

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Audit Committee, Board of Directors and Credit Union Advisory Council -
National Association of State Credit Union Supervisors and
Trustees - 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 statements of financial position as of December 31, 2020 and 2019, the consolidated statements of activities, functional expenses, and cash flows for the years 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 conclusion.

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.

Supplementary Information

The accompanying 2020 consolidating schedules 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.

Burbank, California
June 8, 2021

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,404,669	\$ 2,190,484
Accounts receivable, net	239,520	166,282
Prepaid expenses	196,168	88,740
Total current assets	2,840,357	2,445,506
Noncurrent assets:		
Investments:		
Debt securities	1,142,362	1,011,163
Equity securities	141,450	30,000
Furniture and equipment, net	76,066	124,650
Other assets	15,957	15,957
Total noncurrent assets	1,375,835	1,181,770
Total assets	\$ 4,216,192	\$ 3,627,276
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 537,471	\$ 288,300
Deferred income:		
Accreditation	82,000	151,000
Membership dues	449,482	433,219
Education	21,075	24,170
Total current liabilities	1,090,028	896,689
Noncurrent liabilities:		
Deferred rent	19,774	17,157
Total liabilities	1,109,802	913,846
Net assets:		
Without donor restrictions	3,106,390	2,713,430
Total liabilities and net assets	\$ 4,216,192	\$ 3,627,276

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

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND
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**CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
REVENUES		
Regulator dues	\$ 906,338	\$ 821,672
Credit union dues	1,699,007	1,644,850
Associate member dues	123,000	128,200
Convention	12,095	149,700
Accreditation	148,000	96,000
Education	209,104	401,973
Donations	153,341	179,574
Interest and other	60,866	37,562
	3,311,751	3,459,531
EXPENSES		
Salaries and employee benefits	2,003,858	1,789,665
Personnel, travel and training	42,884	248,970
Business fees and services	291,196	275,460
Accreditation	30,962	27,542
Board and committees	11,328	35,617
Telephones, postage and printing	32,614	32,047
Supplies and equipment	14,094	20,088
Advertising and promotion	1,260	2,805
Office occupancy	207,083	196,276
Business insurance	13,841	17,930
Depreciation	53,783	54,272
Convention	2,000	156,149
Education	57,311	317,281
Receptions	21,656	52,188
Dues and subscriptions	130,989	84,696
Other	3,932	14,627
	2,918,791	3,325,613
CHANGES IN NET ASSETS	392,960	133,918
NET ASSETS, BEGINNING OF YEAR	2,713,430	2,579,512
NET ASSETS, END OF YEAR	\$ 3,106,390	\$ 2,713,430

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

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

DECEMBER 31, 2020 AND DECEMBER 31, 2019

	2020			2019		
	Programs	Management and General	Total	Programs	Management and General	Total
Salaries and employee benefits	\$ 1,410,896	\$ 592,961	\$ 2,003,857	\$ 1,359,860	\$ 429,805	\$ 1,789,665
Personnel, travel and training	25,056	17,828	42,884	146,675	102,295	248,970
Business fees and services	148,690	142,506	291,196	188,360	87,100	275,460
Accreditation	30,962	-	30,962	27,542	-	27,542
Board and committees	-	11,328	11,328	-	35,617	35,617
Telephones, postage and printing	15,217	17,397	32,614	15,693	16,354	32,047
Supplies and equipment	1,293	12,801	14,094	2,962	17,126	20,088
Advertising and promotion	1,260	-	1,260	2,645	160	2,805
Office occupancy	108,735	98,348	207,083	118,806	77,470	196,276
Business insurance	7,268	6,573	13,841	10,853	7,077	17,930
Depreciation	51,587	2,196	53,783	52,076	2,196	54,272
Convention	2,000	-	2,000	156,149	-	156,149
Education	57,311	-	57,311	317,281	-	317,281
Receptions	10	21,646	21,656	52,188	-	52,188
Dues and subscriptions	80,652	50,337	130,989	57,807	26,889	84,696
Other	3,933	-	3,933	14,627	-	14,627
	<u>\$ 1,944,870</u>	<u>\$ 973,921</u>	<u>\$ 2,918,791</u>	<u>\$ 2,523,524</u>	<u>\$ 802,089</u>	<u>\$ 3,325,613</u>

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

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND
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CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 392,960	\$ 133,918
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	53,783	54,272
Gain on investments	(42,649)	(338)
Changes in operating assets and liabilities:		
Accounts receivable	(73,238)	20,382
Prepaid expenses	(107,428)	(44,038)
Other assets	-	782
Accounts payable and accrued expenses	249,171	112,121
Deferred income	(55,832)	108,544
Deferred rent	2,617	7,634
	419,384	393,277
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of debt securities	(100,000)	(1,010,825)
Purchases of equity securities	(100,000)	-
Purchases of property and equipment	(5,199)	(16,702)
	(205,199)	(1,027,527)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	214,185	(634,250)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,190,484	2,824,734
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,404,669	\$ 2,190,484

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

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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 state-chartered 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 for state regulators and examiners concerning credit unions and related topics in cooperation with NASCUS.

Principles of Consolidation: The consolidated 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, 2020 and 2019 are without donor restrictions.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Securities: Debt securities consist of fixed income bonds and money market funds. Fixed income bonds are recorded at fair value with gains and losses included in the consolidated statements of activities. Money market funds are recorded at cost which approximates fair value.

Equity Securities: Equity securities are comprised of mid cap, large cap and international equity funds. They are recorded at fair value with gains and losses included in the consolidated statements of activities. The organization has an ownership interest in another entity. The investment had no readily determinable fair value; therefore, the investment is carried 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 the years ended December 31, 2020 and 2019, 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 typically based on the assets of the credit unions as reflected on their second quarter Call Report data. Because COVID-19 related relief measures created inflated assets for many credit unions after March 2020, 2021 dues were based on first quarter 2020 asset 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 management and general services. Expenses related to more than one function are charged to programs and management and general 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, management does not believe any uncertain tax positions exist.

Recent Accounting Pronouncement: Accounting Standards Update (ASU) 2020-07—*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, addresses new presentation and disclosure requirements of contributed nonfinancial assets. ASU 2020-07 is effective for annual periods beginning after June 15, 2021. The organization is evaluating the impact of this ASU on the consolidated financial statements.

Subsequent Events: Subsequent events have been evaluated through June 8, 2021, 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:

	2020	2019
Cash and cash equivalents	\$ 2,404,669	\$ 2,190,484
Accounts receivable, net	239,520	166,282
	<u>\$ 2,644,189</u>	<u>\$ 2,356,766</u>

NOTE 3 – INVESTMENTS

The composition of investments as of December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Debt securities at fair value:		
Money market funds	\$ 23,238	\$ 26,696
Fixed income bonds	1,119,124	984,467
	<u>1,142,362</u>	<u>1,011,163</u>
Equity securities:		
Plexcity at cost	30,000	30,000
Equity funds at fair value	111,450	-
	<u>141,450</u>	<u>30,000</u>
	<u>\$ 1,283,812</u>	<u>\$ 1,041,163</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 3 – INVESTMENTS (CONTINUED)

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.
- Equity investment provides the increase in the value of the principal amount invested.

NOTE 4 – FURNITURE AND EQUIPMENT

The composition of furniture and equipment is as follows:

	2020	2019
Furniture and fixtures	\$ 83,025	\$ 83,025
Computers, software and equipment	169,190	163,990
Vehicles	22,912	22,912
	275,127	269,927
Accumulated depreciation	(199,061)	(145,277)
	\$ 76,066	\$ 124,650

Depreciation expense amounted to \$53,783 and \$54,272 for the years ended December 31, 2020 and 2019, 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,		
2021	\$	193,157
2022		198,952
2023		118,911
	\$	511,020

Rent expense for the years ended December 31, 2020 and 2019 amounted to \$207,083 and \$196,276, 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 July 26, 2021. 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 3.5% as of December 31, 2020. The organization had no outstanding draws on the line of credit as of December 31, 2020 and 2019.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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, 2020 and 2019, NASCUS contributed \$40,574 and \$37,125, 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	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2020</u>				
Fixed income bonds	\$ 1,119,124	\$ -	\$ 1,119,124	\$ -
Equity funds	111,450	-	111,450	-
		<u>\$ -</u>	<u>\$ 1,230,574</u>	<u>\$ -</u>
Money market funds	23,238			
	<u>\$ 1,253,812</u>			
<u>2019</u>				
Fixed income bonds	\$ 984,467	<u>\$ -</u>	<u>\$ 984,467</u>	<u>\$ -</u>
Money market funds	26,696			
	<u>\$ 1,011,163</u>			

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 9 – NET ASSETS (CONTINUED)

The balance of net assets without donor restrictions as of December 31, 2020 and 2019 is as follows:

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Balance, January 1, 2020	\$ 531,698	\$ 1,885,473	\$ 2,417,171
Increase in net assets	313,887	-	313,887
Transfer of net assets	<u>244,696</u>	<u>(244,696)</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 1,090,281</u>	<u>\$ 1,640,777</u>	2,731,058
NISCUE net assets			<u>375,332</u>
			<u>\$ 3,106,390</u>
	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Balance, January 1, 2019	\$ 486,578	\$ 1,838,068	\$ 2,324,646
Increase in net assets	92,525	-	92,525
Transfer of net assets	<u>(47,405)</u>	<u>47,405</u>	<u>-</u>
Balance, December 31, 2019	<u>\$ 531,698</u>	<u>\$ 1,885,473</u>	2,417,171
NISCUE net assets			<u>296,259</u>
			<u>\$ 2,713,430</u>

NOTE 10 – COMMITMENTS

NASCUS has committed to hotel space for future conferences and meetings through 2021 and 2022. 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 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 that expires on December 31, 2023. The contract provides a retention bonus to be reserved for on an annual basis over the 3-year period of the contract. Upon successful fulfillment of duties through December 31, 2023, the full retention bonus will be payable on January 1, 2024.

If NASCUS allows the contract to expire at the end of term, the contract provides for severance of three months of then current salary and continuation of fringe benefits for a period of three months. If the EVP/General Counsel is terminated prior to the end of the term for reasons other than for cause, the contract provides for severance of nine months of then current salary and continuation of fringe benefits for a period of nine months.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 11 – REVENUE FROM CONTRACTS WITH MEMBERS (CONTINUED)

The following table presents revenue from contracts with members within the scope of ASC 606 for the years ended December 31, 2020 and 2019:

	2020	2019
Regulator dues	\$ 906,338	\$ 821,672
Credit union dues	1,699,007	1,644,850
Associate member dues	123,000	128,200
Convention	12,095	149,700
Accreditation	148,000	96,000
Education	209,104	401,973
	<u>\$ 3,097,544</u>	<u>\$ 3,242,395</u>

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 29 accredited agencies. There is a full onsite review of the state agency every five years. The full review 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 State System 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 – RISKS AND UNCERTAINTIES – 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 (the CARES Act) into law. The organization is dependent upon the membership dues from state agencies, credit unions, and other credit union system organizations. The spread of COVID-19 could cause severe disruptions in the U.S. economy, which could in turn disrupt the business, activities and operations of the organization. The duration and outcome of these events and the ultimate impact on the organization are unknown at this time. NASCUS received an IRS Employee Retention Credit which provided a payroll tax credit for the second quarter of 2020 in the amount of \$46,566.

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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, 2020

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimination</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,070,743	\$ 333,926	\$ -	\$ 2,404,669
Accounts receivable, net	239,520	366	(366)	239,520
Prepaid expenses	155,128	41,040	-	196,168
	<u>2,465,391</u>	<u>375,332</u>	<u>(366)</u>	<u>2,840,357</u>
Total current assets				
Noncurrent assets:				
Investments:				
Debt securities	1,142,362	-	-	1,142,362
Equity securities	141,450	-	-	141,450
Furniture and equipment, net	76,066	-	-	76,066
Other assets	15,957	-	-	15,957
	<u>1,375,835</u>	<u>-</u>	<u>-</u>	<u>1,375,835</u>
Total noncurrent assets				
Total assets	<u>\$ 3,841,226</u>	<u>\$ 375,332</u>	<u>\$ (366)</u>	<u>\$ 4,216,192</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Account payable and accrued expenses	\$ 537,837	\$ -	\$ (366)	\$ 537,471
Deferred income:				
Accreditation	82,000	-	-	82,000
Membership dues	449,482	-	-	449,482
Education	21,075	-	-	21,075
	<u>1,090,394</u>	<u>-</u>	<u>(366)</u>	<u>1,090,028</u>
Total current liabilities				
Noncurrent liabilities:				
Deferred rent	19,774	-	-	19,774
	<u>1,110,168</u>	<u>-</u>	<u>(366)</u>	<u>1,109,802</u>
Total liabilities				
Net assets:				
Without donor restrictions	<u>2,731,058</u>	<u>375,332</u>	<u>-</u>	<u>3,106,390</u>
Total liabilities and net assets	<u>\$ 3,841,226</u>	<u>\$ 375,332</u>	<u>\$ (366)</u>	<u>\$ 4,216,192</u>

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

CONSOLIDATING SCHEDULE – STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimination</u>	<u>Total</u>
REVENUES				
Regulator dues	\$ 906,338	\$ -	\$ -	\$ 906,338
Credit union dues	1,699,007	-	-	1,699,007
Associate member dues	123,000	-	-	123,000
Convention	12,095	-	-	12,095
Accreditation	148,000	-	-	148,000
Education	240,254	-	(31,150)	209,104
Donations	-	153,341	-	153,341
Interest and other	96,169	1,007	(36,310)	60,866
	<u>3,224,863</u>	<u>154,348</u>	<u>(67,460)</u>	<u>3,311,751</u>
Total revenues				
EXPENSES				
Salaries and employee benefits	2,003,858	-	-	2,003,858
Personnel, travel and training	42,884	-	-	42,884
Business fees and services	289,281	1,915	-	291,196
Accreditation	30,962	-	-	30,962
Board and committees	11,328	-	-	11,328
Telephones, postage and printing	32,614	-	-	32,614
Supplies and equipment	14,094	-	-	14,094
Advertising and promotion	1,260	-	-	1,260
Office occupancy	207,083	-	-	207,083
Business insurance	13,841	-	-	13,841
Depreciation	53,783	-	-	53,783
Convention	2,000	-	-	2,000
Education	51,411	61,360	(55,460)	57,311
Receptions	21,656	-	-	21,656
Dues and subscriptions	130,989	-	-	130,989
Other	3,932	12,000	(12,000)	3,932
	<u>2,910,976</u>	<u>75,275</u>	<u>(67,460)</u>	<u>2,918,791</u>
Total expenses				
CHANGE IN NET ASSETS	313,887	79,073	-	392,960
NET ASSETS, BEGINNING OF YEAR	<u>2,417,171</u>	<u>296,259</u>	<u>-</u>	<u>2,713,430</u>
NET ASSETS, END OF YEAR	<u>\$ 2,731,058</u>	<u>\$ 375,332</u>	<u>\$ -</u>	<u>\$ 3,106,390</u>