

# **National Credit Union Foundation, Inc.**

Financial Statements

December 31, 2024 and 2023

# National Credit Union Foundation, Inc.

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## 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, 2024 and 2023, 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, 2024 and 2023, 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 (U.S. 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 U.S. 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 8, 2025

# National Credit Union Foundation, Inc.

Statements of Financial Position  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,723,295	\$ 6,156,838
Receivables:		
Pledges	65,690	310,743
Contributions	57,801	39,656
America's Credit Unions and affiliates	56,168	41,487
Other	92,540	50,873
Total receivables	<u>272,199</u>	<u>442,759</u>
Prepaid expenses	<u>107,883</u>	<u>105,107</u>
Total current assets	6,103,377	6,704,704
Investments	<u>8,861,692</u>	<u>8,583,396</u>
Total assets	<u>\$ 14,965,069</u>	<u>\$ 15,288,100</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Payables:		
Grants to state leagues	\$ 103,936	\$ 89,570
America's Credit Unions	337,362	276,934
Other	3,707	45,867
Total payables	445,005	412,371
Accrued liabilities	220,325	197,842
Deferred revenue	<u>961,668</u>	<u>894,861</u>
Total current liabilities	<u>1,626,998</u>	<u>1,505,074</u>
<b>Net Assets</b>		
Without donor restrictions	7,509,703	7,411,180
With donor restrictions	<u>5,828,368</u>	<u>6,371,846</u>
Total net assets	<u>13,338,071</u>	<u>13,783,026</u>
Total liabilities and net assets	<u>\$ 14,965,069</u>	<u>\$ 15,288,100</u>

See notes to financial statements

# National Credit Union Foundation, Inc.

## Statement of Activities

Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Contributions	\$ 2,033,057	\$ 663,621	\$ 2,696,678
Contributions, split-interest agreements	817,763	669	818,432
Gross special events revenue	848,800	-	848,800
Less special event expenses	(392,692)	-	(392,692)
Net special events revenue	456,108	-	456,108
Program	995,726	-	995,726
Investment return, net	588,840	239,397	828,237
Other	14,617	-	14,617
Net assets released from restrictions	1,481,926	(1,481,926)	-
Total revenues	6,388,037	(578,239)	5,809,798
<b>Program Expenses</b>			
Disaster relief	771,761	-	771,761
Development education	1,229,638	-	1,229,638
Community investment fund grants and outreach	804,308	-	804,308
Financial well-being	599,328	-	599,328
FinHealth	364,700	-	364,700
Biz Kid\$	90,267	-	90,267
Other program services	246,155	-	246,155
Total program expenses	4,106,157	-	4,106,157
<b>Supporting Services</b>			
Management and general	1,665,034	-	1,665,034
Fundraising	583,892	-	583,892
Total supporting services	2,248,926	-	2,248,926
Total expenses	6,355,083	-	6,355,083
<b>Excess (Deficit) of Revenues Over (Less Than)</b>			
<b>Expenses From Operations</b>	32,954	(578,239)	(545,285)
Unrealized gains from investments	65,569	34,761	100,330
Change in net assets	98,523	(543,478)	(444,955)
<b>Net Assets, Beginning</b>	7,411,180	6,371,846	13,783,026
<b>Net Assets, Ending</b>	<u>\$ 7,509,703</u>	<u>\$ 5,828,368</u>	<u>\$ 13,338,071</u>

See notes to financial statements

# National Credit Union Foundation, Inc.

## Statement of Activities

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
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
<b>Program Expenses</b>			
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
<b>Supporting Services</b>			
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
<b>Excess of Revenues Over Expenses From</b>			
<b>Operations</b>	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
<b>Net Assets, Beginning</b>	6,126,899	5,617,892	11,744,791
<b>Net Assets, Ending</b>	<u>\$ 7,411,180</u>	<u>\$ 6,371,846</u>	<u>\$ 13,783,026</u>

See notes to financial statements

# National Credit Union Foundation, Inc.

## Statement of Functional Expenses Year Ended December 31, 2024

	Program						Supporting Services					
	Community Investment Fund			Other Program			Total Program			Total Supporting Services		
	Disaster Relief	Development Education	Grants and Outreach	Financial Well-Being	FinHealth	Biz Kid\$	Program Services	Program Expenses	Management and General	Fundraising	Services	Total
Salaries	\$ 5,167	\$ 504,964	\$ 229,276	\$ 215,952	\$ -	\$ 2,842	\$ -	\$ 958,201	\$ 922,514	\$ 414,594	\$ 1,337,108	\$ 2,295,309
Benefits	1,271	124,218	56,400	53,123	-	699	-	235,711	203,606	101,987	305,593	541,304
Total personnel	6,438	629,182	285,676	269,075	-	3,541	-	1,193,912	1,126,120	516,581	1,642,701	2,836,613
Grants and grants management	752,438	27,792	-	536,432	-	86,725	229,188	1,632,575	-	-	-	1,632,575
Meeting events	-	397,933	-	-	-	-	2,346	400,279	4,340	12,966	17,306	417,585
Professional fees and contracted services	9,578	28,499	107,599	26,083	62,669	-	14,617	249,045	75,468	15,516	90,984	340,029
Grants to state partners	-	13,812	349,273	-	-	-	-	363,085	-	-	-	363,085
Travel and education	-	27,873	30,115	9,001	-	-	-	66,989	157,715	18,137	175,852	242,841
Management services agreement	-	-	-	-	-	-	-	-	246,000	-	246,000	246,000
Materials and program supplies	-	22,945	184	186	-	-	-	23,315	124	2,507	2,631	25,946
Office	3,307	6,039	10,766	30	552	1	4	20,699	30,444	13,530	43,974	64,673
Other support	-	-	20,695	-	-	-	-	20,695	-	-	-	20,695
Special event expenses	-	-	-	-	-	-	-	-	-	392,692	392,692	392,692
Miscellaneous	-	75,563	-	-	-	-	-	75,563	3,372	4,655	8,027	83,590
Marketing and advertising	-	-	-	-	60,000	-	-	60,000	21,451	-	21,451	81,451
Total expenses by function	771,761	1,229,638	804,308	840,807	123,221	90,267	246,155	4,106,157	1,665,034	976,584	2,641,618	6,747,775
Administrative fee charged	-	-	-	(241,479)	241,479	-	-	-	-	-	-	-
Less special event expenses	-	-	-	-	-	-	-	-	-	(392,692)	(392,692)	(392,692)
Total expenses	<u>\$ 771,761</u>	<u>\$ 1,229,638</u>	<u>\$ 804,308</u>	<u>\$ 599,328</u>	<u>\$ 364,700</u>	<u>\$ 90,267</u>	<u>\$ 246,155</u>	<u>\$ 4,106,157</u>	<u>\$ 1,665,034</u>	<u>\$ 583,892</u>	<u>\$ 2,248,926</u>	<u>\$ 6,355,083</u>

See notes to financial statements



# National Credit Union Foundation, Inc.

## Statement of Functional Expenses Year Ended December 31, 2023

	Program						Supporting Services					
	Community Investment Fund						Other Program Services	Total Program Expenses	Total Supporting Services			
	Disaster Relief	Development Education	Grants and Outreach	Financial Well-Being	FinHealth	Biz Kid\$			Management and General	Fundraising	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	-	315,877	-	-	11,278	-	3,230	330,385	96	17,020	17,116	347,501
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	51,920	21,537	73,457	198,944
Management 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	-	48,474	-	-	-	-	-	48,474	135	4,317	4,452	52,926
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	<u>\$ 102,315</u>	<u>\$ 1,070,405</u>	<u>\$ 744,810</u>	<u>\$ 350,213</u>	<u>\$ 542,056</u>	<u>\$ 47,412</u>	<u>\$ 110,133</u>	<u>\$ 2,967,344</u>	<u>\$ 1,286,799</u>	<u>\$ 421,306</u>	<u>\$ 1,708,105</u>	<u>\$ 4,675,449</u>

See notes to financial statements

# National Credit Union Foundation, Inc.

## Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flow From Operating Activities</b>		
Cash received from donors and program participants	\$ 5,597,003	\$ 6,264,621
Cash paid to suppliers and grantees	(6,695,434)	(4,938,947)
Interest and dividends, net	828,237	583,008
Other income	14,617	26,731
	<u>(255,577)</u>	<u>1,935,413</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales of investments	1,425,598	2,854,660
Reinvestment of investment income	(358,799)	(235,906)
Purchases of investments	(1,244,765)	(2,780,511)
	<u>(177,966)</u>	<u>(161,757)</u>
Net cash flows from investing activities	<u>(177,966)</u>	<u>(161,757)</u>
Net change in cash and cash equivalents	(433,543)	1,773,656
<b>Cash and Cash Equivalents, Beginning</b>	<u>6,156,838</u>	<u>4,383,182</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 5,723,295</u>	<u>\$ 6,156,838</u>
<b>Reconciliation of Net Income (Loss) to Cash Flows From Operating Activities</b>		
Net (loss) income	\$ (444,955)	\$ 2,038,235
Adjustments to reconcile net (loss) income to net cash flows from operating activities:		
Amortization	-	21,389
Net unrealized and realized (gain) loss on investments	(100,330)	(487,266)
Changes in assets and liabilities:		
Receivables	170,560	(325,014)
Prepaid expenses	(2,776)	40,844
Payables	32,634	102,630
Accrued liabilities	22,483	(15,997)
Deferred revenue	66,807	560,592
	<u>189,378</u>	<u>(102,822)</u>
Net adjustments	<u>189,378</u>	<u>(102,822)</u>
Net cash flows from operating activities	<u>\$ (255,577)</u>	<u>\$ 1,935,413</u>

See notes to financial statements

# National Credit Union Foundation, Inc.

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Notes to Financial Statements  
December 31, 2024 and 2023

## 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 America's Credit Unions (the Association) board and the other directors represent different sectors of the credit union community. The Foundation board, with the exception of the Association 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.

# National Credit Union Foundation, Inc.

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Notes to Financial Statements  
December 31, 2024 and 2023

## 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, 2024 and 2023. 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, 2024 and 2023 and there are no uncertain tax positions as of December 31, 2024 and 2023.

## 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 (NCUA) insurance limit at December 31, 2024 and 2023. 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.

## Accounts Receivable

Accounts receivables from the Association, 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.

The Foundation utilizes the loss rate method in determining its lifetime expected credit losses on its receivables resulting from contracts with customers. 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 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 years ended December 31, 2024 and 2023, the Foundation experienced no credit losses. As of December 31, 2024 and 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, 2024 and 2023. All pledges and contributions receivable as of December 31, 2024 and 2023 are expected to be collected within one year.

# National Credit Union Foundation, Inc.

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Notes to Financial Statements  
December 31, 2024 and 2023

## 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, 2024 and 2023.

**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 \$780,253 as of December 31, 2024 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 \$422,650 and \$293,700 as of December 31, 2024 and 2023, 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.

# National Credit Union Foundation, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

## 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.

	<u>January 1, 2023</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 79,956	\$ 92,360	\$ 148,708
Deferred revenue	44,769	601,161	539,018

## 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.

## National Credit Union Foundation, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 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:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 5,723,295	\$ 6,156,838
Receivables	272,199	442,759
Investments	<u>8,861,692</u>	<u>8,583,396</u>
Total financial assets	14,857,186	15,182,993
Less investments donor restricted or held for long-term purposes	(8,861,692)	(8,583,396)
Less pledges and contributions receivable with donor imposed restrictions	<u>(123,491)</u>	<u>(350,399)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 5,872,003</u>	<u>\$ 6,249,198</u>

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. 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.

## National Credit Union Foundation, Inc.

Notes to Financial Statements  
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Following is a description of the valuation methodologies used at December 31, 2024 and 2023, 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 measured on a recurring basis as of December 31:

	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
Fixed income	\$ 2,512,915	\$ -	\$ -	\$ 2,512,915
Equity	2,863,449	-	-	2,863,449
Total investments at fair value	<u>\$ 5,376,364</u>	<u>\$ -</u>	<u>\$ -</u>	5,376,364
Certificates of deposit, at cost				<u>3,485,328</u>
Total investments				<u>\$ 8,861,692</u>
	<b>2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds:				
Fixed income	\$ 2,322,728	\$ -	\$ -	\$ 2,322,728
Equity	2,624,340	-	-	2,624,340
Total investments at fair value	<u>\$ 4,947,068</u>	<u>\$ -</u>	<u>\$ -</u>	4,947,068
Certificates of deposit, at cost				<u>3,636,328</u>
Total investments				<u>\$ 8,583,396</u>

### 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.



## National Credit Union Foundation, Inc.

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Notes to Financial Statements  
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### 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, 2024 and 2023 was approximately \$27,000,000 and \$28,000,000, 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 \$642,000 and \$490,000 in 2024 and 2023, respectively. The CIF and CDA grants to the leagues and state credit union foundations were approximately \$305,000 and \$239,000 in 2024 and 2023, 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, 2024 and 2023 was approximately \$29,400,000 and \$27,100,000, 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 \$177,000 and \$163,000 in 2024 and 2023, respectively. The CLT grants to the leagues and state credit union foundations were approximately \$44,000 and \$41,000 in 2024 and 2023, respectively, which is included in CIF grants and outreach within the accompanying statements of activities.

# National Credit Union Foundation, Inc.

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Notes to Financial Statements  
December 31, 2024 and 2023

## 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 \$103,936 and \$89,570 at December 31, 2024 and 2023, respectively. There were approximately \$0 and \$91,000 conditional grants as of December 31, 2024 and 2023, respectively.

## 7. Related-Party Transactions

Through common directors and officers, the Foundation is related to the Association, which provides administrative and support services pursuant to a management services agreement entered. The agreement was renewed for a two year period ending December 31, 2025. The agreement provides that the Foundation will pay fees to the Association. The Foundation incurred and paid \$246,000 and \$237,300 for these services during the years ended December 31, 2024 and 2023, respectively.

In addition, on a monthly basis the Foundation reimbursed the Association for other support services, including payroll expenses, provided by the Association. During the years ended December 31, 2024 and 2023, the Foundation reimbursed the Association \$2,903,952 and \$2,522,940, respectively, for these payroll related expenses and other support services. At December 31, 2024 and 2023, the Foundation owed ACU \$337,362 and \$276,934, respectively.

The Association also collects cash receipts on behalf of the Foundation and the Association owed the Foundation \$53,668 and \$38,987 in December 31, 2024 and 2023, respectively. In addition, the Association's annual contribution to the Foundation was \$400,000 in 2024 and 2023. In 2023, the Association also contributed \$10,000 of donor-restricted funds to the Foundation.

At December 31, 2024 and 2023, a related party through common management, American Association of Credit Union Leagues (AACUL) owed the Foundation \$2,500. AACUL contributed \$10,000 and \$15,000 to the Foundation in 2024 and 2023, 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.

# National Credit Union Foundation, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

## 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, 2024 and 2023.

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 Finance and 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:

	<b>With Donor Restrictions 2024</b>	<b>With Donor Restrictions 2023</b>
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	<u>595,189</u>	<u>509,227</u>
Total	<u>\$ 817,452</u>	<u>\$ 731,490</u>

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

	<b>With Donor Restrictions 2024</b>	<b>With Donor Restrictions 2023</b>
Net assets, beginning	\$ 731,490	\$ 625,169
Investment income	51,399	24,935
Unrealized gain on investments	<u>34,563</u>	<u>81,386</u>
Net assets, ending	<u>\$ 817,452</u>	<u>\$ 731,490</u>

## National Credit Union Foundation, Inc.

Notes to Financial Statements  
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### 9. Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specified purpose:		
FinHealth Fund	\$ 2,343,344	\$ 2,402,397
Lending council	1,248,725	1,269,844
Disaster relief	639,941	1,021,981
Louisiana Designated Fund	174,359	243,306
Development Education Founders Fund	140,005	144,344
West Virginia Fund	134,541	131,566
Biz Kid\$	82,812	173,079
George E. Myers Fund	82,636	85,528
Gene Farley Fund	69,447	73,382
Nebraska Designated Fund	37,365	37,852
African-American Credit Union Coalition/Pete Crear Scholarships Fund	31,641	30,972
International Development Fund	21,348	21,353
Data Breach Fund	4,752	4,752
	<u>5,010,916</u>	<u>5,640,356</u>
Endowments:		
Subject to appropriation and spending policy	595,189	509,227
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>222,263</u>	<u>222,263</u>
	<u>817,452</u>	<u>731,490</u>
	<u>\$ 5,828,368</u>	<u>\$ 6,371,846</u>

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

	<u>2024</u>	<u>2023</u>
Disaster relief	\$ 752,438	\$ 23,762
FinHealth Fund	364,700	542,056
Louisiana Designated Fund	112,658	49,580
Biz Kid\$	90,267	47,412
Lending council	77,000	5,000
Development Education Founders Fund	28,367	32,442
Nebraska Designated Fund	25,207	8,835
George E. Myers Fund	14,000	14,000
West Virginia Fund	9,789	15,404
Gene Farley Fund	7,500	5,000
National Youth Involvement Board Fund	-	4,329
	<u>\$ 1,481,926</u>	<u>\$ 747,820</u>

## **National Credit Union Foundation, Inc.**

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Notes to Financial Statements  
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### **10. Disaster Relief**

In times of domestic disasters, the Foundation receives and distributes funds to aid credit unions and their employees in the affected regions. Contributions received for disaster relief totaled \$370,398 and \$679,265 in 2024 and 2023, respectively, and are included as part of contributions with donor restrictions on the statements of activities. The Foundation made grant distributions of \$752,438 and \$23,762 in 2024 and 2023, 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 a grant agreement with Biz Kid\$, LLP in 2023 for the purpose of continuing the education outreach and education goals of the Biz Kid\$ project. The Biz Kid\$ program ended in 2023 and the Foundation re-allocated the remaining Biz Kid\$ funds for foster youth financial literacy grants in 2024. The grant payments for these purposes were \$86,725 and \$25,000 in 2024 and 2023, 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, 2024 and 2023, two donors, accounted for 18% and 17% of total contributions, respectively. As of December 31, 2024 and 2023, one donor accounted for 76% and 95% of pledges receivable, respectively.

### **13. Subsequent Events**

The Foundation has evaluated subsequent events through April 8, 2025, which is the date that the financial statements were available to be issued, for events requiring disclosure or recording in the financial statements.