



National
Credit
Union

THE FOUNDATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2019 AND 2018



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**NATIONAL CREDIT UNION FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
SCHEDULE OF GRANT COMMITMENTS	23



INDEPENDENT AUDITORS' REPORT

Board of Directors
National Credit Union Foundation
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of National Credit Union Foundation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Credit Union Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Middleton, Wisconsin
March 18, 2020

**NATIONAL CREDIT UNION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 4,889,337	\$ 3,950,085
Prepaid Expenses	105,310	36,975
Pledges Receivable	63,577	220,990
Accounts Receivable:		
CIF and CDA/CLTs	160,364	46,557
CUNA and Affiliates	93,157	158,098
Other	5,805	14,964
Total Accounts Receivable	259,326	219,619
Total Current Assets	5,317,550	4,427,669
Furniture and Fixtures	35,781	35,781
Software	55,000	-
Less: Accumulated Depreciation	(26,810)	(23,228)
Subtotal	63,971	12,553
Investments	4,125,156	3,501,369
Total Assets	\$ 9,506,677	\$ 7,941,591
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grant Commitments	\$ 81,629	\$ 30,011
Accounts Payable:		
CIF and CDA/CLT Payments to State Leagues	122,752	82,259
CUNA and Affiliates	238,428	235,114
Other	37,892	32,917
Total Accounts Payable	399,072	350,290
Accrued Liabilities	151,531	148,969
Deferred Revenue	419,885	170,210
Total Liabilities	1,052,117	699,480
NET ASSETS		
Without Donor Restrictions	4,234,464	3,086,581
With Donor Restrictions	4,220,096	4,155,530
Total Net Assets	8,454,560	7,242,111
Total Liabilities and Net Assets	\$ 9,506,677	\$ 7,941,591

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SOURCES			
Contributions	\$ 1,715,330	\$ 1,720,279	\$ 3,435,609
Contributions - CIF	543,882	8,881	552,763
Gross Special Events Revenue	709,500	-	709,500
Less: Special Event Expenses	(364,472)	-	(364,472)
Net Special Events Revenue	345,028	-	345,028
Program Revenue	730,048	-	730,048
Investment Return, Net	131,997	9,875	141,872
Other	21,557	-	21,557
Net Assets Released from Restrictions	1,230,975	(1,230,975)	-
Total Revenues and Other Sources	4,718,817	508,060	5,226,877
PROGRAM EXPENSES			
Disaster Relief	842,590	-	842,590
Development Education	983,488	-	983,488
CIF Grants and Outreach	698,470	-	698,470
REAL Solutions	313,298	-	313,298
Biz Kid\$	260,899	-	260,899
Program Services	94,514	-	94,514
Total Program Expenses	3,193,259	-	3,193,259
SUPPORTING SERVICES			
Management and General	1,006,415	-	1,006,415
Fundraising	318,004	-	318,004
Total Supporting Services	1,324,419	-	1,324,419
Total Expenses	4,517,678	-	4,517,678
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS			
	201,139	508,060	709,199
Unrealized Losses from Investments	(199,228)	(38,410)	(237,638)
CHANGES IN NET ASSETS			
	1,911	469,650	471,561
Net Assets - Beginning of Year	3,084,670	3,685,880	6,770,550
NET ASSETS - END OF YEAR	\$ 3,086,581	\$ 4,155,530	\$ 7,242,111

See accompanying Notes to Financial Statements.

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

EXPENSES	Program Expenses						Supporting Services				Special Event Expenses	2019 Total
	REAL		Development	Disaster	CIF	Program	Total	Management	Total			
	Solutions	Biz Kid\$	Education	Relief	Grants	Services	Program Expenses	and General	Supporting Services			
Salary	\$ 146,080	\$ 21,283	\$ 258,778	\$ 13,248	\$ 224,728	\$ -	\$ 664,117	\$ 381,678	\$ 175,765	\$ 557,443	\$ -	\$ 1,221,560
Grants	162,000	89,000	34,100	60,741	-	122,955	468,796	-	-	-	-	468,796
Meeting Event	655	650	264,969	-	700	19,225	286,199	13,942	17,080	31,022	-	317,221
Professional Fees and Contracted Services	80,339	7,097	27,872	1,714	17,554	21,324	155,900	38,859	20,755	59,614	-	215,514
Benefits	43,120	6,322	76,127	3,877	66,261	-	195,707	109,703	51,607	161,310	-	357,017
Grants to State Partners	-	-	4,264	-	311,606	-	315,870	-	-	-	-	315,870
Travel and Education	29,633	2,000	19,289	-	42,183	-	93,105	63,156	10,361	73,517	-	166,622
CUNA Services Agreement	-	-	-	-	-	-	-	185,893	-	185,893	-	185,893
Materials and Program Supplies	7,604	13,815	13,475	-	5,410	-	40,304	1,700	7,356	9,056	-	49,360
Office and Occupancy Costs	9,943	2,866	15,838	877	16,042	85	45,651	46,735	12,784	59,519	-	105,170
Program Services	-	-	-	-	34,200	-	34,200	-	26,000	26,000	-	60,200
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	340,384	340,384
Miscellaneous	60	-	65	-	585	10	720	5,478	325	5,803	-	6,523
Marketing and Advertising	-	-	-	-	-	-	-	45,566	12,876	58,442	-	58,442
Total Expenses by Function	479,434	143,033	714,777	80,457	719,269	163,599	2,300,569	892,710	334,909	1,227,619	340,384	3,868,572
Less: Expenses Included with Revenues on the Statements of Activities												
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	(340,384)	(340,384)
Total Expenses Included in the Expense Section of the Statements of Activities	<u>\$ 479,434</u>	<u>\$ 143,033</u>	<u>\$ 714,777</u>	<u>\$ 80,457</u>	<u>\$ 719,269</u>	<u>\$ 163,599</u>	<u>\$ 2,300,569</u>	<u>\$ 892,710</u>	<u>\$ 334,909</u>	<u>\$ 1,227,619</u>	<u>\$ -</u>	<u>\$ 3,528,188</u>

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

EXPENSES	Program Expenses						Supporting Services				Special Event Expenses	2018 Total
	REAL		Development	Disaster	CIF	Program	Total	Management		Total		
	Solutions	Biz Kid\$	Education	Relief	Grants	Services	Program Expenses	and General	Fundraising	Supporting Services		
Salary	\$ 180,498	\$ 32,496	\$ 278,230	\$ 11,039	\$ 251,747	\$ -	\$ 754,010	\$ 416,476	\$ 173,013	\$ 589,489	\$ -	\$ 1,343,499
Grants	12,000	125,300	36,986	815,328	-	44,931	1,034,545	-	-	-	-	1,034,545
Meeting Event	653	653	454,034	-	653	25,404	481,397	30,454	12,459	42,913	-	524,310
Professional Fees and Contracted Services	27,798	15,575	68,911	12,667	14,935	22,741	162,627	118,225	16,499	134,724	-	297,351
Benefits	50,954	9,174	78,542	3,116	72,612	-	214,398	117,567	48,840	166,407	-	380,805
Grants to State Partners	-	-	5,041	-	239,421	-	244,462	-	-	-	-	244,462
Travel and Education	33,344	3,275	28,243	-	51,964	-	116,826	81,279	25,966	107,245	-	224,071
CUNA Services Agreement	-	-	-	-	-	-	-	154,504	-	154,504	-	154,504
Materials and Program Supplies	(1,188)	71,273	19,307	-	5,746	1,253	96,391	5,823	6,871	12,694	-	109,085
Office and Occupancy Costs	9,885	3,153	14,527	440	10,082	153	38,240	49,931	12,900	62,831	-	101,071
Program Services	283	-	-	-	50,950	32	51,265	-	-	-	-	51,265
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	364,472	364,472
Miscellaneous	(929)	-	(333)	-	360	-	(902)	7,092	-	7,092	-	6,190
Marketing and Advertising	-	-	-	-	-	-	-	25,064	21,456	46,520	-	46,520
Total Expenses by Function	313,298	260,899	983,488	842,590	698,470	94,514	3,193,259	1,006,415	318,004	1,324,419	364,472	4,882,150
Less: Expenses Included with Revenues on the Statements of Activities												
Special Event Expenses	-	-	-	-	-	-	-	-	-	-	(364,472)	(364,472)
Total Expenses Included in the Expense Section of the Statements of Activities	\$ 313,298	\$ 260,899	\$ 983,488	\$ 842,590	\$ 698,470	\$ 94,514	\$ 3,193,259	\$ 1,006,415	\$ 318,004	\$ 1,324,419	\$ -	\$ 4,517,678

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions and Programs	\$ 4,394,626	\$ 5,008,941
Cash Paid to Suppliers and Recipients	(3,489,979)	(5,121,171)
Net Investment Return, Received	<u>232,468</u>	<u>141,872</u>
Net Cash Provided by Operating Activities	1,137,115	29,642
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(55,000)	(16,135)
Proceeds from Sales of Investments	-	185,708
Purchases of Investments	<u>(142,863)</u>	<u>(293,758)</u>
Net Cash Used by Investing Activities	<u>(197,863)</u>	<u>(124,185)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	939,252	(94,543)
Cash and Cash Equivalents - Beginning of Year	<u>3,950,085</u>	<u>4,044,628</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,889,337</u>	<u>\$ 3,950,085</u>

See accompanying Notes to Financial Statements.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 IRC.

The Foundation focuses its work in three primary areas:

- (a) It delivers catalytic experiential learning, resources and tools to help credit unions measure and improve consumer financial health to ignite credit unions’ understanding, passion and focus on member financial health and provide tools and resources so credit unions are recognized as national financial health leaders.
- (b) It delivers transformative, best-in-class training in the education and application of credit union business principles and philosophy to inspire and create opportunity for credit unions to leverage their cooperative values to help them face modern challenges and better serve members and the community.
- (c) It delivers a centralized and efficient fundraising model to quickly mobilize funds for credit unions affected by natural disasters to respond quickly when disaster strikes by harnessing cooperative generosity to get credit union employees and volunteers back on their feet so they can serve members.

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 (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 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, 2019 AND 2018**

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 Internal Revenue Code 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, 2019 and 2018. 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, 2019 and 2018, and there are no uncertain tax positions through December 31, 2019.

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, 2019 and 2018. 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, 2019 and 2018.

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, 2019 and 2018. All pledges receivable as of December 31, 2019 and 2018 are expected to be collected within one year.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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, 2019 AND 2018**

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.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Foundation's financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

In June 2018, FASB issued ASU 2018-08, *Not for Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides clarification to assist entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and whether a contribution is conditional. The Foundation adopted ASU 2018-08 during FY 2019, which did not have an impact on the Foundation's reported revenue.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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>2019</u>	<u>2018</u>
Financial Assets	\$ 9,337,396	\$ 7,892,063
Less:		
Donor-Imposed Restrictions Making Financial Assets Not Available for General Expenditures	<u>(4,220,096)</u>	<u>(4,155,530)</u>
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,117,300</u>	<u>\$ 3,736,533</u>

Our 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 our liquidity management plan, we invest cash in excess of daily requirements in short-term investments.

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>2019</u>	<u>2018</u>
Revenue Recognized at a Point in Time		
Events	\$ 716,885	\$ 709,500
Training Programs	622,614	730,048
Total Revenue Recognized at a Point in Time	<u>\$ 1,339,499</u>	<u>\$ 1,439,548</u>

Deferred revenue consisted of the following amounts at December 31:

	<u>2019</u>	<u>2018</u>
Events	\$ 412,800	\$ 169,950
Training Programs	585	260
Other	6,500	-
Total Deferred Revenue	<u>\$ 419,885</u>	<u>\$ 170,210</u>

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	<u>2019</u>	<u>2018</u>
Mutual Funds:		
Investment Grade Fixed Income	\$ 1,863,181	\$ 1,780,435
U.S. Large Cap	1,370,184	1,359,236
International Equity	891,791	361,698
Total Investments	<u>\$ 4,125,156</u>	<u>\$ 3,501,369</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>2019</u>	<u>2018</u>
Dividends and Interest	\$ 198,588	\$ 122,490
Realized Gains	48,259	33,125
Total	246,847	155,615
Investment Fees	(14,379)	(13,743)
Investment Return, Net	232,468	141,872
Unrealized Gains (Losses)	480,924	(237,638)
Investment Gain (Loss)	<u>\$ 713,392</u>	<u>\$ (95,766)</u>

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.

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2019 and 2018, 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.

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

	2019			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Investment Grade Fixed Income	\$ 1,863,181	\$ -	\$ -	\$ 1,863,181
U.S. Large Cap	1,370,184	-	-	1,370,184
International Equity	891,791	-	-	891,791
Total	<u>\$ 4,125,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,125,156</u>
	2018			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Investment Grade Fixed Income	\$ 1,780,435	\$ -	\$ -	\$ 1,780,435
U.S. Large Cap	1,359,236	-	-	1,359,236
International Equity	361,698	-	-	361,698
Total	<u>\$ 3,501,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,501,369</u>

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6 COMMUNITY INVESTMENT FUND AND CHARITABLE DONATION ACCOUNTS

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

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

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

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

The Foundation has agreements with credit union organizations to provide donors with these investment vehicles to support the Foundation. MEMBERS Trust Company, National Cooperative Bank (NCB), Corporate One Federal Credit Union, Alloya Corporate Credit Union, and Catalyst Corporate Credit Union provide options for credit unions to invest resources in to support the programs and services of the Foundation.

The total CIF and CDA/CLT fund balance on deposit as of December 31, 2019 and 2018 was approximately \$67,600,000 and \$73,900,000, respectively. CIF and CDA/CLT gross earnings were approximately \$669,000 and \$553,000 in 2019 and 2018, respectively. These deposits are not the assets of the Foundation nor does the Foundation have any claim to these assets. The distribution back to leagues and state credit union foundations was approximately \$312,000 and \$237,000 in 2019 and 2018, respectively, which is included in CIF grants in the accompanying statements of activities.

NOTE 7 GRANT COMMITMENTS

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

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, the Foundation paid CUNA \$255,764 and \$204,222 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, 2019 and 2018, the Foundation reimbursed CUNA \$1,596,859 and \$1,742,096, respectively, for these payroll related expenses and other support services. At December 31, 2019 and 2018, the Foundation owed CUNA \$238,428 and \$235,144, respectively.

CUNA also collects cash receipts on behalf of the Foundation, and CUNA owed the Foundation \$90,657 and \$156,248 at December 31, 2019 and 2018, respectively. In addition, CUNA's annual contribution to the Foundation was approximately \$400,000 in both 2019 and 2018.

At December 31, 2019 and 2018, American Association of Credit Union Leagues owed the Foundation a donation of \$2,500 and \$1,850, 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 GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

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

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 ENDOWMENTS (CONTINUED)

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.

Spending Policy (Continued)

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

Strategies Employed for Achieving Objectives

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

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

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

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

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

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2018:

	With Donor Restrictions
Donor Restricted Endowment Funds	
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ 222,263
Accumulated Investment Gains	255,117
Total	\$ 477,380

Strategies Employed for Achieving Objectives (Continued)

Changes in endowment net assets for the fiscal year ended December 31, 2018:

	With Donor Restrictions
Net Assets - Beginning of Year	\$ 505,915
Investment Income	9,875
Unrealized Losses on Investments	(38,410)
Net Assets - End of Year	\$ 477,380

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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:	2019	2018
Lending Council	\$ 1,427,691	\$ 1,355,399
Disaster Relief	1,070,490	983,312
Louisiana Designated Fund	371,982	360,792
DE Founders Fund	199,181	195,940
West Virginia Fund	130,785	135,661
Biz Kid\$	105,129	126,628
George E. Meyers Fund	96,784	85,319
Data Breach Fund	69,357	115,385
Gene Farley Fund	79,400	80,822
Nebraska Fund	50,399	40,342
CIF PC Fund	13,646	-
DE General Fund	13,362	13,362
IDF Fund	9,671	2,423
Jacquie Fisher Fund	7,033	7,033
NYIB Fund	4,323	5,530
Warren Morrow Fund	837	931
Callahan Legacy Fund	34	34
Dakota Designated Fund	-	84,237
Total Net Assets with Purpose Restrictions	3,650,104	3,593,150
Subject to the Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Paid	-	85,000
Endowments:		
Subject to Appropriation and Spending Policy	347,729	255,117
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	222,263	222,263
Total Endowments	569,992	477,380
Total Net Assets with Restrictions	\$ 4,220,096	\$ 4,155,530

**NATIONAL CREDIT UNION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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:

	2019	2018
Biz Kid\$	\$ 146,839	\$ 264,277
Dakota Designated Fund	96,447	27,688
Disaster Relief	60,741	821,955
DE General Fund	46,028	4,600
DE Founders Fund	36,038	37,133
Louisiana Designated Fund	21,096	21,658
George E. Meyers Fund	14,035	14,044
West Virginia Fund	11,102	17,720
Nebraska Designated Fund	10,018	4,119
Lending Council	5,000	5,000
NYIB Fund	3,307	1,682
International Development Fund	3,134	8,496
Gene Farley Fund	2,500	2,500
CIF PC Fund	669	-
Warren Morrow Fund	94	103
Total	<u>\$ 457,048</u>	<u>\$ 1,230,975</u>

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

NOTE 11 DISASTER RELIEF

In times of disaster, the Foundation raises and distributes funds to aid credit unions and their employees in the affected regions. Contributions for Disaster Relief totaled \$97,919 and \$930,166 in 2019 and 2018, respectively, and are included as part of contributions with donor restrictions on the statement of activities. The Foundation made grant distributions of \$60,741 and \$815,328 in 2019 and 2018, respectively, and are included as part of Disaster Relief program expenses on the statement of activities.

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

NOTE 12 BIZ KID\$ PROGRAM

Biz Kid\$ is a credit union funded public television series that teaches kids about money management and entrepreneurship. The Foundation entered into grant agreements with Biz Kid\$ LLP in 2019 and 2018 for the purpose of continuing the education outreach and education goals of the Biz Kid\$ project. The grant payments under these agreements were \$89,000 and \$125,300 in 2019 and 2018, 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, 2019 AND 2018**

NOTE 13 MAJOR DONORS

During the years ending December 31, 2019 and 2018, one donor accounted for 10% or greater of total contributions totaling approximately \$400,000.

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 18, 2020, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2019, but prior to March 18, 2020, that provide additional evidence about conditions that existed at December 31, 2019, have been recognized in the financial statements for the year ended December 31, 2019. Events or transactions that provided evidence about conditions that did not exist at December 31, 2019, 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, 2019.

**NATIONAL CREDIT UNION FOUNDATION
SCHEDULE OF GRANT COMMITMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

GRANTEES	2019	2018
Michigan State University Federal Credit Union	\$ 18,000	\$ -
Community First Credit Union of Florida	18,000	-
AACUC/Pete Crear Scholarship Fund	13,646	-
Nusenda Foundation	-	12,000
Worldwide Foundation for Credit Unions	9,671	-
World Council of Credit Unions	-	5,611
Travis CU	-	4,100
RMJ Foundation	3,250	-
Latino Community Credit Union	3,000	-
Travis Credit Union	3,000	-
Bayport Credit Union	-	2,700
Northwest Credit Union Foundation	2,688	-
Kane County Teachers CU	-	2,200
University Federal Credit Union	2,000	-
Howard County Education FCU	-	1,900
Cooperative Federal Credit Union	1,875	-
Faith Community United Credit Union	1,875	-
Royal Credit Union	1,875	-
San Meteo Credit Union	1,875	-
Fitzsimons CU	-	1,000
Southeastern Credit Union Foundation	875	-
Olean Area FCU	-	500
Total Grant Commitments	\$ 81,629	\$ 30,011