



National
Credit
Union

THE FOUNDATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
National Credit Union Foundation
Madison, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of National Credit Union Foundation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of National Credit Union Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Credit Union Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 National Credit Union Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Credit Union Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Middleton, Wisconsin
March 16, 2022

**NATIONAL CREDIT UNION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 5,753,445	\$ 4,852,243
Prepaid Expenses	112,449	131,261
Pledges Receivable	557,300	107,154
Accounts Receivable:		
CIF and CDA/CLTs	67,346	123,621
CUNA and Affiliates	10,852	45,104
Other	4,750	87,802
Total Accounts Receivable	82,948	256,527
Total Current Assets	6,506,142	5,347,185
Furniture and Fixtures	35,781	35,781
Software	124,500	124,500
Less: Accumulated Depreciation	(83,684)	(45,670)
Subtotal	76,597	114,611
Investments	5,075,500	4,663,868
Total Assets	\$ 11,658,239	\$ 10,125,664
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grant Commitments	\$ 8,594	\$ 22,893
Accounts Payable:		
CIF and CDA/CLT Payments to State Leagues	45,594	86,701
CUNA and Affiliates	276,643	193,689
Other	2,964	34,160
Total Accounts Payable	325,201	314,550
Accrued Liabilities	157,496	152,209
Deferred Revenue	345,750	162,700
Total Liabilities	837,041	652,352
NET ASSETS		
Without Donor Restrictions	6,295,485	5,411,008
With Donor Restrictions	4,525,713	4,062,304
Total Net Assets	10,821,198	9,473,312
Total Liabilities and Net Assets	\$ 11,658,239	\$ 10,125,664

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SOURCES			
Contributions	\$ 1,836,987	\$ 1,357,200	\$ 3,194,187
Contributions - CIF	323,937	10,384	334,321
Gross Special Events Revenue	343,400	-	343,400
Less: Special Event Expenses	<u>(28,701)</u>	<u>-</u>	<u>(28,701)</u>
Net Special Events Revenue	314,699	-	314,699
Program Revenue	345,663	-	345,663
Investment Return, Net	1,188,031	276,664	1,464,695
Other	152,709	-	152,709
Net Assets Released from Restrictions	<u>1,009,480</u>	<u>(1,009,480)</u>	<u>-</u>
Total Revenues and Other Sources	<u>5,171,506</u>	<u>634,768</u>	<u>5,806,274</u>
PROGRAM EXPENSES			
Disaster Relief	515,866	-	515,866
Development Education	477,710	-	477,710
CIF Grants and Outreach	629,077	-	629,077
Financial Well-Being	221,846	-	221,846
Biz Kid\$	92,535	-	92,535
Program Services	<u>213,941</u>	<u>-</u>	<u>213,941</u>
Total Program Expenses	2,150,975	-	2,150,975
SUPPORTING SERVICES			
Management and General	1,021,288	-	1,021,288
Fundraising	<u>271,071</u>	<u>-</u>	<u>271,071</u>
Total Supporting Services	<u>1,292,359</u>	<u>-</u>	<u>1,292,359</u>
Total Expenses	<u>3,443,334</u>	<u>-</u>	<u>3,443,334</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	1,728,172	634,768	2,362,940
Unrealized Losses from Investments	<u>(843,695)</u>	<u>(171,359)</u>	<u>(1,015,054)</u>
CHANGES IN NET ASSETS	884,477	463,409	1,347,886
Net Assets - Beginning of Year	<u>5,411,008</u>	<u>4,062,304</u>	<u>9,473,312</u>
NET ASSETS - END OF YEAR	<u>\$ 6,295,485</u>	<u>\$ 4,525,713</u>	<u>\$ 10,821,198</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SOURCES			
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	973,200	(973,200)	-
Total Revenues and Other Sources	<u>4,726,282</u>	<u>(227,787)</u>	<u>4,498,495</u>
PROGRAM EXPENSES			
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	400,295	-	400,295
Total Program Expenses	<u>2,566,308</u>	<u>-</u>	<u>2,566,308</u>
SUPPORTING SERVICES			
Management and General	990,910	-	990,910
Fundraising	327,080	-	327,080
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>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES FROM OPERATIONS	841,984	(227,787)	614,197
Unrealized Gains from Investments	<u>334,560</u>	<u>69,995</u>	<u>404,555</u>
CHANGES IN NET ASSETS	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>
NET ASSETS - END OF YEAR	<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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Expenses						Supporting Services				Special Event Expenses	2021 Total
	Disaster Relief	Development Education	CIF Grants	Financial Well-Being	Biz Kid\$	Program Services	Total Program Expenses	Management and General	Fundraising	Total Supporting Services		
EXPENSES												
Salary	\$ 15,698	\$ 310,609	\$ 289,831	\$ 74,946	\$ 24,455	\$ -	\$ 715,539	\$ 514,129	\$ 189,972	\$ 704,101	\$ -	\$ 1,419,640
Grants	443,968	33,216	-	99,625	56,750	194,734	828,293	-	-	-	-	828,293
Meeting Event	-	213	-	-	-	3,935	4,148	-	-	-	-	4,148
Professional Fees and Contracted Services	15,257	17,550	92,692	20,360	608	15,272	161,739	67,222	12,917	80,139	-	241,878
Benefits	4,276	85,076	78,954	20,416	6,662	-	195,384	121,624	51,750	173,374	-	368,758
Grants to State Partners	-	1,690	127,703	-	-	-	129,393	-	-	-	-	129,393
Travel and Education	-	2,074	4,638	1,381	-	-	8,093	31,447	3,720	35,167	-	43,260
CUNA Services Agreement	-	21,342	12,726	4,506	2,246	-	40,820	239,400	7,779	247,179	-	287,999
Materials and Program Supplies	-	4,844	5,527	-	879	-	11,250	-	73	73	-	11,323
Office Costs	36,667	1,096	1,506	612	935	-	40,816	19,937	278	20,215	-	61,031
Program Services	-	-	15,500	-	-	-	15,500	-	-	-	-	15,500
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	28,701	28,701
Miscellaneous	-	-	-	-	-	-	-	1,497	4,060	5,557	-	5,557
Marketing and Advertising	-	-	-	-	-	-	-	26,032	522	26,554	-	26,554
Total Expenses by Function	515,866	477,710	629,077	221,846	92,535	213,941	2,150,975	1,021,288	271,071	1,292,359	28,701	3,472,035
Less: Expenses Included with Revenues on the Statements of Activities												
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	(28,701)	(28,701)
Total Expenses Included in the Expense Section of the Statements of Activities	\$ 515,866	\$ 477,710	\$ 629,077	\$ 221,846	\$ 92,535	\$ 213,941	\$ 2,150,975	\$ 1,021,288	\$ 271,071	\$ 1,292,359	\$ -	\$ 3,443,334

See accompanying Notes to Financial Statements.

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

	Program Expenses						Supporting Services				Special Event Expenses	2020 Total
	Disaster	Development	CIF	Financial		Program	Total	Management		Total		
	Relief	Education	Grants	Well-Being	Biz Kid\$	Services	Program Expenses	and General	Fundraising	Supporting Services		
EXPENSES												
Salary	\$ 29,599	\$ 324,887	\$ 311,894	\$ 101,915	\$ 18,476	\$ -	\$ 786,771	\$ 462,710	\$ 196,170	\$ 658,880	\$ -	\$ 1,445,651
Grants	396,375	6,000	-	94,605	65,060	365,382	927,422	-	-	-	-	927,422
Meeting Event	-	14,057	-	2,292	-	1,129	17,478	8,185	13,621	21,806	-	39,284
Professional Fees and												
Contracted Services	13,413	25,560	2,522	150,088	3,554	17,670	212,807	61,305	19,051	80,356	-	293,163
Benefits	8,940	98,138	94,213	30,786	5,684	-	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	-	4,763	12,159	1,985	-	-	18,907	20,744	9,096	29,840	-	48,747
CUNA Services Agreement	-	18,333	11,000	7,334	1,650	-	38,317	243,029	6,234	249,263	-	287,580
Materials and Program Supplies	-	3,036	9,768	6,124	2,598	-	21,526	65	6,018	6,083	-	27,609
Office Costs	15,278	1,780	1,684	263	1,290	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	-	1,098	1,098	-	1,709
Marketing and Advertising	-	-	-	-	-	-	-	31,968	1,817	33,785	-	33,785
Total Expenses by Function	463,605	500,996	707,708	395,392	98,312	400,295	2,566,308	990,910	327,080	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	\$ 463,605	\$ 500,996	\$ 707,708	\$ 395,392	\$ 98,312	\$ 400,295	\$ 2,566,308	\$ 990,910	\$ 327,080	\$ 1,317,990	\$ -	\$ 3,884,298

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions and Programs	\$ 4,248,062	\$ 3,979,263
Cash Paid to Suppliers and Recipients	(3,384,869)	(4,033,969)
Net Investment Return, Received	283,950	221,269
Net Cash Provided by Operating Activities	1,147,143	166,563
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(69,500)
Proceeds from Sales of Investments	5,309,613	-
Purchases of Investments	(5,555,554)	(134,157)
Net Cash Used by Investing Activities	(245,941)	(203,657)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	901,202	(37,094)
Cash and Cash Equivalents - Beginning of Year	4,852,243	4,889,337
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,753,445	\$ 4,852,243

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, case studies 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, 2021 AND 2020**

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, 2021 and 2020. 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, 2021 and 2020, and there are no uncertain tax positions through December 31, 2021.

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, 2021 and 2020. 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, 2021 and 2020.

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, 2021 and 2020. All pledges receivable as of December 31, 2021 and 2020 are expected to be collected within one year.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020**

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>2021</u>	<u>2020</u>
Financial Assets		
Cash and Cash Equivalents	\$ 5,753,445	\$ 4,852,243
Pledges Receivable	557,300	107,154
Accounts Receivable	82,948	256,527
Investments	<u>5,075,500</u>	<u>4,663,868</u>
Total Financial Assets	11,469,193	9,879,792
Less:		
Donor-Imposed Restrictions Making Financial Assets Not Available for General Expenditures	<u>(4,525,713)</u>	<u>(4,062,304)</u>
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,943,480</u>	<u>\$ 5,817,488</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, 2021 AND 2020**

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:

	<u>2021</u>	<u>2020</u>
Revenue Recognized at a Point in Time:		
Events	\$ 343,400	\$ 844,050
Training Programs	345,663	264,287
Total Revenue Recognized at a Point in Time	<u>\$ 689,063</u>	<u>\$ 1,108,337</u>

Deferred revenue consisted of the following amounts at December 31:

	<u>2021</u>	<u>2020</u>
Events	\$ 322,300	\$ 100,200
Training Programs	13,450	62,500
Other	10,000	-
Total Deferred Revenue	<u>\$ 345,750</u>	<u>\$ 162,700</u>

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	<u>2021</u>	<u>2020</u>
Mutual Funds:		
Investment Grade Fixed Income	\$ -	\$ 2,021,378
U.S. Large Cap	-	1,584,406
International Equity	-	1,058,084
Balanced Funds	5,075,500	-
Total Investments	<u>\$ 5,075,500</u>	<u>\$ 4,663,868</u>

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:

	<u>2021</u>	<u>2020</u>
Dividends and Interest	\$ 299,623	\$ 184,620
Realized Gains	1,180,745	51,493
Total	1,480,368	236,113
Investment Fees	<u>(15,673)</u>	<u>(14,844)</u>
Investment Return, Net	1,464,695	221,269
Unrealized (Losses) Gains	<u>(1,015,054)</u>	<u>404,555</u>
Investment Gain	<u>\$ 449,641</u>	<u>\$ 625,824</u>

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, 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, 2021 AND 2020**

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:

	2021			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Balanced Funds	\$ 5,075,500	\$ -	\$ -	\$ 5,075,500
Total	<u>\$ 5,075,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,075,500</u>
	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>

NOTE 6 COMMUNITY INVESTMENT FUND, CHARITABLE LEAD TRUST AND CHARITABLE DONATION ACCOUNTS

The Foundation has three mechanisms which it relies, in addition to direct contributions, to help fund its activities – Community Investment Fund (CIF), Charitable Lead Trust (CLT), and Charitable Donation Account (CDA). These mechanisms are 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 Federal Credit Union, Catalyst Corporate Federal Credit Union, and Members Trust Company.

Generally, credit unions investing in CIF through one of the CIF partners (National Cooperative Bank, Corporate One Federal Credit Union, Millennium Corporate Credit Union, Alloya Corporate Federal Credit Union, Catalyst Corporate Federal 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 which the credit union belongs. In some cases, based on the contract, earnings may be restricted for a particular fund and the Foundation retains 15% of the contribution. The remaining funds will be used by the Foundation at their discretion for programs services and grant making.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 COMMUNITY INVESTMENT FUND, CHARITABLE LEAD TRUST AND CHARITABLE DONATION ACCOUNTS (CONTINUED)

The CLT is a charitable vehicle commonly used to make gifts to charities and 501(c)(3) foundations. On the first day of the calendar year, the trust will be valued to determine the payment for that calendar year. The minimum payment shall initially be in the range of 1.0% to 1.5% of the value of the trust. After each renewal period, the minimum payment will be reset with the Barclay Aggregate Index as a benchmark. Distribution is based on the market value of the trust. The Foundation will then grant at least 25% of the donation amount received to the leagues or state credit union foundations in which the credit union belongs. In some cases, based on the contract, earnings may be restricted for a particular fund and the Foundation retains 15% of the contribution. The remaining funds will be used by the Foundation at their discretion for programs services and grant making.

The CDA 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 must be distributed to qualified charities like the Foundation. The CDA's total value cannot exceed 5% of the credit union's net worth. Similar to CIF, the Foundation will then grant approximately half of the donation amount received to the leagues or state credit union foundations in which the credit union belongs. In some cases, based on the contract, earnings may be restricted for a particular fund and the Foundation retains 15% of the contribution. The remaining funds will be used by the Foundation at their discretion for programs services and grant making.

The total CIF, CLT and CDA fund balance on deposit as of December 31, 2021 and 2020 was approximately \$64,800,000 and \$67,900,000, respectively. CIF, CLT and CDA contributions were approximately \$334,000 and \$524,000 in 2021 and 2020, respectively. These deposits are not the assets of the Foundation nor does the Foundation have any claim to these assets. The amounts to be distributed back to the leagues and state credit union foundations were approximately \$128,000 and \$225,000 in 2021 and 2020, respectively, which is included in CIF grants and 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 \$-0- as of December 31, 2021.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, the Foundation paid CUNA \$288,000 and \$287,580, 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, 2021 and 2020, the Foundation reimbursed CUNA \$1,816,688 and \$1,927,529, respectively, for these payroll related expenses and other support services. The Foundation provided \$25,000 and \$89,605 of grants to CUNA for various trainings during the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, the Foundation owed CUNA \$276,643 and \$193,689, respectively.

CUNA also collects cash receipts on behalf of the Foundation, and CUNA owed the Foundation \$8,352 and \$38,604 at December 31, 2021 and 2020, respectively. In addition, CUNA's annual contribution to the Foundation was approximately \$400,000 in both 2021 and 2020.

At December 31, 2021 and 2020, American Association of Credit Union Leagues owed the Foundation \$2,500 and \$4,500, respectively.

At December 31, 2021 and 2020, Credit Union Awareness, LLC, a wholly-owned subsidiary of CUNA, owed the Foundation \$-0- and \$2,000 for trainings, respectively.

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.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 9 ENDOWMENTS (CONTINUED)

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.

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.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 9 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2021:

	<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	526,841
Total	<u>\$ 749,104</u>

Changes in endowment net assets for the fiscal year ended December 31, 2021:

	<u>With Donor Restrictions</u>
Net Assets - Beginning of Year	\$ 650,764
Investment Income	269,699
Unrealized Gains on Investments	(171,359)
Net Assets - End of Year	<u>\$ 749,104</u>

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>

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to Expenditure for a Specified Purpose:	<u>2021</u>	<u>2020</u>
Lending Council	\$ 1,218,763	\$ 1,310,791
FinHealth Fund	1,000,000	-
Disaster Relief	592,423	899,688
Louisiana Designated Fund	225,354	231,370
DE Founders Fund	183,131	194,166
Biz Kid\$	168,490	159,157
West Virginia Fund	133,994	126,035
Gene Farley Fund	77,262	76,900
George E. Myers Fund	63,392	69,431
Nebraska Designated Fund	52,362	50,845
AACUC/Pete Crear Scholarships Fund	30,972	26,624
International Development Fund	21,391	16,271
Data Breach Fund	4,752	4,752
NYIB Fund	4,323	4,323
Restricted Corporate Support	-	220,000
DE General Fund	-	13,362
Jacque Fisher Fund	-	7,033
Warren Morrow Fund	-	758
Callahan Legacy Fund	-	34
Total Net Assets with Purpose Restrictions	<u>3,776,609</u>	<u>3,411,540</u>
Endowments:		
Subject to Appropriation and Spending Policy	526,841	428,501
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>749,104</u>	<u>650,764</u>
Total Net Assets with Restrictions	<u>\$ 4,525,713</u>	<u>\$ 4,062,304</u>

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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:

	<u>2021</u>	<u>2020</u>
Disaster Relief	\$ 444,554	\$ 396,682
Lending Council	98,310	116,900
Biz Kid\$	96,786	102,562
Louisiana Designated Fund	89,801	223,988
DE Founders Fund	33,249	70,865
George E. Myers Fund	14,000	30,113
Nebraska Designated Fund	6,434	16,143
West Virginia Fund	2,638	10,571
Gene Farley Fund	2,000	2,500
International Development Fund	916	2,797
Warren Morrow Fund	758	79
Callahan Legacy Fund	34	-
Total	<u>\$ 789,480</u>	<u>\$ 973,200</u>

During the year ended December 31, 2021 and 2020, \$220,000 and \$-0-, 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 domestic disasters, the Foundation raises and distributes funds to aid credit unions and their employees in the affected regions. Contributions for Disaster Relief totaled \$137,289 and \$225,880 in 2021 and 2020, respectively, and are included as part of contributions with donor restrictions on the statement of activities. The Foundation made grant distributions of \$443,968 and \$396,375 in 2021 and 2020, respectively, and are included as part of Disaster Relief program expenses on the statement of activities.

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 2021 and 2020 for the purpose of continuing the education outreach and education goals of the Biz Kid\$ project. The grant payments under these agreements were \$56,750 and \$65,060 in 2021 and 2020, 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, 2021 AND 2020**

NOTE 13 MAJOR DONORS

During the years ending December 31, 2021 and 2020, one donor and two donors, respectively, accounted for 10% or greater of total contributions.

NOTE 14 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 for the year ended December 31, 2020 and other accounts receivable on the statement of financial position as of December 31, 2020. During 2021, the Foundation received the \$85,500 of insurance proceeds.

NOTE 15 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.

NOTE 16 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 16, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to March 16, 2022, that provide additional evidence about conditions that existed at December 31, 2021, have been recognized in the financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, 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, 2021.

**NATIONAL CREDIT UNION FOUNDATION
SCHEDULE OF GRANT COMMITMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

GRANTEES	<u>2021</u>	<u>2020</u>
AACUC/Pete Crear Scholarship Fund	\$ 4,250	\$ 12,978
International Development Fund	4,344	5,540
Pelican Credit Union	-	2,500
Cooperative Federal Credit Union	-	1,875
Total Grant Commitments	<u>\$ 8,594</u>	<u>\$ 22,893</u>