



National  
Credit  
Union

# THE FOUNDATION

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2020 AND 2019



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
National Credit Union Foundation  
Madison, Wisconsin

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

We have audited the accompanying financial statements of National Credit Union Foundation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of National Credit Union Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grant commitments is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
March 22, 2021

**NATIONAL CREDIT UNION FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 4,852,243	\$ 4,889,337
Prepaid Expenses	131,261	105,310
Pledges Receivable	107,154	63,577
Accounts Receivable:		
CIF and CDA/CLTs	123,621	160,364
CUNA and Affiliates	45,104	93,157
Other	87,802	5,805
Total Accounts Receivable	256,527	259,326
Total Current Assets	5,347,185	5,317,550
Furniture and Fixtures	35,781	35,781
Software	124,500	55,000
Less: Accumulated Depreciation	(45,670)	(26,810)
Subtotal	114,611	63,971
Investments	4,663,868	4,125,156
Total Assets	\$ 10,125,664	\$ 9,506,677
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grant Commitments	\$ 22,893	\$ 81,629
Accounts Payable:		
CIF and CDA/CLT Payments to State Leagues	86,701	122,752
CUNA and Affiliates	193,689	238,428
Other	34,160	37,892
Total Accounts Payable	314,550	399,072
Accrued Liabilities	152,209	151,531
Deferred Revenue	162,700	419,885
Total Liabilities	652,352	1,052,117
<b>NET ASSETS</b>		
Without Donor Restrictions	5,411,008	4,234,464
With Donor Restrictions	4,062,304	4,220,096
Total Net Assets	9,473,312	8,454,560
Total Liabilities and Net Assets	\$ 10,125,664	\$ 9,506,677

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SOURCES</b>			
Contributions	\$ 1,984,629	\$ 712,261	\$ 2,696,890
Contributions - CIF	502,044	22,375	524,419
Gross Special Events Revenue	844,050	-	844,050
Less: Special Event Expenses	<u>(335,312)</u>	<u>-</u>	<u>(335,312)</u>
Net Special Events Revenue	508,738	-	508,738
Program Revenue	264,287	-	264,287
Investment Return, Net	210,492	10,777	221,269
Other	282,892	-	282,892
Net Assets Released from Restrictions	<u>973,200</u>	<u>(973,200)</u>	<u>-</u>
Total Revenues and Other Sources	4,726,282	(227,787)	4,498,495
<b>PROGRAM EXPENSES</b>			
Disaster Relief	463,605	-	463,605
Development Education	500,996	-	500,996
CIF Grants and Outreach	707,708	-	707,708
Financial Well-Being	395,392	-	395,392
Biz Kid\$	98,312	-	98,312
Program Services	<u>400,295</u>	<u>-</u>	<u>400,295</u>
Total Program Expenses	2,566,308	-	2,566,308
<b>SUPPORTING SERVICES</b>			
Management and General	991,918	-	991,918
Fundraising	<u>326,072</u>	<u>-</u>	<u>326,072</u>
Total Supporting Services	<u>1,317,990</u>	<u>-</u>	<u>1,317,990</u>
Total Expenses	<u>3,884,298</u>	<u>-</u>	<u>3,884,298</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>			
	841,984	(227,787)	614,197
Unrealized Gains from Investments	<u>334,560</u>	<u>69,995</u>	<u>404,555</u>
<b>CHANGES IN NET ASSETS</b>	1,176,544	(157,792)	1,018,752
Net Assets - Beginning of Year	<u>4,234,464</u>	<u>4,220,096</u>	<u>8,454,560</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,411,008</u>	<u>\$ 4,062,304</u>	<u>\$ 9,473,312</u>

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SOURCES</b>			
Contributions	\$ 1,853,415	\$ 469,930	\$ 2,323,345
Contributions - CIF	658,701	24,697	683,398
Gross Special Events Revenue	716,885	-	716,885
Less: Special Event Expenses	<u>(340,384)</u>	<u>-</u>	<u>(340,384)</u>
Net Special Events Revenue	376,501	-	376,501
Program Revenue	622,614	-	622,614
Investment Return, Net	200,710	31,758	232,468
Other	21,387	-	21,387
Net Assets Released from Restrictions	<u>542,048</u>	<u>(542,048)</u>	<u>-</u>
Total Revenues and Other Sources	4,275,376	(15,663)	4,259,713
<b>PROGRAM EXPENSES</b>			
Disaster Relief	80,457	-	80,457
Development Education	714,777	-	714,777
CIF Grants and Outreach	719,269	-	719,269
Financial Well-Being	479,434	-	479,434
Biz Kid\$	143,033	-	143,033
Program Services	<u>163,599</u>	<u>-</u>	<u>163,599</u>
Total Program Expenses	2,300,569	-	2,300,569
<b>SUPPORTING SERVICES</b>			
Management and General	892,710	-	892,710
Fundraising	<u>334,909</u>	<u>-</u>	<u>334,909</u>
Total Supporting Services	1,227,619	-	1,227,619
Total Expenses	<u>3,528,188</u>	<u>-</u>	<u>3,528,188</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>			
	747,188	(15,663)	731,525
Unrealized Gains from Investments	<u>400,695</u>	<u>80,229</u>	<u>480,924</u>
<b>CHANGES IN NET ASSETS</b>	1,147,883	64,566	1,212,449
Net Assets - Beginning of Year	<u>3,086,581</u>	<u>4,155,530</u>	<u>7,242,111</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,234,464</u>	<u>\$ 4,220,096</u>	<u>\$ 8,454,560</u>

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

EXPENSES	Program Expenses						Supporting Services				Special Event Expenses	2020 Total
	Financial		Development	Disaster	CIF	Program	Total	Management		Total		
	Well-Being	Biz Kid\$	Education	Relief	Grants	Services	Program Expenses	and General	Fundraising	Supporting Services		
Salary	\$ 101,915	\$ 18,476	\$ 324,887	\$ 29,599	\$ 311,894	\$ -	\$ 786,771	\$ 462,710	\$ 196,170	\$ 658,880	\$ -	\$ 1,445,651
Grants	94,605	65,060	6,000	396,375	-	365,382	927,422	-	-	-	-	927,422
Meeting Event	2,292	-	14,057	-	-	1,129	17,478	8,185	13,621	21,806	-	39,284
Professional Fees and												
Contracted Services	150,088	3,554	25,560	13,413	2,522	17,670	212,807	61,305	19,051	80,356	-	293,163
Benefits	30,786	5,684	98,138	8,940	94,213	-	237,761	139,769	59,256	199,025	-	436,786
Grants to State Partners	-	-	4,442	-	224,607	-	229,049	-	-	-	-	229,049
Travel and Education	1,985	-	4,763	-	12,159	-	18,907	20,744	9,096	29,840	-	48,747
CUNA Services Agreement	7,334	1,650	18,333	-	11,000	-	38,317	243,029	6,234	249,263	-	287,580
Materials and Program Supplies	6,124	2,598	3,036	-	9,768	-	21,526	65	6,018	6,083	-	27,609
Office Costs	263	1,290	1,780	15,278	1,684	1	20,296	23,135	4,719	27,854	-	48,150
Program Services	-	-	-	-	39,250	16,113	55,363	-	10,000	10,000	-	65,363
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	335,312	335,312
Miscellaneous	-	-	-	-	611	-	611	1,008	90	1,098	-	1,709
Marketing and Advertising	-	-	-	-	-	-	-	31,968	1,817	33,785	-	33,785
Total Expenses by Function	395,392	98,312	500,996	463,605	707,708	400,295	2,566,308	991,918	326,072	1,317,990	335,312	4,219,610
Less: Expenses Included with Revenues on the Statements of Activities												
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	(335,312)	(335,312)
Total Expenses Included in the Expense Section of the Statements of Activities	<u>\$ 395,392</u>	<u>\$ 98,312</u>	<u>\$ 500,996</u>	<u>\$ 463,605</u>	<u>\$ 707,708</u>	<u>\$ 400,295</u>	<u>\$ 2,566,308</u>	<u>\$ 991,918</u>	<u>\$ 326,072</u>	<u>\$ 1,317,990</u>	<u>\$ -</u>	<u>\$ 3,884,298</u>

See accompanying Notes to Financial Statements.



**NATIONAL CREDIT UNION FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

EXPENSES	Program Expenses						Supporting Services				Special Event Expenses	2019 Total
	Financial		Development	Disaster	CIF	Program	Total	Management		Total		
	Well-Being	Biz Kid\$	Education	Relief	Grants	Services	Program Expenses	and General	Fundraising	Supporting Services		
Salary	\$ 146,080	\$ 21,283	\$ 258,778	\$ 13,248	\$ 224,728	\$ -	\$ 664,117	\$ 381,678	\$ 175,765	\$ 557,443	\$ -	\$ 1,221,560
Grants	162,000	89,000	34,100	60,741	-	122,955	468,796	-	-	-	-	468,796
Meeting Event	655	650	264,969	-	700	19,225	286,199	13,942	17,080	31,022	-	317,221
Professional Fees and Contracted Services	80,339	7,097	27,872	1,714	17,554	21,324	155,900	38,859	20,755	59,614	-	215,514
Benefits	43,120	6,322	76,127	3,877	66,261	-	195,707	109,703	51,607	161,310	-	357,017
Grants to State Partners	-	-	4,264	-	311,606	-	315,870	-	-	-	-	315,870
Travel and Education	29,633	2,000	19,289	-	42,183	-	93,105	63,156	10,361	73,517	-	166,622
CUNA Services Agreement	8,309	1,263	15,027	-	13,118	-	37,717	206,734	9,425	216,159	-	253,876
Materials and Program Supplies	7,604	13,815	13,475	-	5,410	-	40,304	1,700	7,356	9,056	-	49,360
Office Costs	1,634	1,603	811	877	2,924	85	7,934	25,894	3,359	29,253	-	37,187
Program Services	-	-	-	-	34,200	-	34,200	-	26,000	26,000	-	60,200
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	340,384	340,384
Miscellaneous	60	-	65	-	585	10	720	5,478	325	5,803	-	6,523
Marketing and Advertising	-	-	-	-	-	-	-	45,566	12,876	58,442	-	58,442
Total Expenses by Function	479,434	143,033	714,777	80,457	719,269	163,599	2,300,569	892,710	334,909	1,227,619	340,384	3,868,572
Less: Expenses Included with Revenues on the Statements of Activities												
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	(340,384)	(340,384)
Total Expenses Included in the Expense Section of the Statements of Activities	<u>\$ 479,434</u>	<u>\$ 143,033</u>	<u>\$ 714,777</u>	<u>\$ 80,457</u>	<u>\$ 719,269</u>	<u>\$ 163,599</u>	<u>\$ 2,300,569</u>	<u>\$ 892,710</u>	<u>\$ 334,909</u>	<u>\$ 1,227,619</u>	<u>\$ -</u>	<u>\$ 3,528,188</u>

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributions and Programs	\$ 3,979,263	\$ 4,394,626
Cash Paid to Suppliers and Recipients	(4,033,969)	(3,489,979)
Net Investment Return, Received	221,269	232,468
Net Cash Provided by Operating Activities	<u>166,563</u>	<u>1,137,115</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(69,500)	(55,000)
Purchases of Investments	(134,157)	(142,863)
Net Cash Used by Investing Activities	<u>(203,657)</u>	<u>(197,863)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(37,094)	939,252
Cash and Cash Equivalents - Beginning of Year	<u>4,889,337</u>	<u>3,950,085</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,852,243</u>	<u>\$ 4,889,337</u>

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS**

The National Credit Union Foundation (the Foundation) is a 501(c)(3) Wisconsin organization formed exclusively for charitable, scientific research, and educational purposes in the field of consumer thrift and credit, or other activities serving the public interest or common good, with particular emphasis on credit unions. The terms “charitable, scientific and educational” as used herein have the same meaning as in Section 501(c)(3) of the Internal Revenue Code (IRC).

The Foundation seeks to achieve this vision through three primary pillars of work:

- **Ignite** credit unions to place employee, member, and community financial well-being at the center of their strategy by funding catalytic grants, holding convenings, offering resources and tools to ignite credit unions to center their strategy on financial well-being for all;
- **Inspire** credit unions to leverage their cooperative values to reinforce an organizational culture that empowers and motivates employees by celebrating, developing, and helping retain talent at credit unions by offering education and engagement opportunities that align purpose with action; and
- **Respond** when disaster strikes and help credit unions increase their business resiliency through the cooperative value of “people helping people.” This work happens by assisting credit unions, their employees and volunteers to continue serving members when disaster strikes through on ongoing fundraising, grant making, and resources.

The board of directors consists of 17 directors. Three of the members are elected from the Credit Union National Association, Inc. (CUNA) board, and the other directors represent different sectors of the credit union community. The foundation board, with the exception of the CUNA president who is an ex-officio member, elects all members.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Foundation financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which includes the use of the accrual basis of accounting. As a result, revenue is recognized when earned and expenses are recognized when the obligation is incurred. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and the applicable state regulations. The Internal Revenue Service (IRS) also has determined that the Foundation is not a private foundation. In addition, the Foundation is required to report unrelated business income to the IRS and the state of Wisconsin. The Foundation had no sources of unrelated business income for the years ended December 31, 2020 and 2019. Management has concluded that the Foundation has properly maintained their exempt status, all revenue within the statements of activities has been properly classified as exempt for the years ended December 31, 2020 and 2019, and there are no uncertain tax positions through December 31, 2020.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of one year or less, to be cash and cash equivalents. All other highly liquid instruments, which have to be used for the long-term purposes of the Foundation, are considered investments. The Foundation maintained cash balances in excess of the National Credit Union Administration insurance limit at December 31, 2020 and 2019. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**Property and Equipment**

The Foundation records property and equipment at cost and it is depreciated on the straight-line method over the estimated useful life. The Foundation capitalizes all expenditures over \$5,000. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

**Accounts Receivable**

Accounts receivable consist of uncollateralized trade receivables, primarily from services performed. Accounts receivable are stated at the invoice amount. The Foundation uses the allowance method to determine the uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts. There was no allowance for uncollectible accounts as of December 31, 2020 and 2019.

**Pledges Receivable**

The Foundation records unconditional promises to give expected to be collected within one year at net realizable value. The Foundation uses the allowance method to determine the uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific accounts. There was no allowance for uncollectible pledges as of December 31, 2020 and 2019. All pledges receivable as of December 31, 2020 and 2019 are expected to be collected within one year.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses on investments are included in the statements of activities.

**Risks and Uncertainties**

The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the Foundation's account balances and the amounts reported in the financial statements. The Foundation places its investments with creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risks caused by concentration.

**Net Assets**

The Foundation classifies net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Contributions**

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Revenue is recognized during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs (salary, rent and benefits expenses) have been allocated among the programs and services benefited. These expenses require allocation based on a reasonable basis of estimated employee time and effort that is consistently applied.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and Cash Equivalents	\$ 4,852,243	\$ 4,889,337
Pledges Receivable	107,154	63,577
Accounts Receivable	256,527	259,326
Investments	<u>4,663,868</u>	<u>4,125,156</u>
Total Financial Assets	9,879,792	9,337,396
Less:		
Donor-Imposed Restrictions Making Financial Assets Not Available for General Expenditures	<u>(4,062,304)</u>	<u>(4,220,096)</u>
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,817,488</u>	<u>\$ 5,117,300</u>

The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

As part of the Foundation's liquidity management plan, it invests cash in excess of daily requirements in short-term investments.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 4 REVENUE AND DEFERRED REVENUE**

The following table shows the Foundation's revenue disaggregated according to the timing of the transfer of goods and services at December 31:

Revenue Recognized at a Point in Time	2020	2019
Events	\$ 844,050	\$ 716,885
Training Programs	264,287	622,614
Total Revenue Recognized at a Point in Time	\$ 1,108,337	\$ 1,339,499

Deferred revenue consisted of the following amounts at December 31:

	2020	2019
Events	\$ 100,200	\$ 412,800
Training Programs	62,500	585
Other	-	6,500
Total Deferred Revenue	\$ 162,700	\$ 419,885

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments at fair value consist of the following at December 31:

	2020	2019
Mutual Funds:		
Investment Grade Fixed Income	\$ 2,021,378	\$ 1,863,181
U.S. Large Cap	1,584,406	1,370,184
International Equity	1,058,084	891,791
Total Investments	\$ 4,663,868	\$ 4,125,156

Investment return consists of dividends, interest, realized and unrealized gains and losses, and investment fees. A summary of this activity for the years ended December 31 is as follows:

	2020	2019
Dividends and Interest	\$ 184,620	\$ 198,588
Realized Gains	51,493	48,259
Total	236,113	246,847
Investment Fees	(14,844)	(14,379)
Investment Return, Net	221,269	232,468
Unrealized Gains	404,555	480,924
Investment Gain	\$ 625,824	\$ 713,392

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

U.S. GAAP establishes a framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). 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 Foundation has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or 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 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used at December 31, 2020 and 2019, for assets measured at fair value.

*Mutual Funds:* Valued at quoted market prices, which represent the net asset value (NAV) of shares held by the Foundation at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, investments at fair value as of December 31:

	2020			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Investment Grade Fixed Income	\$ 2,021,378	\$ -	\$ -	\$ 2,021,378
U.S. Large Cap	1,584,406	-	-	1,584,406
International Equity	1,058,084	-	-	1,058,084
Total	<u>\$ 4,663,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,663,868</u>
	2019			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Investment Grade Fixed Income	\$ 1,863,181	\$ -	\$ -	\$ 1,863,181
U.S. Large Cap	1,370,184	-	-	1,370,184
International Equity	891,791	-	-	891,791
Total	<u>\$ 4,125,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,125,156</u>

**NOTE 6 COMMUNITY INVESTMENT FUND AND CHARITABLE DONATION ACCOUNTS**

The Foundation has two mechanisms on which it relies, in addition to direct contributions, to help fund its activities – The Community Investment Fund (CIF) and the Charitable Donation Account/Charitable Lead Trust (CDA/CLT).

The CIF is a partnership between the Foundation, the Association of Corporate Credit Unions, the American Association of Credit Union Leagues, the National Cooperative Bank, Corporate One Federal Credit Union, Millennium Corporate Credit Union, Alloya Corporate Credit Union, Catalyst Corporate Credit Union, and MEMBERS Trust Company.

Generally, credit unions investing in CIF through one of the CIF partners (the National Cooperative Bank, Corporate One Federal Credit Union, Millennium Corporate Credit Union, Alloya Corporate Credit Union, Catalyst Corporate Credit Union, and MEMBERS Trust Company) will receive a market rate of interest on their deposit. The credit union agrees to donate at least 50% of the investment return to the Foundation. The Foundation will then grant approximately half of the donation amount received to the leagues or state credit union foundations in the states of investment origin. The remaining funds will be used by the Foundation at their discretion for program services and grant making.

The CDA/CLT allows, at the federal and state level (where approved), credit unions to have expanded investment powers to help fund their charitable giving. A minimum of 51% of the total return of a CDA/CLT must be distributed to qualified charities, like the Foundation. The CDA/CLT's total value cannot exceed 5% of the credit union's net worth. Similar to CIF, the Foundation will grant approximately half of the donation amount received to the leagues or state credit union foundations in the states of investment origin.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 6 COMMUNITY INVESTMENT FUND AND CHARITABLE DONATION ACCOUNTS  
(CONTINUED)**

The total CIF and CDA/CLT fund balance on deposit as of December 31, 2020 and 2019 was approximately \$67,900,000 and \$67,600,000, respectively. CIF and CDA/CLT gross earnings were approximately \$524,000 and \$669,000 in 2020 and 2019, respectively. These deposits are not the assets of the Foundation nor does the Foundation have any claim to these assets. The distribution back to leagues and state credit union foundations was approximately \$225,000 and \$312,000 in 2020 and 2019, respectively, which is included in CIF grants in the accompanying statements of activities.

**NOTE 7 GRANT COMMITMENTS**

Grant funds are expended only for project purposes and activities set forth in the budget as originally approved or subsequently amended by the Foundation board. Commitments of grant funds were incurred during the grant period, as defined by the beginning and end dates of the agreements. Grant commitments represent unconditional promises to give and are payable within one year. Grant commitments detail is shown in the supplementary information.

The Foundation provided conditional grants in the amount totaling \$74,625 as of December 31, 2020. As of December 31, 2020, none of these grants have had their conditions met and as such are not recorded as part of the grant liability or the supplementary schedule at year-end.

**NOTE 8 RELATED PARTY TRANSACTIONS**

Through common directors and officers, the Foundation is related to CUNA, which provides facilities, administrative, and support services pursuant to a management services agreement entered into with CUNA effective January 1, 2001. The agreement, which automatically renews annually unless the Foundation or CUNA give written notice to terminate at least 90 days before year-end, provides that the Foundation will pay facility fees to CUNA, calculated annually based on the actual rate per square foot paid by CUNA and occupied by the Foundation. During the years ended December 31, 2020 and 2019, the Foundation paid CUNA \$287,580 and \$253,876, respectively, for these services.

In addition, on a monthly basis the Foundation reimbursed CUNA for other support services, including payroll expenses, provided by CUNA. During the years ended December 31, 2020 and 2019, the Foundation reimbursed CUNA \$1,927,529 and \$1,596,859, respectively, for these payroll related expenses and other support services. The Foundation provided \$89,605 and \$-0- of grants to CUNA for various trainings during the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the Foundation owed CUNA \$193,689 and \$238,428, respectively.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)**

CUNA also collects cash receipts on behalf of the Foundation, and CUNA owed the Foundation \$38,604 and \$90,657 at December 31, 2020 and 2019, respectively. In addition, CUNA's annual contribution to the Foundation was approximately \$400,000 in both 2020 and 2019.

At December 31, 2020 and 2019, American Association of Credit Union Leagues owed the Foundation \$4,500 and \$2,500, respectively.

At December 31, 2020 and 2019, Credit Union Awareness, LLC, a wholly-owned subsidiary of CUNA, owed the Foundation \$2,000 and \$-0- for trainings.

**NOTE 9 ENDOWMENTS**

The endowment funds were donor-restricted donations raised in 1984 as part of the "Reach Campaign" and Herb Wegner Endowment Fund. The Reach Campaign fundraising purpose was to build an endowment fund for the Foundation. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Endowment earnings are classified as net assets with donor restrictions until such time that they are appropriated for use.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a growth of principal and preservation of the purchasing power of the Foundation. The endowment assets are invested in a manner that is intended to produce results similar to the Russell 3000 index while assuming a high level of investment risk.

**Spending Policy**

The Foundation board determines the amount to be used for distribution based on the endowment's fund balance. In addition, the endowment assets will be governed by a spending policy that seeks to distribute earnings from the endowment fund for the Foundation's operations, with a principal amount of the endowment assets that can never be spent.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9 ENDOWMENTS (CONTINUED)**

**Spending Policy (Continued)**

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Foundation expects the current spending policy will allow its endowment to retain the original fair value of the gift.

**Strategies Employed for Achieving Objectives**

The Foundation seeks to earn a return equal to or greater than long-term equities commensurate with a reasonably high rate of risk. The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints. The Foundation Investment Committee meets regularly to review investment results and consider changes to the Foundation's investment policy.

Endowment net asset composition by type of fund as of December 31, 2020:

	<u>With Donor Restrictions</u>
Donor Restricted Endowment Funds	
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ 222,263
Accumulated Investment Gains	428,501
Total	<u>\$ 650,764</u>

Changes in endowment net assets for the fiscal year ended December 31, 2020:

	<u>With Donor Restrictions</u>
Net Assets - Beginning of Year	\$ 569,992
Investment Income	10,777
Unrealized Gains on Investments	69,995
Net Assets - End of Year	<u>\$ 650,764</u>

Endowment net asset composition by type of fund as of December 31, 2019:

	<u>With Donor Restrictions</u>
Donor Restricted Endowment Funds	
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ 222,263
Accumulated Investment Gains	347,729
Total	<u>\$ 569,992</u>

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives (Continued)**

Changes in endowment net assets for the fiscal year ended December 31, 2019:

	With Donor Restrictions
Net Assets - Beginning of Year	\$ 477,380
Investment Income	12,383
Unrealized Gains on Investments	80,229
Net Assets - End of Year	<u>\$ 569,992</u>

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for a Specified Purpose:		
Lending Council	\$ 1,310,791	\$ 1,427,691
Disaster Relief	899,688	1,070,490
Louisiana Designated Fund	231,370	371,982
Restricted Corporate Support	220,000	-
DE Founders Fund	194,166	199,181
Biz Kid\$	159,157	105,129
West Virginia Fund	126,035	130,785
Gene Farley Fund	76,900	79,400
George E. Myers Fund	69,431	96,784
Nebraska Designated Fund	50,845	50,399
AACUC/Pete Crear Scholarships Fund	26,624	13,646
International Development Fund	16,271	9,671
DE General Fund	13,362	13,362
Jacque Fisher Fund	7,033	7,033
Data Breach Fund	4,752	69,357
NYIB Fund	4,323	4,323
Warren Morrow Fund	758	837
Callahan Legacy Fund	34	34
Total Net Assets with Purpose Restrictions	<u>3,411,540</u>	<u>3,650,104</u>
Endowments:		
Subject to Appropriation and Spending Policy	428,501	347,729
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	<u>222,263</u>	<u>222,263</u>
Total Endowments	<u>650,764</u>	<u>569,992</u>
 Total Net Assets with Restrictions	 <u>\$ 4,062,304</u>	 <u>\$ 4,220,096</u>

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. A summary of this activity is as follows:

	2020	2019
Disaster Relief	\$ 396,682	\$ 60,741
Louisiana Designated Fund	223,988	21,096
Lending Council	116,900	5,000
Biz Kid\$	102,562	146,839
DE General Fund	64,605	46,028
George E. Myers Fund	30,113	14,035
Nebraska Designated Fund	16,143	10,018
West Virginia Fund	10,571	11,102
DE Founders Fund	6,260	36,038
International Development Fund	2,797	3,134
Gene Farley Fund	2,500	2,500
Warren Morrow Fund	79	94
Dakota Designated Fund	-	96,447
NYIB Fund	-	3,307
CIF PC Fund	-	669
Total	<u>\$ 973,200</u>	<u>\$ 457,048</u>

During the year ended December 31, 2020 and 2019, \$-0- and \$85,000, respectively, of time restricted contributions from corporate donors were released when the funds were received. The funds had no donor-imposed restrictions and thus were moved into the net assets without donor restrictions within the Foundation.

**NOTE 11 DISASTER RELIEF**

In times of disaster, the Foundation raises and distributes funds to aid credit unions and their employees in the affected regions. Contributions for Disaster Relief totaled \$225,880 and \$97,919 in 2020 and 2019, respectively, and are included as part of contributions with donor restrictions on the statement of activities. The Foundation made grant distributions of \$396,375 and \$60,741 in 2020 and 2019, respectively, and are included as part of Disaster Relief program expenses on the statement of activities.

The Foundation may also raise funds during times of significant international disasters.

**NOTE 12 BIZ KID\$ PROGRAM**

Biz Kid\$ is a credit union funded public television series that teaches kids about money management and entrepreneurship. The Foundation entered into grant agreements with Biz Kid\$ LLP in 2020 and 2019 for the purpose of continuing the education outreach and education goals of the Biz Kid\$ project. The grant payments under these agreements were \$65,060 and \$89,000 in 2020 and 2019, respectively, and are included as part of Biz Kid\$ program expenses on the statement of activities.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 13 MAJOR DONORS**

During the years ending December 31, 2020 and 2019, two donors accounted for 10% or greater of total contributions.

**NOTE 14 RISK AND UNCERTAINTIES**

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having a significant effect on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 15 INSURANCE RECOVERIES**

During 2020, as a result of the COVID-19 pandemic, the Foundation cancelled or modified the delivery of many program events. The Foundation has event cancellation insurance to help mitigate the loss of revenue incurred as a result of the cancellations. As of December 31, 2020, the Foundation has received a Sworn Statement In Proof of Loss – Final from their insurance carrier approving a claim in the amount of \$85,500, which is included as part of other revenue on the statement of activities and other accounts receivable on the statement of financial position.

Subsequent to year-end, the Foundation has received the \$85,500 of insurance proceeds which was reported in the 2020 financial statements.

**NOTE 16 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS**

On April 16, 2020, the Foundation received proceeds in the amount of \$179,672 to fund payroll expenses through the Paycheck Protection Program (the “PPP Loan”). The PPP Loan was forgiven by the U.S. Small Business Administration (SBA) on November 9, 2020. Therefore, the Foundation has recognized this loan as other income on the statement of activities during the year ended December 31, 2020.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation’s financial position.

**NATIONAL CREDIT UNION FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 17 SUBSEQUENT EVENTS**

Management evaluated subsequent events through March 22, 2021, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2020, but prior to March 22, 2021, that provide additional evidence about conditions that existed at December 31, 2020, have been recognized in the financial statements for the year ended December 31, 2020. Events or transactions that provided evidence about conditions that did not exist at December 31, 2020, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2020.



**NATIONAL CREDIT UNION FOUNDATION  
SCHEDULE OF GRANT COMMITMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

<b>GRANTEES</b>	<u>2020</u>	<u>2019</u>
AACUC/Pete Crear Scholarship Fund	\$ 12,978	\$ -
Pelican Credit Union	2,500	-
Cooperative Federal Credit Union	1,875	1,875
Michigan State University Federal Credit Union	-	18,000
Community First Credit Union of Florida	-	18,000
International Development Fund	5,540	13,646
Worldwide Foundation for Credit Unions	-	9,671
RMJ Foundation	-	3,250
Latino Community Credit Union	-	3,000
Travis Credit Union	-	3,000
Northwest Credit Union Foundation	-	2,688
University Federal Credit Union	-	2,000
Faith Community United Credit Union	-	1,875
Royal Credit Union	-	1,875
San Meteo Credit Union	-	1,875
Southeastern Credit Union Foundation	-	875
Total Grant Commitments	<u>\$ 22,893</u>	<u>\$ 81,629</u>