National Credit Union Foundation, Inc.

Financial Statements

December 31, 2023 and 2022

bakertilly

Independent Auditors' Report

To the Board of Directors of
National Credit Union Foundation, Inc.

Opinion

We have audited the financial statements of National Credit Union Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, 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 (GAAP).

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 the 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 GAAP, 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 the Foundation's ability to continue as a going concern within one year after the date that 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 the 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 the 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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
April 4, 2024

National Credit Union Foundation, Inc.

Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 6,156,838	$ 4,383,182
Receivables:		
Pledges	310,743	11,500
Contributions	39,656	26,289
CUNA and affiliates	41,487	51,408
Other	50,873	28,548
Total receivables	442,759	117,745
Prepaid expenses	105,107	145,951
Total current assets	6,704,704	4,646,878
Software	110,000	110,000
Less accumulated depreciation	(110,000)	(88,611)
Net software	-	21,389
Investments	8,583,396	7,934,373
Total assets	$ 15,288,100	$ 12,602,640
Liabilities and Net Assets		
Current Liabilities		
Grant commitments	$ -	$ 723
Payables:		
Grants to state leagues	89,570	45,165
CUNA	276,934	211,905
Other	45,867	51,948
Total payables	412,371	309,018
Accrued liabilities	197,842	213,839
Deferred revenue	894,861	334,269
Total current liabilities	1,505,074	857,849
Net Assets		
Without donor restrictions	7,411,180	6,126,899
With donor restrictions	6,371,846	5,617,892
Total net assets	13,783,026	11,744,791
Total liabilities and net assets	$ 15,288,100	$ 12,602,640

See notes to financial statements

National Credit Union Foundation, Inc.

Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 2,320,943	$ 1,143,375	$ 3,464,318
Contributions, split-interest agreements	652,949	15	652,964
Gross special events revenue	979,600	-	979,600
Less special event expenses	(412,364)	-	(412,364)
Net special events revenue	567,236	-	567,236
Program	932,161	-	932,161
Investment return, net	386,784	196,224	583,008
Other	26,731	-	26,731
Net assets released from restrictions	747,820	(747,820)	-
Total revenues	5,634,624	591,794	6,226,418
Program Expenses			
Disaster relief	102,315	-	102,315
Development education	1,070,405	-	1,070,405
Community investment fund grants and outreach	744,810	-	744,810
Financial well-being	350,213	-	350,213
FinHealth	542,056	-	542,056
Biz Kid$	47,412	-	47,412
Other program services	110,133	-	110,133
Total program expenses	2,967,344	-	2,967,344
Supporting Services			
Management and general	1,286,799	-	1,286,799
Fundraising	421,306	-	421,306
Total supporting services	1,708,105	-	1,708,105
Total expenses	4,675,449	-	4,675,449
Excess of Revenues Over Expenses From Operations	959,175	591,794	1,550,969
Unrealized gains from investments	325,106	162,160	487,266
Change in net assets	1,284,281	753,954	2,038,235
Net Assets, Beginning	6,126,899	5,617,892	11,744,791
Net Assets, Ending	$ 7,411,180	$ 6,371,846	$ 13,783,026

See notes to financial statements

National Credit Union Foundation, Inc.

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 2,113,411	$ 2,481,565	$ 4,594,976
Contributions, split-interest agreements	315,838	1,250	317,088
Gross special events revenue	799,350	-	799,350
Less special event expenses	(320,032)	-	(320,032)
Net special events revenue	479,318	-	479,318
Program	744,438	-	744,438
Investment return, net	141,735	79,085	220,820
Other	115,542	-	115,542
Net assets released from restrictions	1,076,086	(1,076,086)	-
Total revenues	4,986,368	1,485,814	6,472,182
Program Expenses			
Disaster relief	658,177	-	658,177
Development education	965,251	-	965,251
Community investment fund grants and outreach	742,405	-	742,405
Financial well-being	295,133	-	295,133
FinHealth	231,847	-	231,847
Biz Kid$	90,306	-	90,306
Other program services	73,159	-	73,159
Total program expenses	3,056,278	-	3,056,278
Supporting Services			
Management and general	1,029,876	-	1,029,876
Fundraising	297,565	-	297,565
Total supporting services	1,327,441	-	1,327,441
Total expenses	4,383,719	-	4,383,719
Excess of Revenues Over Expenses From Operations	602,649	1,485,814	2,088,463
Unrealized losses from investments	(768,204)	(393,635)	(1,161,839)
Loss on disposal	(3,031)	-	(3,031)
Change in net assets	(168,586)	1,092,179	923,593
Net Assets, Beginning	6,295,485	4,525,713	10,821,198
Net Assets, Ending	$ 6,126,899	$ 5,617,892	$ 11,744,791

See notes to financial statements

National Credit Union Foundation, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023

	Program								Supporting Services			
	Disaster Relief	**Development Education**	**Community Investment Fund Grants and Outreach**	**Financial Well-Being**	**FinHealth**	**Biz Kid$**	**Other Program Services**	**Total Program Expenses**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total**
Salaries	$ 7,755	$ 460,671	$ 245,574	$ 338,932	$ -	$ 15,169	$ -	$1,068,101	$ 657,613	$ 280,716	$ 938,329	$2,006,430
Benefits	1,827	108,509	57,844	79,834	-	3,573	-	251,587	137,753	66,121	203,874	455,461
Total personnel	9,582	569,180	303,418	418,766	-	18,742	-	1,319,688	795,366	346,837	1,142,203	2,461,891
Grants and grants management	23,762	31,941	-	145,102	-	25,000	92,439	318,244	-	-	-	318,244
Meeting events	-	364,351	-	-	11,278	-	3,230	378,859	-	17,020	17,020	395,879
Professional fees and contracted services	44,634	38,976	105,565	32,500	233,809	-	14,464	469,948	158,603	17,294	175,897	645,845
Grants to state partners	-	5,392	279,254	-	-	-	-	284,646	-	-	-	284,646
Travel and education	-	40,586	38,403	6,984	39,514	-	-	125,487	52,016	21,537	73,553	199,040
CUNA services agreement	-	-	-	-	-	-	-	-	237,300	-	237,300	237,300
Materials and program supplies	185	14,201	370	544	2,039	3,660	-	20,999	-	4,767	4,767	25,766
Office	24,152	5,778	9,001	1,119	614	10	-	40,674	26,581	9,534	36,115	76,789
Other support	-	-	8,799	-	-	-	-	8,799	-	-	-	8,799
Special event expenses	-	-	-	-	-	-	-	-	-	412,364	412,364	412,364
Miscellaneous	-	-	-	-	-	-	-	-	135	4,317	4,452	4,452
Marketing and advertising	-	-	-	-	-	-	-	-	16,798	-	16,798	16,798
Total expenses by function	102,315	1,070,405	744,810	605,015	287,254	47,412	110,133	2,967,344	1,286,799	833,670	2,120,469	5,087,813
Administrative fee charged	-	-	-	(254,802)	254,802	-	-	-	-	-	-	-
Less special event expenses	-	-	-	-	-	-	-	-	-	(412,364)	(412,364)	(412,364)
Total expenses	$ 102,315	$ 1,070,405	$ 744,810	$ 350,213	$ 542,056	$ 47,412	$ 110,133	$2,967,344	$ 1,286,799	$ 421,306	$1,708,105	$4,675,449

See notes to financial statements

National Credit Union Foundation, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Program								Supporting Services			
	Disaster Relief	**Development Education**	**Community Investment Fund Grants and Outreach**	**Financial Well-Being**	**FinHealth**	**Biz Kid$**	**Other Program Services**	**Total Program Expenses**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total**
Salaries	$ 7,396	$ 451,358	$ 374,611	$ 260,417	$ -	$ 29,263	$ -	$1,123,045	$ 493,823	$ 184,689	$ 678,512	$1,801,557
Benefits	1,949	118,911	98,692	68,608	-	7,709	-	295,869	128,499	48,656	177,155	473,024
Total personnel	9,345	570,269	473,303	329,025	-	36,972	-	1,418,914	622,322	233,345	855,667	2,274,581
Grants and grants management	591,951	51,984	-	117,875	-	50,000	48,048	859,858	-	-	-	859,858
Meeting events	-	276,265	134	-	10,300	-	10,206	296,905	-	14,764	14,764	311,669
Professional fees and contracted services	19,880	19,697	95,711	26,500	27,107	586	14,905	204,386	55,000	17,614	72,614	277,000
Grants to state partners	-	1,388	113,082	-	-	-	-	114,470	-	-	-	114,470
Travel and education	-	27,177	29,224	7,386	3,993	-	-	67,780	84,127	14,360	98,487	166,267
CUNA services agreement	-	7,407	4,444	2,963	-	667	-	15,481	226,000	2,518	228,518	243,999
Materials and program supplies	-	9,455	2	-	664	360	-	10,481	-	601	601	11,082
Office	37,001	1,609	9,430	436	731	1,721	-	50,928	24,711	7,609	32,320	83,248
Other support	-	-	16,875	-	-	-	-	16,875	-	2,500	2,500	19,375
Special event expenses	-	-	-	-	-	-	-	-	-	320,032	320,032	320,032
Miscellaneous	-	-	200	-	-	-	-	200	-	4,189	4,189	4,389
Marketing and advertising	-	-	-	-	-	-	-	-	17,716	65	17,781	17,781
Total expenses by function	658,177	965,251	742,405	484,185	42,795	90,306	73,159	3,056,278	1,029,876	617,597	1,647,473	4,703,751
Administrative fee charged	-	-	-	(189,052)	189,052	-	-	-	-	-	-	-
Less special event expenses	-	-	-	-	-	-	-	-	-	(320,032)	(320,032)	(320,032)
Total expenses	$ 658,177	$ 965,251	$ 742,405	$ 295,133	$ 231,847	$ 90,306	$ 73,159	$3,056,278	$ 1,029,876	$ 297,565	$1,327,441	$4,383,719

See notes to financial statements

National Credit Union Foundation, Inc.

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flow From Operating Activities		
Cash received from donors and program participants	$ 6,264,621	$ 6,966,874
Cash paid to suppliers and grantees	(4,938,947)	(4,667,287)
Interest and dividends, net	583,008	224,658
Other income	26,731	115,542
Net cash flows from operating activities	1,935,413	2,639,787
Cash Flows From Investing Activities		
Proceeds from sales of investments	2,854,660	-
Reinvestment of investment income	(235,906)	(163,784)
Purchases of investments	(2,780,511)	(3,846,266)
Net cash flows from investing activities	(161,757)	(4,010,050)
Net change in cash and cash equivalents	1,773,656	(1,370,263)
Cash and Cash Equivalents, Beginning	4,383,182	5,753,445
Cash and Cash Equivalents, Ending	$ 6,156,838	$ 4,383,182

See notes to financial statements

1. Nature of Operations

Nature of Activities

National Credit Union Foundation, Inc. (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's vision is to make financial freedom achievable through credit unions. The Foundation seeks to achieve this vision through three primary pillars of work:

- **Igniting** 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;

- **Inspiring** 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

- **Responding** when disaster strikes and helping 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 ongoing fundraising, grant making and resources.

The Board of Directors consists of 18 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.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation's 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 or becomes unconditional and expenses are recognized when the obligation is incurred. Net assets, revenues and 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.

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, 2023 and 2022. Management has concluded that the Foundation has properly maintained its exempt status, all revenue within the statements of activities has been classified as exempt for the years ended December 31, 2023 and 2022 and there are no uncertain tax positions as of December 31, 2023 and 2022.

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 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, 2023 and 2022. 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.

Software

The Foundation records software 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 statements of activities. Repairs and maintenance are charged to expense when incurred.

Accounts Receivable

Accounts receivables from CUNA, affiliates, and others are uncollateralized obligations consisting primarily from services performed. Accounts receivable are recorded at net realizable value when the amounts are due in accordance with contracts with customers. Payments of accounts receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices. Accounts are written off through bad debt expense when the Foundation has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness. No amounts were written off during 2022. As of December 31, 2022, accounts receivable are expected to be collected in full.

Effective January 1, 2023, the Foundation prospectively adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. During 2023, under the standard, the Foundation recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on management's expectation as of the statement of financial position date. Receivables are written off when the Foundation determined that such receivables are deemed uncollectible. The Foundation pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Foundation measures those receivables individually. The Foundation also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Foundation utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Foundation's historical loss experience. In determining its loss rates, the Foundation evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, historical collection rates, the federal reserve projected change in real Gross Domestic Product (GDP) and National Credit Union Administration (NCUA's) most current loan loss to average asset ratio. For receivables that are not expected to be collected within the normal business cycle, the Foundation considers current and forecasted direction of the economic and business environment.

During the year ended December 31, 2023, the Foundation experienced no credit losses, bad debt expense, or bad debt recoveries. As of December 31, 2023, accounts receivable are expected to be collected in full and no adjustments are considered necessary.

Pledges and Contributions Receivable

Unconditional promises to give (pledges and contributions receivable) are recognized as revenue in the period the promise is received. Unconditional promises to give are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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, 2023 and 2022. All pledges and contributions receivable as of December 31, 2023 and 2022 are expected to be collected within one year.

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 4 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, net of fees are included in the statements of activities. Investment returns are included with donor restrictions on the statements of activities if specified by the donor.

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 and 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 that are not subject to donor-imposed stipulations or time restrictions. The Foundation's Board of Directors has the ability to designate net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. There are no board designated net assets at December 31, 2023 and 2022.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that expire by passage of time, can be fulfilled and removed by actions of the Foundation pursuant to those stipulations, or that they be maintained in perpetuity by the Foundation.

Contributions and Special Events

The Foundation recognizes unconditional contributions received, including unconditional promises to give, as support in the period the promises are received at their fair values. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are recognized when they become unconditional, that is, when the conditions are met. Conditional promises to give were $1,904,741 as of December 31, 2023 and are expected to be recognized in future years when the conditions they depend upon are met. Payments for special events received in advance of the event are included in deferred revenue on the statements of financial position for $293,700 and $289,500 as of December 31, 2023 and 2022, respectively. 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. Contributions with donor restrictions where the donor restrictions are met in the same period that the contributions are recognized are presented as without donor restrictions on the statements of activities.

Revenue Recognition

Program revenue, consisting mainly of training programs, results from contracts with customers and are considered to be exchange transactions. These revenues are reported at the amount that reflects the consideration the Foundation expects to receive in exchange for the products or services provided.

Revenue under contracts with customers is recognized when the customer obtains control of the product or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those products or services. Cash received before the performance obligation is met is recorded as deferred revenue. Deferred revenue recorded at December 31 is expected to be recognized as revenue in the following year.

A performance obligation is a distinct product, service or a bundle of products and services promised in a contract. The Foundation identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Foundation's performance in transferring control of the promised goods or services to the customer. Contracts with customers do not include a significant financing component. Revenues are recognized when services are rendered. Training programs are recognized at a point in time which is when the programs are held.

The following table presents accounts receivable and deferred revenue from contracts with customers at the beginning and end of each period of the financial statements.

	January 1, 2022	December 31, 2022	December 31, 2023
Accounts receivable	$ 15,602	$ 79,956	$ 92,360
Deferred revenue	23,450	44,769	601,161

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 (salaries, benefits and professional fees expenses) have been allocated among the programs and services benefited. These expenses require allocation based on a reasonable basis that are consistently applied and are estimated based on employee time and effort. Administrative fees charged between programs are reflected on the statements of functional expenses to present total costs of each program.

Nonoperating Activities

The Foundation excludes from its measure of operating activity items that are not integral to its operations such as unrealized gains and losses and gains and losses on disposal of assets.

Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Foundation adopted the ASU prospectively. There was no adjustment to net assets upon adoption and the disclosure for accounts receivable was expanded to describe management's policies under ASU No. 2016-13.

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 statements of financial position date, comprise the following:

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 6,156,838	$ 4,383,182
Receivables	442,759	117,745
Investments	8,583,396	7,934,373
Total financial assets	15,182,993	12,435,300
Less investments donor restricted or held for long-term purposes	(8,583,396)	(7,934,373)
Less pledges and contributions receivable with donor imposed restrictions	(350,399)	(37,789)
Financial assets available within one year to meet cash needs for general expenditures within one year	$ 6,249,198	$ 4,463,138

As part of the Foundation's liquidity management, it has an ongoing practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation also structures financial assets to be available as grants are approved.

4. Investments and Fair Value Measurements

The Foundation follows authoritative accounting guidance relating to fair value measurements, which provides a framework for measuring, reporting and disclosing fair value under accounting principles generally accepted in the United States of America (U.S. GAAP). This guidance applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

As defined in current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated or generally unobservable inputs. Whenever possible the Foundation attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

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, 2023 and 2022, for assets measured at fair value. The valuation of certificates of deposit is determined using cost and are therefore excluded from the fair value hierarchy.

Mutual funds are 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.

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

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Fixed income	$ 2,322,728	$ -	$ -	$ 2,322,728
Equity	2,624,340	-	-	2,624,340
Total investments at fair value	$ 4,947,068	$ -	$ -	4,947,068
Certificates of deposit, at cost				3,636,328
Total investments				$ 8,583,396

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Fixed income	$ 3,007,747	$ -	$ -	$ 3,007,747
Equity	3,257,283	-	-	3,257,283
Total investments at fair value	$ 6,265,030	$ -	$ -	6,265,030
Certificates of deposit, at cost				1,669,343
Total investments				$ 7,934,373

5. Split-Interest Agreements

The Foundation has three mechanisms subject to split-interest agreements to fund its activities in addition to direct contributions: Community Investment Fund (CIF), Charitable Donation Account (CDA) and Charitable Lead Trust (CLT). 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.

Community Investment Fund and Charitable Donation Accounts

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 Member 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, a portion of the contributions may be restricted for a particular fund.

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 CDAs 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, a portion of contributions may be restricted for a particular fund.

The future portion of earnings on the CIF and CDAs are recognized as beneficial interests in the assets held by the third parties at the date all necessary information needed to value the beneficial interest is received by the Foundation and any conditions are met. The future portion of the earnings on these funds are conditional and cannot be determined. As such, the Foundation does not have all the necessary information for CIF and CDA to determine its beneficial interest, and therefore there is no related beneficial interest in the assets recorded on the statements of financial position. The total CIF and CDA fund balance on deposit as of December 31, 2023 and 2022 was approximately $28,000,000 and $28,700,000, respectively, of which the Foundation receives a portion of the earnings on these funds. These deposits are not the assets of the Foundation nor does the Foundation have any claim to these assets. CIF and CDA contributions to the Foundation were approximately $490,000 and $140,000 in 2023 and 2022, respectively. The CIF and CDA grants to the leagues and state credit union foundations were approximately $239,000 and $69,000 in 2023 and 2022, respectively, which is included in CIF grants and outreach within the accompanying statements of activities.

Charitable Lead Trust

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 the 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 fair 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, a portion of the contributions may be restricted for a particular fund.

Irrevocable CLTs are recognized as beneficial interests in the assets held by the third parties. If the CLT is revocable by the original donor, no beneficial interest is recorded in the CLT. The Foundation is a revocable beneficiary of the CLT, and therefore there is no related beneficial interest in the assets recorded on the statements of financial position.

The total CLT fund balance on deposit as of December 31, 2023 and 2022 was approximately $27,100,000 and $29,600,000, respectively, of which the Foundation receives a payment from these assets in future periods. These deposits are not the assets of the Foundation nor does the Foundation have any claim to these assets. CLT contributions to the Foundation were approximately $163,000 and $177,000 in 2023 and 2022, respectively. The CLT grants to the leagues and state credit union foundations were approximately $41,000 and $44,000 in 2023 and 2022, respectively, which is included in CIF grants and outreach within the accompanying statements of activities.

6. 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 ending dates of the agreements. Grant commitments represent unconditional promises to give and are payable within one year and were $89,570 and $45,888 at December 31, 2023 and 2022, respectively. There were approximately $91,000 and $5,000 conditional grants as of December 31, 2023 and 2022, respectively.

7. Related-Party Transactions

Through common directors and officers, the Foundation is related to CUNA, which provides administrative and support services pursuant to a management services agreement entered into 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 fees to CUNA. The Foundation incurred and paid $237,300 and $244,000 for these services during the years ended December 31, 2023 and 2022, respectively.

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, 2023 and 2022, the Foundation reimbursed CUNA $2,522,940 and $2,315,497, respectively, for these payroll related expenses and other support services. At December 31, 2023 and 2022, the Foundation owed CUNA $276,934 and $211,905, respectively.

CUNA also collects cash receipts on behalf of the Foundation and CUNA owed the Foundation $38,987 and $46,408 in December 31, 2023 and 2022, respectively. In addition, CUNA's annual contribution to the Foundation was $400,000 in 2023 and 2022. In 2023, CUNA also contributed $10,000 of donor-restricted funds to the Foundation.

At December 31, 2023 and 2022, a related party through common management, American Association of Credit Union Leagues (AACUL) owed the Foundation $2,500 and $5,000, respectively. AACUL contributed $15,000 and $17,500 to the Foundation in 2023 and 2022, respectively.

8. Endowments

The endowment funds are 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. The Foundation has no endowment funds designated by the Board of Directors.

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 donor 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 mitigate investment risk while producing investment income annually.

Spending Policy

The Foundation's Board of Directors 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. There were no funds appropriated for expenditure for the years ended December 31, 2023 and 2022.

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's 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:

	With Donor Restrictions 2023	With Donor Restrictions 2022
Donor restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 222,263	$ 222,263
Accumulated investment gains	509,227	402,906
Total	$ 731,490	$ 625,169

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

	With Donor Restrictions 2023	With Donor Restrictions 2022
Net assets, beginning	$ 625,169	$ 749,104
Investment income	24,935	14,988
Unrealized gain (loss) on investments	81,386	(138,923)
Net assets, ending	$ 731,490	$ 625,169

9. Net Assets With Donor Restrictions

At December 31, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for a specified purpose:		
FinHealth Fund	$ 2,402,397	$ 2,406,647
Lending council	1,269,844	1,226,719
Disaster relief	1,021,981	366,478
Louisiana Designated Fund	243,306	254,185
Biz Kid$	173,079	184,179
Development Education Founders Fund	144,344	160,552
West Virginia Fund	131,566	127,569
George E. Myers Fund	85,528	96,188
Gene Farley Fund	73,382	73,094
Nebraska Designated Fund	37,852	35,698
African-American Credit Union Coalition/Pete Crear Scholarships Fund	30,972	30,972
International Development Fund	21,353	21,361
Data Breach Fund	4,752	4,752
National Youth Involvement Board Fund	-	4,329
Total net assets with purpose restrictions	5,640,356	4,992,723
Endowments:		
Subject to appropriation and spending policy	509,227	402,906
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	222,263	222,263
Total endowments	731,490	625,169
Total net assets with restrictions	$ 6,371,846	$ 5,617,892

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

	2023	2022
FinHealth Fund	$ 542,056	$ 267,713
Louisiana Designated Fund	49,580	16,206
Biz Kid$	47,412	89,731
Development Education Founders Fund	32,442	52,921
Disaster relief	23,762	591,951
West Virginia Fund	15,404	10,639
George E. Myers Fund	14,000	14,000
Nebraska Designated Fund	8,835	22,314
Lending council	5,000	5,000
Gene Farley Fund	5,000	5,000
National Youth Involvement Board Fund	4,329	-
International Development Fund	-	611
Total	$ 747,820	$ 1,076,086

10. 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 $679,265 and $366,006 in 2023 and 2022, respectively, and are included as part of contributions with donor restrictions on the statements of activities. The Foundation made grant distributions of $23,762 and $591,951 in 2023 and 2022, respectively, and are included as part of disaster relief program expenses on the statements of activities.

11. 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 2023 and 2022 for the purpose of continuing the education outreach and education goals of the Biz Kid$ project. The grant payments under these agreements were $25,000 and $50,000 in 2023 and 2022, respectively, and are included as part of Biz Kid$ program expenses on the statements of activities.

12. Major Donors

During the years ended December 31, 2023 and 2022, two donors, accounted for 17% and 31% of total contributions, respectively. As of December 31, 2023, one donor accounted for 95% of pledges receivable.

13. Subsequent Events

The Foundation has evaluated subsequent events through April 4, 2024, which is the date that the financial statements were available to be issued, for events requiring disclosure or recording in the financial statements.