Printing | 25,815    |
| Supplies and Equipment           | 16,836    |
| Office Occupancy                 | 138,004   |
| Business Insurance               | 11,075    |
| Depreciation                     | 4,976     |
| Convention                       | 117,686   |
| Education                        | 209,475   |
| Receptions                       | 22,520    |
| Other                            | 41,989    |
| Total Expenses                   | 2,003,163 |

**INCREASE IN NET ASSETS FROM OPERATING ACTIVITIES** 248,293

**PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST** (157,694)

**CHANGE IN NET ASSETS** 90,599

Unrestricted Net Assets - Beginning of Year, as Restated (Note 9) 1,205,896

**UNRESTRICTED NET ASSETS - END OF YEAR** \$ 1,296,495

*See accompanying Notes to Consolidated Financial Statements.*

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |    |          |
|--|----|----------|
| Change in Net Assets   | \$ | 90,599   |
| Adjustments to Reconcile Change in Net Assets to Net Cash<br>Provided by Operating Activities: |    |          |
| Depreciation   |    | 4,976    |
| Changes in Operating Assets and Liabilities:   |    |          |
| Accounts Receivable, Net   |    | (49,990) |
| Prepaid Expenses   |    | (9,247)  |
| Accounts Payable and Accrued Expenses  |    | 49,766   |
| Deferred Income  |    | 10,831   |
| Pension Liability  |    | 175,454  |
| Deferred Rent  |    | 14,474   |
| Net Cash Provided by Operating Activities  |    | 286,863  |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |  |         |
|---|--|---------|
| Proceeds from Matured Certificates of Deposit |  | 780,711 |
| Purchases of Property and Equipment           |  | (6,267) |
| Net Cash Provided by Investing Activities     |  | 774,444 |

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

1,061,307

Cash and Cash Equivalents - Beginning of Year

871,077

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 1,932,384

*See accompanying Notes to Consolidated Financial Statements.*

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The National Association of State Credit Union Supervisors (NASCUS) is a 501(c)(6) nonprofit 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) 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 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 and NASCUS. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of Presentation**

The consolidated financial statement presentation follows the recommendations of the accounting principles generally accepted in the United States of America applicable to non-profit organizations. Non-profit organizations are required to report information regarding their financial position and activities according to three class of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization had no temporarily or permanently restricted net assets at December 31, 2015.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**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 which may exceed federally insured limits. Management does not believe that its cash balances present any significant credit risk.

**Investments**

The Organization reports investment in certificates of deposit at cost.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables**

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.

**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 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 by the amount by which the carrying amount of the assets exceeds the fair value of the assets. During 2015, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable.

**Revenue and 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 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.

*Program Support and Contributions:* Credit Union Leagues and other entities provide program support to NASCUS. Revenues from program support are recognized when received.

Associate membership is deferred and recognized as revenue over a 12-month period.

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.

**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. Accordingly, no provision for federal or state income taxes has been reflected in the accompanying consolidated financial statements.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

The Organization evaluates its uncertain tax positions, if any, on a continual basis. As of December 31, 2015, management does not believe any uncertain tax positions exist.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets and liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**Subsequent Events**

We have evaluated subsequent events through August 15, 2016, the date the consolidated financial statements were available to be issued.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 FURNITURE AND EQUIPMENT**

A summary of furniture and equipment as of December 31, 2015 follows:

|                                |                  |
|--------------------------------|------------------|
| Furniture and Fixtures         | \$ 64,716        |
| Computers and Equipment        | 5,342            |
| Less: Accumulated Depreciation | (53,282)         |
| Total Furniture and Equipment  | <u>\$ 16,776</u> |

Depreciation expense totaled \$4,976 for the year ended December 31, 2015.

**NOTE 3 LEASES**

The Organization leases office and storage space under an operating lease that expires in July 2020. 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:

| <u>Year Ending December 31,</u> | <u>Amount</u>     |
|---------------------------------|-------------------|
| 2016                            | \$ 121,498        |
| 2017                            | 125,151           |
| 2018                            | 128,911           |
| 2019                            | 132,783           |
| 2020                            | 78,794            |
| Total Minimum Lease Payments    | <u>\$ 587,137</u> |

Rent expense for the year ended December 31, 2015 totaled \$138,004.

**NOTE 4 RETIREMENT PLANS**

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

**Defined Contribution Plan**

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 up to three percent, limited to Internal Revenue Service contribution limitations. 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 December 31, 2015, NASCUS contributed \$20,437 to the plan.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 RETIREMENT PLANS (CONTINUED)**

**Pension Plan**

On January 1, 1994, NASCUS also entered the CUBS Retirement Defined Benefit Pension Plan. The plan covers employees over the age of 20 years and six months who have completed six months of service. Plan benefits vest after three years of service. 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 by the actuary.

Effective November 1, 2013, the plan was frozen to new participants. Additionally, all accrued benefits under the plan were frozen.

Accounting principles generally accepted in the United States of America require that the net financial impact of a defined benefit pension plan be equal to the difference between the projected benefit obligation and the fair value of the Plan's assets. If the projected benefit obligation exceeds the fair value of the Plan's assets, the difference is reflected as a liability, while if the fair value of the Plan's assets exceeds the projected benefit obligation, the difference is reflected as an asset.

The components of net pension cost at December 31, 2015 are as follows:

|   |                  |
|---|------------------|
| Service Cost of Benefits Earned During the Period | \$ -             |
| Interest Cost on the Projected Benefit Obligation | 52,549           |
| Return on Assets                                  | (73,089)         |
| Net Amortization and Deferral                     | 38,300           |
| Net Pension Cost                                  | <u>\$ 17,760</u> |

The following sets forth the funded status of the plan at December 31, 2015:

|                                   |                     |
|-----------------------------------|---------------------|
| Fair Value of Plan Assets         | \$ 1,308,690        |
| Projected Benefit Obligation      | <u>(1,823,357)</u>  |
| Funded Status of Plan at Year-End | <u>\$ (514,667)</u> |
| Accumulated Benefit Obligation    | <u>\$ 1,823,357</u> |
| Employer Contributions            | <u>\$ -</u>         |
| Employee Contributions            | <u>\$ -</u>         |
| Benefits Paid                     | <u>\$ (37,011)</u>  |

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

The following sets forth the amounts recognized in the consolidated statements of financial position at December 31, 2015:

|                   |                     |
|-------------------|---------------------|
| Pension Liability | <u>\$ (514,667)</u> |
|-------------------|---------------------|

Amounts recognized in accumulated pension related changes other than net periodic pension cost for the year ended December 31, 2015 are:

|                         |                   |
|-------------------------|-------------------|
| Net Loss                | \$ 195,994        |
| Prior Service Cost      | <u>(38,300)</u>   |
| Total Amount Recognized | <u>\$ 157,694</u> |

The weighted average assumption used to determine benefit obligations at December 31, 2015 were as follows:

|                               |       |
|-------------------------------|-------|
| Discount Rate                 | 4.50% |
| Rate of Compensation Increase | 0.00% |

The long-term rate of return on assets is based on historical realization and management's best estimate of future earnings. At December 31, 2015, weighted-average assumptions to determine net periodic pension cost were as follows:

|  |       |
|--|-------|
| Discount Rate                            | 4.50% |
| Expected Long-Term Return on Plan Assets | 7.50% |
| Rate of Compensation Increase            | 0.00% |

The expected rate of return on plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of further long-term returns by asset class.

All assets are invested with an outside manager. The investment policy covers the responsibilities of the investment managers, investment objectives, asset allocation targets and ranges, asset guidelines, and manager review criteria.

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 RETIREMENT PLANS (CONTINUED)**

**Pension Plan (Continued)**

The weighted-average asset allocation, by category, at December 31, 2015 is as follows:

|                 |      |
|-----------------|------|
| Collective Fund | 100% |
|-----------------|------|

Following is a description of the valuation methodologies used for assets of the pension plan measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

*Collective Fund*: valued at the net asset value (NAV) of shares held by the pension plan at year end.

The fair value of the pension plan assets at December 31, 2015 by asset category are as follows. Asset categories and classifications are provided by the asset investment managers.

|                 | Total        | Fair Value Measurements at Report Date Using                                  |   |  |
|-----------------|--------------|---|---|--|
|                 |              | Quoted<br>Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Collective Fund | \$ 1,308,690 | \$ -  | \$ 1,308,690  | \$ -   |
| Total           | \$ 1,308,690 | \$ -  | \$ 1,308,690  | \$ -   |

The following are the future benefits expected to be paid for the years ending December 31:

| Year Ending December 31, | Amount       |
|--------------------------|--------------|
| 2016                     | \$ 868,183   |
| 2017                     | 63,279       |
| 2018                     | 61,532       |
| 2019                     | 59,685       |
| 2020                     | 57,726       |
| 2021 - 2025              | 255,579      |
| Total                    | \$ 1,365,984 |

Expected contributions for 2016 are approximately \$30,000.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 FUNCTIONAL EXPENSES**

Functional expenses for the year ended December 31, 2015 are as follows:

|                        |                     |
|------------------------|---------------------|
| Program                | \$ 1,277,618        |
| Management and General | 725,545             |
| Total                  | <u>\$ 2,003,163</u> |

**NOTE 6 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.

The balance of unrestricted net assets of NASCUS as of December 31, 2015 is as follows:

|                            | General<br>Fund   | Reserve<br>Fund   | Total               |
|----------------------------|-------------------|-------------------|---------------------|
| Balance, January 1, 2015   | \$ 486,968        | \$ 535,578        | \$ 1,022,546        |
| Increase in Net Assets     | 97,105            | -                 | 97,105              |
| Transfer of Net Assets     | (52,055)          | 52,055            | -                   |
| Balance, December 31, 2015 | <u>\$ 532,018</u> | <u>\$ 587,633</u> | <u>\$ 1,119,651</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 continued until revoked by either party and provides for payments which were \$81,924 for the year ended December 31, 2015. The contract was cancelled effective December 31, 2015.

**NOTE 8 COMMITMENTS**

NASCUS has committed to hotel space for future conferences and meetings through 2017. These contracts have guaranteed minimum revenue amounts and NASCUS may be subject to substantial penalties in the event of cancellation.

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 if the officer is terminated without cause before November 3, 2017. This contingent liability is not reflected in the accompanying consolidated financial statements.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 8 COMMITMENTS. (CONTINUED)**

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, 2017, dies, or becomes permanently disabled. In the event that NASCUS allows the agreement to expire, the contract provides for six month's pay and continuance of fringe benefits for six months. This contingent liability is not reflected in the accompanying consolidated financial statements.

**NOTE 9 PRIOR PERIOD ADJUSTMENT**

During the six-month period ended December 31, 2014, NASCUS improperly recognized regulator dues income for a 12-month period. The effect on previously issued financial statements is summarized as follows:

|   | <u>Deferred<br/>Membership<br/>Dues Income</u> | <u>Change in<br/>Net Assets</u> | <u>Unrestricted<br/>Net Assets</u> |
|---|--|---------------------------------|------------------------------------|
| December 31, 2014, as Originally Reported | \$ 37,362                                      | \$ 74,137                       | \$ 1,441,834                       |
| Revenue Recognition Adjustment            | 235,938  | (235,938)                       | 235,938                            |
| December 31, 2014, as Restated            | <u>\$ 273,300</u>                              | <u>\$ (161,801)</u>             | <u>\$ 1,677,772</u>                |

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015**

| <b>ASSETS</b>                         | <u>NASCUS</u>              | <u>NISCUE</u>            | <u>Eliminations</u>      | <u>Consolidated</u>        |
|---------------------------------------|----------------------------|--------------------------|--------------------------|----------------------------|
| <b>CURRENT ASSETS</b>                 |                            |                          |                          |                            |
| Cash and Cash Equivalents             | \$ 1,748,713               | \$ 183,671               | \$ -                     | \$ 1,932,384               |
| Certificates of Deposit               | 228,433                    | -                        | -                        | 228,433                    |
| Accounts Receivable, Net              | 146,793                    | -                        | (6,827)                  | 139,966                    |
| Prepaid Expenses                      | 36,257                     | -                        | -                        | 36,257                     |
| Total Current Assets                  | <u>2,160,196</u>           | <u>183,671</u>           | <u>(6,827)</u>           | <u>2,337,040</u>           |
| <b>FURNITURE AND EQUIPMENT, NET</b>   | 16,776                     | -                        | -                        | 16,776                     |
| <b>OTHER ASSETS</b>                   | <u>8,921</u>               | <u>-</u>                 | <u>-</u>                 | <u>8,921</u>               |
| Total Assets                          | <u><u>\$ 2,185,893</u></u> | <u><u>\$ 183,671</u></u> | <u><u>\$ (6,827)</u></u> | <u><u>\$ 2,362,737</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>     |                            |                          |                          |                            |
| <b>CURRENT LIABILITIES</b>            |                            |                          |                          |                            |
| Accounts Payable and Accrued Expenses | \$ 110,132                 | \$ 6,827                 | \$ (6,827)               | \$ 110,132                 |
| Deferred Income:                      |                            |                          |                          |                            |
| Accreditation                         | 82,300                     | -                        | -                        | 82,300                     |
| Membership Dues                       | 313,376                    | -                        | -                        | 313,376                    |
| Education                             | 8,325                      | -                        | -                        | 8,325                      |
| Total Current Liabilities             | <u>514,133</u>             | <u>6,827</u>             | <u>(6,827)</u>           | <u>514,133</u>             |
| <b>OTHER LIABILITIES</b>              |                            |                          |                          |                            |
| Pension Liability                     | 514,667                    | -                        | -                        | 514,667                    |
| Deferred Rent                         | 37,442                     | -                        | -                        | 37,442                     |
| Total Liabilities                     | <u>1,066,242</u>           | <u>6,827</u>             | <u>(6,827)</u>           | <u>1,066,242</u>           |
| <b>UNRESTRICTED NET ASSETS</b>        | <u>1,119,651</u>           | <u>176,844</u>           | <u>-</u>                 | <u>1,296,495</u>           |
| Total Liabilities and Net Assets      | <u><u>\$ 2,185,893</u></u> | <u><u>\$ 183,671</u></u> | <u><u>\$ (6,827)</u></u> | <u><u>\$ 2,362,737</u></u> |

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION  
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2015**

|   | <u>NASCUS</u>              | <u>NISCUE</u>            | <u>Eliminations</u> | <u>Consolidated</u>        |
|---|----------------------------|--------------------------|---------------------|----------------------------|
| <b>REVENUES</b>   |                            |                          |                     |                            |
| Regulator Dues  | \$ 560,115                 | \$ -                     | \$ -                | \$ 560,115                 |
| Credit Union Dues   | 843,705                    | -                        | -                   | 843,705                    |
| Associate Member Dues   | 76,000                     | -                        | -                   | 76,000                     |
| Convention  | 126,779                    | -                        | (5,000)             | 121,779                    |
| Accreditation   | 160,000                    | -                        | -                   | 160,000                    |
| Education   | 403,457                    | -                        | (88,793)            | 314,664                    |
| Education - NCUA  | 81,924                     | 81,924                   | (81,924)            | 81,924                     |
| Donations   | -                          | 88,857                   | -                   | 88,857                     |
| Interest and Other  | 4,151                      | 261                      | -                   | 4,412                      |
| Total Revenues  | <u>2,256,131</u>           | <u>171,042</u>           | <u>(175,717)</u>    | <u>2,251,456</u>           |
| <b>EXPENSES</b>   |                            |                          |                     |                            |
| Salaries, Taxes and Benefits  | 1,050,288                  | -                        | -                   | 1,050,288                  |
| Personnel, Travel and Training  | 96,066                     | -                        | -                   | 96,066                     |
| Business Fees and Services  | 128,775                    | 50                       | -                   | 128,825                    |
| Accreditation   | 99,860                     | -                        | -                   | 99,860                     |
| Board and Committees  | 39,748                     | -                        | -                   | 39,748                     |
| Telephones, Postage and Printing  | 25,815                     | -                        | -                   | 25,815                     |
| Supplies and Equipment  | 16,836                     | -                        | -                   | 16,836                     |
| Office Occupancy  | 138,004                    | -                        | -                   | 138,004                    |
| Business Insurance  | 11,075                     | -                        | -                   | 11,075                     |
| Depreciation  | 4,976                      | -                        | -                   | 4,976                      |
| Convention  | 117,686                    | -                        | -                   | 117,686                    |
| Education   | 207,694                    | 167,928                  | (166,147)           | 209,475                    |
| Receptions  | 22,520                     | -                        | -                   | 22,520                     |
| Other   | 41,989                     | 9,570                    | (9,570)             | 41,989                     |
| Total Expenses  | <u>2,001,332</u>           | <u>177,548</u>           | <u>(175,717)</u>    | <u>2,003,163</u>           |
| <b>INCREASE (DECREASE) IN NET ASSETS FROM<br/>OPERATING ACTIVITIES</b>  | 254,799                    | (6,506)                  | -                   | 248,293                    |
| <b>PENSION-RELATED CHANGES OTHER THAN<br/>NET PERIODIC PENSION COST</b> | <u>(157,694)</u>           | <u>-</u>                 | <u>-</u>            | <u>(157,694)</u>           |
| <b>CHANGE IN NET ASSETS</b>   | 97,105                     | (6,506)                  | -                   | 90,599                     |
| Net Assets - Beginning of Year, as Restated                             | <u>1,022,546</u>           | <u>183,350</u>           | <u>-</u>            | <u>1,205,896</u>           |
| <b>NET ASSETS - END OF YEAR</b>   | <u><u>\$ 1,119,651</u></u> | <u><u>\$ 176,844</u></u> | <u><u>\$ -</u></u>  | <u><u>\$ 1,296,495</u></u> |