

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

**COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

## TABLE OF CONTENTS

	<b>Page</b>
Independent Accountant's Review Report	1
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Functional Expenses	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	7
Supplementary Information	
Combining Schedule – Statement of Financial Position	15
Combining Schedule – Statement of Activities	16

## **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 combined financial statements of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination, which comprise the combined statement of financial position as of December 31, 2022, the combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements. A review primarily includes applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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.

We are required to be independent of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2022 combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter – 2021 Combined Financial Statements**

The 2021 combined financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated May 12, 2022. We have not performed any auditing procedures since that date.

## Supplementary Information

The 2022 combining schedules are presented for the purpose of additional analysis and are not a required part of the combined 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 combined financial statements. The supplementary information has been subjected to the review procedures applied in our review of the combined financial statements, and 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.

*Turner, Warren, Huang & Conrad*

Burbank, California  
June 30, 2023

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

**COMBINED STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2022 AND 2021**

	2022	2021 (Audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,315,993	\$ 2,617,038
Accounts receivable, net	232,310	225,691
Right-of-use (ROU) asset	110,629	-
Prepaid expenses	210,236	211,822
Total current assets	3,869,168	3,054,551
Noncurrent assets:		
Investments:		
Debt securities	1,576,519	1,555,964
Equity securities	274,775	224,762
Furniture and equipment, net	31,088	55,561
Other assets	15,957	15,957
Total noncurrent assets	1,898,339	1,852,244
Total assets	\$ 5,767,507	\$ 4,906,795
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 246,687	\$ 324,686
Deferred income:		
Accreditation	53,000	48,000
Membership dues	1,484,818	1,019,252
Education	1,500	-
Operating lease liability	118,604	-
Total current liabilities	1,904,609	1,391,938
Noncurrent liabilities:		
Deferred rent	-	16,759
Total liabilities	1,904,609	1,408,697
Net assets:		
Without donor restrictions	3,862,898	3,498,098
Total liabilities and net assets	\$ 5,767,507	\$ 4,906,795

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

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

**COMBINED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021 (Audited)
<b>REVENUES</b>		
Regulator dues	\$ 1,220,645	\$ 1,049,089
Credit union dues	1,593,247	1,545,421
Associate member dues	145,500	139,000
Convention	89,245	37,300
Accreditation	122,000	163,000
Education	439,067	265,479
Donations	137,755	151,659
Interest and other	(14,553)	173,313
	<b>3,732,906</b>	<b>3,524,261</b>
 <b>EXPENSES</b>		
Salaries and employee benefits	1,852,433	1,986,618
Personnel, travel and training	210,495	67,906
Business fees and services	255,225	426,284
Accreditation	18,272	25,900
Board and committees	41,023	14,883
Telephones, postage and printing	30,561	32,789
Supplies and equipment	8,934	24,745
Advertising and promotion	2,591	770
Office occupancy	193,403	204,788
Business insurance	12,921	12,822
Depreciation	29,243	47,911
Convention	158,869	6,750
Education	320,033	80,420
Receptions	24,026	17,878
Dues and subscriptions	154,492	152,870
Meeting venue	13,607	-
Other	41,978	29,219
	<b>3,368,106</b>	<b>3,132,553</b>
Total expenses		
 <b>CHANGE IN NET ASSETS</b>	<b>364,800</b>	<b>391,708</b>
 <b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,498,098</b>	<b>3,106,390</b>
 <b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,862,898</b>	<b>\$ 3,498,098</b>

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

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

**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021 (Audited)		
	Programs	Management and General	Total	Programs	Management and General	Total
Salaries and employee benefits	\$ 1,384,547	\$ 467,886	\$ 1,852,433	\$ 1,503,856	\$ 482,762	\$ 1,986,618
Personnel, travel and training	117,606	92,889	210,495	41,896	26,010	67,906
Business fees and services	149,946	105,279	255,225	201,256	225,028	426,284
Accreditation	18,272	-	18,272	25,900	-	25,900
Board and committees	-	41,023	41,023	-	14,883	14,883
Telephones, postage and printing	17,164	13,397	30,561	14,250	18,539	32,789
Supplies and equipment	3,384	5,550	8,934	15,827	8,918	24,745
Advertising and promotion	2,591	-	2,591	770	-	770
Office occupancy	113,264	80,139	193,403	105,429	99,359	204,788
Business insurance	7,567	5,354	12,921	6,601	6,221	12,822
Depreciation	26,460	2,783	29,243	46,354	1,557	47,911
Convention	158,869	-	158,869	6,750	-	6,750
Education	320,033	-	320,033	80,420	-	80,420
Receptions	7,135	16,891	24,026	(293)	18,171	17,878
Dues and subscriptions	102,614	51,878	154,492	83,193	69,677	152,870
Meeting venue	13,607	-	13,607	-	-	-
Other	36,407	5,571	41,978	12,454	16,765	29,219
	<u>\$ 2,479,466</u>	<u>\$ 888,640</u>	<u>\$ 3,368,106</u>	<u>\$ 2,144,663</u>	<u>\$ 987,890</u>	<u>\$ 3,132,553</u>

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

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

**COMBINED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 364,800	\$ 391,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,243	47,911
(Gain) loss on investments	185,439	(20,604)
Amortization of ROU asset	190,181	-
Repayment of operating lease liability	(198,965)	-
Changes in operating assets and liabilities:		
Accounts receivable	(6,619)	13,829
Prepaid expenses	1,586	(15,654)
Accounts payable and accrued expenses	(77,999)	(212,785)
Deferred income	472,066	514,695
Deferred rent	-	(3,015)
	<u>959,732</u>	<u>716,085</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of debt securities	(105,000)	(434,548)
Purchases of equity securities	(151,007)	(65,000)
Purchases of property and equipment	(4,770)	(27,406)
	<u>(260,777)</u>	<u>(526,954)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	698,955	189,131
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,617,038</u>	<u>2,427,907</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 3,315,993</u>	<u>\$ 2,617,038</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES</b>		
Operating ROU asset recorded upon adoption of Accounting Standards Update (ASU) 2016-02	\$ 299,046	\$ -
Operating lease liabilities recorded upon adoption of ASU 2016-02	315,805	-

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



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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**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.

**Combined Financial Statements:** The combined financial statements of NASCUS and NISCUE (collectively, the Organization) are presented on a combined 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.

**Basis of Presentation:** The combined 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, 2022 and 2021 are without donor restrictions.

**Use of Estimates:** The preparation of combined 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 combined 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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**Debt Securities:** Debt securities consist of fixed income bonds. Fixed income bonds are recorded at fair value with gains and losses included in the combined statements of activities.

**Equity Securities:** Equity securities are comprised of mid cap, large cap and international equity funds. Equity securities with readily determinable fair values are recorded at fair value with gains and losses included in the combined statements of activities. The Organization has an ownership interest in another entity. Equity securities without a readily determinable fair value are measured at cost, less any impairment.

**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, 2022 and 2021, 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, credit unions, credit union leagues and other system organizations. 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. Dues for 2022 are based on second quarter 2021 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 organizations provide program support and sponsorships to NASCUS. Sponsorships for educational events are recognized at the time the event is held. Sponsorship revenue from the Dual Charter Resource Initiative is recognized monthly throughout the agreed upon sponsorship period.

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

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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**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 combined financial statements.

The Organization evaluates its uncertain tax positions, if any, on a continual basis. As of December 31, 2022 and 2021, management does not believe any uncertain tax positions exist.

**Accounting Pronouncement Adopted:** On January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02—*Leases (Topic 842)* and all subsequent amendments thereto, using the alternative transition method as of the date of adoption. The Organization also elected the package of practical expedients permitted under the standard, which allows the Organization to carry forward historical lease determination and classification conclusion. The adoption of this standard resulted in the Organization recording operating ROU assets and lease liabilities in the amount of \$299,046 and \$315,805, respectively. The adoption of this guidance did not have a significant effect on the amount of lease expense recognized by the Organization.

During the year ended December 31, 2021, the Organization adopted ASU 2020-07—*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which addresses new presentation and disclosure requirements of contributed nonfinancial assets. The adoption of this ASU did not have a material impact on the Organization's combined financial statements.

**Subsequent Events:** Subsequent events have been evaluated through June 30, 2023, the date the combined 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 combined statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021 (Audited)</u>
Cash and cash equivalents	\$ 3,315,993	\$ 2,617,038
Accounts receivable, net	232,310	225,691
	<u>\$ 3,548,303</u>	<u>\$ 2,842,729</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 3 – INVESTMENTS**

The composition of investments as of December 31, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021 (Audited)</u>
Debt securities at fair value:		
Fixed income bonds	<u>\$ 1,576,519</u>	<u>\$ 1,555,964</u>
Equity securities:		
Plexcity at cost	30,000	30,000
Equity funds at fair value	<u>244,775</u>	<u>194,762</u>
	<u>274,775</u>	<u>224,762</u>
	<u>\$ 1,851,294</u>	<u>\$ 1,780,726</u>

Information pertaining to investment strategies is as follows:

- 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 summarized as follows:

	<u>2022</u>	<u>2021 (Audited)</u>
Furniture and fixtures	\$ 83,025	\$ 83,025
Computers, software and equipment	<u>192,341</u>	<u>163,474</u>
	275,366	246,499
Accumulated depreciation	<u>(244,278)</u>	<u>(215,035)</u>
	31,088	31,464
Assets not yet placed into service	<u>-</u>	<u>24,097</u>
	<u>\$ 31,088</u>	<u>\$ 55,561</u>

Depreciation expense amounted to \$29,243 and \$47,911 for the years ended December 31, 2022 and 2021, respectively.

During December 2021, NASCUS disposed of a vehicle. This vehicle was gifted to the retiring CEO as part of her retirement package. The cost of the vehicle was \$22,912 with a net book value of \$0 at year-end. The fair market value of the automobile was \$24,975. The fair market value of the auto was included as a fringe payment in the retiring CEO's final paycheck and was taxed.

**NOTE 5 – LEASES**

On January 1, 2022, the Organization adopted ASU 2016-02—*Leases (Topic 842)*. The Organization leases office and storage space under an operating lease that expires in July 2023. The ROU asset and lease liability are recognized based on the present value of minimum lease payments over the remaining lease term. As the lease does not provide an implicit rate, the Organization applied a risk-free discount rate for the estimated duration of the lease to determine the present value of future payments. The amortization of the operating lease asset and the accretion of operating lease liability are reported together as fixed lease expense and are included in office occupancy expense. The fixed lease expense is recognized on a straight-line basis over the remaining life of the lease.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 5 – LEASES (CONTINUED)**

As of December 31, 2022, the remaining lease term was 0.58 year and the discount rate was 0.78%. Operating lease cost was \$193,403 for the year ended December 31, 2022. Operating cash outflows from operating lease amounted to \$198,965.

The following table presents the maturities of the operating lease liabilities as of December 31, 2022:

<u>Years Ending December 31, 2023</u>	
Total minimum lease payments	\$ 118,914
Less imputed interest	<u>310</u>
Present value of operating lease liability	<u>\$ 118,604</u>

Prior to the adoption of ASU 2016-02, the Organization's operating lease was not recognized on the statements of financial position. The office lease has an escalation clause and therefore is accounted for using the straight-line method in accordance with U.S. GAAP. Future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	
2022	\$ 198,952
2023	<u>118,911</u>
	<u>\$ 317,863</u>

Rent expense for the year ended December 31, 2021 amounted to \$204,788.

**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 September 29, 2023. 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 7.75% as of December 31, 2022. The Organization had no outstanding draws on the line of credit as of December 31, 2022 and 2021.

**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, 2022 and 2021, NASCUS contributed \$42,161 and \$43,381, respectively, to the plan.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**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)
2022				
Fixed income bonds	\$ 1,576,519	\$ -	\$ 1,576,519	\$ -
Equity funds	244,775	-	244,775	-
	<u>\$ 1,821,294</u>	<u>\$ -</u>	<u>\$ 1,821,294</u>	<u>\$ -</u>
2021 (Audited)				
Fixed income bonds	\$ 1,555,964	\$ -	\$ 1,555,964	\$ -
Equity funds	194,762	-	194,762	-
	<u>\$ 1,750,726</u>	<u>\$ -</u>	<u>\$ 1,750,726</u>	<u>\$ -</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.

The balance of net assets without donor restrictions as of December 31, 2022 is as follows:

	General Fund	Reserve Fund	Total
NASCUS net assets:			
Balance, January 1, 2022	\$ 1,309,715	\$ 1,745,991	\$ 3,055,706
Increase in net assets	437,037	-	437,037
Transfer of net assets	18,592	(18,592)	-
Balance, December 31, 2022	<u>\$ 1,765,344</u>	<u>\$ 1,727,399</u>	3,492,743
NISCUE net assets			<u>370,155</u>
			<u>\$ 3,862,898</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 9 – NET ASSETS (CONTINUED)**

The balance of net assets without donor restrictions as of December 31, 2021 is as follows:

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
NASCUS net assets:			
Balance, January 1, 2021	\$ 1,090,281	\$ 1,640,777	\$ 2,731,058
Increase in net assets	324,648	-	324,648
Transfer of net assets	<u>(105,214)</u>	<u>105,214</u>	<u>-</u>
Balance, December 31, 2021	<u>\$ 1,309,715</u>	<u>\$ 1,745,991</u>	3,055,706
NISCUE net assets			<u>442,392</u>
			<u>\$ 3,498,098</u>

**NOTE 10 – COMMITMENTS**

In December 2022, the Organization entered into a lease agreement to relocate its office for a term of 64 calendar months that will commence in 2023.

NASCUS has committed to hotel space for future conferences and meetings through 2023. 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, which will be terminated on December 31, 2026. Starting January 2023, and annually thereafter, the CEO is entitled to annual bonus/incentive of up to 20% of then base salary if he is still employed on the date when such payments are customarily made.

During 2021, NASCUS had an employment contract with the EVP/General Counsel that was scheduled to expire on December 31, 2023. However, this contract became null and void on January 1, 2022, when this individual became President and CEO and a new contract was executed.

**NOTE 11 – REVENUE FROM CONTRACTS WITH MEMBERS**

The Organization's services that fall within the scope of ASC 606, *Revenue from Contracts with Customers*, are recognized as revenue as the Organization satisfies its obligations to the members.

The following table presents revenue from contracts with members within the scope of ASC 606 for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021 (Audited)</u>
Regulator dues	\$ 1,220,645	\$ 1,049,089
Credit union dues	1,593,247	1,545,421
Associate member dues	145,500	139,000
Convention	89,245	37,300
Accreditation	122,000	163,000
Education	<u>439,067</u>	<u>265,479</u>
	<u>\$ 3,609,704</u>	<u>\$ 3,199,289</u>



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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**NOTE 11 – REVENUE FROM CONTRACTS WITH MEMBERS (CONTINUED)**

**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 starting in January.

**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 starting in January.

**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 webinars 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 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash accounts with high credit quality financial institutions. As of December 31, 2022 and 2021, balances are insured by the National Credit Union Administration and Federal Deposit Insurance Corporation up to \$250,000 with each depositor institution. Balances in excess of insured limits as of December 31, 2022 and 2021 were \$191,908 and \$258,650, respectively.

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

**COMBINING SCHEDULE – STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2022**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimination</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,974,580	\$ 341,413	\$ -	\$ 3,315,993
Accounts receivable, net	258,168	54,600	(80,458)	232,310
ROU asset	110,629	-	-	110,629
Prepaid expenses	210,236	-	-	210,236
	<u>3,553,613</u>	<u>396,013</u>	<u>(80,458)</u>	<u>3,869,168</u>
Total current assets				
Noncurrent assets:				
Investments:				
Debt securities	1,576,519	-	-	1,576,519
Equity securities	274,775	-	-	274,775
Furniture and equipment, net	31,088	-	-	31,088
Other assets	15,957	-	-	15,957
	<u>1,898,339</u>	<u>-</u>	<u>-</u>	<u>1,898,339</u>
Total noncurrent assets				
Total assets	<u>\$ 5,451,952</u>	<u>\$ 396,013</u>	<u>\$ (80,458)</u>	<u>\$ 5,767,507</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Account payable and accrued expenses	\$ 301,287	\$ 25,858	\$ (80,458)	\$ 246,687
Deferred income:				
Accreditation	53,000	-	-	53,000
Membership dues	1,484,818	-	-	1,484,818
Education	1,500	-	-	1,500
Operating lease liability	118,604	-	-	118,604
	<u>1,959,209</u>	<u>25,858</u>	<u>(80,458)</u>	<u>1,904,609</u>
Total current liabilities				
Noncurrent liabilities:				
Deferred rent	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities				
	<u>1,959,209</u>	<u>25,858</u>	<u>(80,458)</u>	<u>1,904,609</u>
Net assets:				
Without donor restrictions	<u>3,492,743</u>	<u>370,155</u>	<u>-</u>	<u>3,862,898</u>
Total liabilities and net assets	<u>\$ 5,451,952</u>	<u>\$ 396,013</u>	<u>\$ (80,458)</u>	<u>\$ 5,767,507</u>

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

**COMBINING SCHEDULE – STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2022**

	NASCUS	NISCUE	Elimination	Total
<b>REVENUES</b>				
Regulator dues	\$ 1,220,645	\$ -	\$ -	\$ 1,220,645
Credit union dues	1,593,247	-	-	1,593,247
Associate member dues	145,500	-	-	145,500
Convention	106,829	-	(17,584)	89,245
Accreditation	122,000	-	-	122,000
Education	481,217	-	(42,150)	439,067
Donations	-	137,755	-	137,755
Interest and other	19,389	2,083	(36,025)	(14,553)
	<u>3,688,827</u>	<u>139,838</u>	<u>(95,759)</u>	<u>3,732,906</u>
Total revenues				
<b>EXPENSES</b>				
Salaries and employee benefits	1,852,433	-	-	1,852,433
Personnel, travel and training	210,495	-	-	210,495
Business fees and services	253,197	2,028	-	255,225
Accreditation	18,272	-	-	18,272
Board and committees	41,023	-	-	41,023
Telephones, postage and printing	30,561	-	-	30,561
Supplies and equipment	8,934	-	-	8,934
Advertising and promotion	2,591	-	-	2,591
Office occupancy	193,403	-	-	193,403
Business insurance	12,921	-	-	12,921
Depreciation	29,243	-	-	29,243
Convention	158,869	-	-	158,869
Education	205,745	198,047	(83,759)	320,033
Receptions	24,026	-	-	24,026
Dues and subscriptions	154,492	-	-	154,492
Meeting venue	13,607	-	-	13,607
Other	41,978	12,000	(12,000)	41,978
	<u>3,251,790</u>	<u>212,075</u>	<u>(95,759)</u>	<u>3,368,106</u>
Total expenses				
<b>CHANGE IN NET ASSETS</b>	437,037	(72,237)	-	364,800
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,055,706</u>	<u>442,392</u>	<u>-</u>	<u>3,498,098</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,492,743</u>	<u>\$ 370,155</u>	<u>\$ -</u>	<u>\$ 3,862,898</u>