

**National Association of State  
Credit Union Supervisors (NASCUS)**

**And**

**National Institute for State  
Credit Union Examination (NISCUE)**

**Audited Consolidating  
Financial Statements**

**for the year ended June 30, 2008**

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
Credit Union Examination (NISCUE)**

**Consolidating Financial Statements  
for the year ended June 30, 2008**

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# KOSITZKA AND COMPANY WICKS

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

Board of Directors  
**National Association of State Credit Union Supervisors and  
National Institute for State Credit Union Examination**

We have audited the accompanying consolidating statement of financial position of the **National Association of State Credit Union Supervisors** (a nonprofit organization) and the **National Institute for State Credit Union Examination** (a nonprofit organization) as of June 30, 2008, and the related consolidating statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the **National Association of State Credit Union Supervisors (NASCUS)** and the **National Institute for State Credit Union Examination (NISCUE)**'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **National Association of State Credit Union Supervisors (NASCUS)** and the **National Institute for State Credit Union Examination (NISCUE)** as of June 30, 2008, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted accounting principles in the United States of America.

*Kositzka, Wicks and Company*

July 23, 2008  
Alexandria, Virginia

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
Credit Union Examination (NISCUE)**

**Consolidating Statements of Financial Position  
June 30, 2008**

	NASCUS	NISCUE	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,841,422	\$ 131,313	\$ -	\$ 1,972,735
Accounts receivable	21,134	1,030	(1,030)	21,134
Prepaid expenses	56,263	-	-	56,263
Total Current Assets	<u>1,918,819</u>	<u>132,343</u>	<u>(1,030)</u>	<u>2,050,132</u>
Furniture, Equipment, and Leasehold Improvements	48,963	-	-	48,963
Other Assets	7,721	-	-	7,721
Total Assets	<u>\$ 1,975,503</u>	<u>\$ 132,343</u>	<u>\$ (1,030)</u>	<u>\$ 2,106,816</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 56,587	\$ -	\$ (1,030)	\$ 55,557
Additional pension liability	51,401	-	-	51,401
Deferred income				
Accreditation	66,800	-	-	66,800
Membership dues	757,196	-	-	757,196
Convention registrations and sponsors	95,821	-	-	95,821
Education	22,115	-	-	22,115
Total Current Liabilities	<u>1,049,920</u>	<u>-</u>	<u>(1,030)</u>	<u>1,048,890</u>
Deferred rent	37,983	-	-	37,983
Total Liabilities	<u>1,087,903</u>	<u>-</u>	<u>(1,030)</u>	<u>1,086,873</u>
Unrestricted Net Assets	887,600	132,343	-	1,019,943
Total Liabilities and Net Assets	<u>\$ 1,975,503</u>	<u>\$ 132,343</u>	<u>\$ (1,030)</u>	<u>\$ 2,106,816</u>

The accompanying notes to the consolidating financial statements are an integral part of this statement.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
Credit Union Examination (NISCUE)**

**Consolidating Statement of Activities and Changes in Net Assets  
for year ended June 30, 2008**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Revenue</b>				
Membership dues	\$ 1,411,928	\$ -	\$ -	\$ 1,411,928
Program support and contributions	55,362	86,044	-	141,406
NCUA contract	65,352	65,352	(65,352)	65,352
Accreditation	38,200	-	-	38,200
Convention	140,728	-	-	140,728
Education programs	263,231	-	(69,475)	193,756
Interest and dividends	51,840	1,399	-	53,239
Other	1,017	-	-	1,017
<b>Total Revenue</b>	<u>2,027,658</u>	<u>152,795</u>	<u>(134,827)</u>	<u>2,045,626</u>
<b>Expenses</b>				
Program services				
Accreditation	86,498	-	-	86,498
Communication	168,843	-	-	168,843
Convention	181,750	-	-	181,750
Education	242,534	69,475	(69,475)	242,534
NCUA education	75,253	65,352	(65,352)	75,253
Government relations	244,772	-	-	244,772
Lobbying	4,225	-	-	4,225
Regulatory and research	253,379	-	-	253,379
<b>Total program services</b>	<u>1,257,254</u>	<u>134,827</u>	<u>(134,827)</u>	<u>1,257,254</u>
Supporting services				
Governance	245,491	-	-	245,491
General and administration	89,520	-	-	89,520
Membership development	169,317	-	-	169,317
NISCUE management	7,158	179	-	7,337
<b>Total supporting services</b>	<u>511,486</u>	<u>179</u>	<u>-</u>	<u>511,665</u>
<b>Total Expenses</b>	<u>1,768,740</u>	<u>135,006</u>	<u>(134,827)</u>	<u>1,768,919</u>
<b>Increase in net assets prior to pension-related changes</b>	258,918	17,789	-	276,707
Pension-related changes other than net periodic pension cost	(45,461)	-	-	(45,461)
<b>Increase in net assets</b>	213,457	17,789	-	231,246
<b>Unrestricted Net Assets, beginning of year</b>	674,143	114,554	-	788,697
<b>Unrestricted Net Assets, end of year</b>	<u>\$ 887,600</u>	<u>\$ 132,343</u>	<u>\$ -</u>	<u>\$ 1,019,943</u>

The accompanying notes to the consolidating financial statements are an integral part of this statement.

**KOSITZKA, WICKS AND COMPANY**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
Credit Union Examination (NISCUE)

Consolidating Statement of Functional Expenses  
for year ended June 30, 2008

	Accred- itation	Communi- cation	Con- vention	Edu- cation	NCUA Edu- cation	Govern- ment Relations	Lobbying	Regulatory and research	Governance	General and admini- stration	Membership development	NISCUE management	Total Expenses
Salaries, Taxes, and Benefits	\$ 57,906	\$ 95,913	\$ 57,362	\$ 68,916	\$ 56,695	\$ 162,690	\$ 3,222	\$ 162,128	\$ 138,055	\$ 61,085	\$ 117,990	\$ 5,211	\$ 985,173
Defined Benefit Pension	3,774	5,054	1,880	5,016	3,436	12,264	138	7,957	6,364	8,124	6,869	386	61,262
Convention	-	-	102,247	-	-	-	-	-	-	-	-	-	102,247
Occupancy	7,283	11,835	7,323	8,717	7,176	20,519	407	19,337	17,442	8,392	14,879	637	123,947
Outside Services	2,073	16,207	810	1,087	866	4,289	60	3,963	2,115	842	2,707	71	35,090
Travel and Lodging	6,144	4,176	680	7,218	-	18,386	-	35,712	58,205	1,287	8,282	-	140,090
Schools and Seminars	-	-	-	130,598	-	111	-	-	-	-	-	-	130,709
Postage, Printing, and Delivery	650	26,262	1,095	2,121	572	2,178	39	2,944	2,417	1,169	3,049	51	42,547
Supplies, Services, and Software	1,231	1,950	3,607	2,515	639	2,073	38	2,282	3,288	588	1,367	79	19,657
Audit and Accounting	1,750	2,704	2,269	1,807	1,664	4,595	96	4,249	4,109	1,760	3,310	156	28,469
Telephone	1,075	1,629	922	8,817	1,166	3,568	50	3,744	4,946	1,102	1,896	167	29,082
Legal and Insurance Expenses	1,128	1,878	1,329	1,384	1,172	3,253	87	4,667	2,935	1,912	2,473	104	22,322
Equipment Rental and Repair	1,076	1,765	1,179	1,282	1,066	3,008	62	2,853	2,600	667	2,166	86	17,810
Depreciation	657	829	456	604	492	1,510	-	1,135	1,175	511	864	53	8,286
Committees and Program Events	1,080	-	-	1,458	-	5,005.00	-	1,291.00	767.00	-	-	145.00	9,746
Dues, Promotional and Advertising	629	515	256	288	237	1,099	20	853	862	967	3,024	17	8,767
Taxes, Licenses, and Other	42	126	335	706	72	224	6	264	211	1,114	441	174	3,715
<b>Expenses</b>	<b>\$ 86,498</b>	<b>\$ 168,843</b>	<b>\$ 181,750</b>	<b>\$ 242,534</b>	<b>\$ 75,253</b>	<b>\$ 244,772</b>	<b>\$ 4,225</b>	<b>\$ 253,379</b>	<b>\$ 245,491</b>	<b>\$ 89,520</b>	<b>\$ 169,317</b>	<b>\$ 7,337</b>	<b>\$ 1,768,919</b>

The accompanying notes to the consolidating financial statements are an integral part of this statement.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
Credit Union Examination (NISCUE)**

**Consolidating Statement of Cash Flows  
for the year ended June 30, 2008**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Cash flows from operating activities</b>				
Change in net assets	\$ 213,457	\$ 17,789	\$ -	\$ 231,246
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities-				
Depreciation	8,286	-	-	8,286
Contributions to pension plan	(114,166)	-	-	(114,166)
Pension related costs and changes	106,723	-	-	106,723
(Increase) decrease in operating assets				
Accounts receivable	(9,521)	4,566	(4,566)	(9,521)
Prepaid expenses	(15,602)	-	-	(15,602)
Increase (decrease) in operating liabilities				
Accounts payable and accrued expenses	(27,168)		4,566	(22,602)
Deferred income				
Accreditation	34,200	-	-	34,200
Membership dues	40,208	-	-	40,208
Convention registrations and sponsors	25,580	-	-	25,580
Education	(7,314)	-	-	(7,314)
Deferred rent	1,043	-	-	1,043
Net cash provided (used) by operating activities	<u>255,726</u>	<u>22,355</u>	<u>-</u>	<u>278,081</u>
<b>Cash flows from investing activities</b>				
Purchase of furniture, equipment, and leasehold improvements	<u>(35,431)</u>	<u>-</u>	<u>-</u>	<u>(35,431)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	220,295	22,355	-	242,650
<b>Cash and cash equivalents, beginning of year</b>	1,621,127	108,958	-	1,730,085
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,841,422</u>	<u>\$ 131,313</u>	<u>\$ -</u>	<u>\$ 1,972,735</u>
<b>Supplemental disclosure of cash flow information</b>				
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the consolidating financial statements are an integral part of this statement.

**KOSITZKA, WICKS AND COMPANY**

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**National Association of State  
Credit Union Supervisors (NASCUS) and  
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Credit Union Examination (NISCUE)**

**Notes to Consolidating Financial Statements  
June 30, 2008**

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**1. Organization**

The National Association of State Credit Union Supervisors (NASCUS) was organized under the laws of the District of Columbia on October 6, 1975 for the purpose of improving the supervision of Credit unions and to facilitate the administration of laws governing these institutions.

The National Institute for State Credit Union Examination (NISCUE) was organized under the laws of the District of Columbia on June 9, 1982 as an educational foundation to conduct and sponsor educational programs concerning credit unions and related topics in cooperation with NASCUS.

**2. Significant Accounting Policies**

**Basis of Presentation**

The financial statements of NASCUS and NISCUE are presented on a separated and consolidated basis since the organizations are under common control. The trustees who serve as the board of NISCUE are appointed annually by NASCUS, and these trustees may be removed upon consent of a majority of the Board of Directors of NASCUS.

NASCUS and NISCUE account for contributions as unrestricted, temporarily restricted, or permanently restricted based upon restrictions imposed by the donor. When donor restrictions expire, either through the passage of time or accomplishment of the purpose for which the restriction was imposed, the net assets are reclassified to unrestricted. For the fiscal year ending June 30, 2008, all assets were considered unrestricted.

**Principles of Consolidation**

The consolidating financial statements include all accounts of NASCUS and NISCUE. All significant intercompany accounts and transactions are eliminated in consolidation.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
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**Notes to Consolidating Financial Statements  
June 30, 2008**

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**2. Significant Account Policies (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and money market accounts held in a brokerage firm, a federal credit union and a bank. NASCUS and NISCUE maintain cash balances which may exceed federally insured limits. Management does not believe that this results in any significant credit risk to the entities. As of June 30, 2008, uninsured cash and cash equivalents totaled \$1,663,118.

**Membership Dues**

Members of NASCUS are financial regulators and credit unions. Dues of the regulators are based on assets of the credit unions they supervise. Dues paid by credit unions are based on assets of the credit unions as reflected on their most recent financial statements. All dues are paid in advance on an annual basis. Revenue from membership dues is deferred and recognized ratably over the membership period.

**Program Support and Contributions**

Credit Union Leagues and other entities provide program support to NASCUS. Donations for education support are recognized when received. Dual Charter Benefactor membership is deferred and recognized as revenue over a twelve month period.

Certification fees included in education programs revenue are deferred and recognized as revenue over a twelve month period.

Fees for educational programs are recognized at the time they are earned.

**Furniture, Equipment, and Leasehold Improvements**

Furniture and equipment with an original cost over \$500 are recorded at cost and are depreciated over the estimated useful lives of three to seven years using the straight-line method. Leasehold improvements are depreciated over the life of the lease.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
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**Notes to Consolidating Financial Statements  
June 30, 2008**

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**2. Significant Account Policies (Continued)**

Income Taxes

NASCUS qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. NISCUE qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. There were no unrelated business income taxes for the year ended June 30, 2008. NASCUS and NISCUE are classified as organizations that are not private foundations.

Functional Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidating statement of activities and in the consolidating statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classification. Certain costs common to several functions have been allocated among the various programs benefited. General and administration costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Accounting for Defined Benefit Pension Plan

The Organization has adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. This statement requires an employer to recognize the status of a defined benefit plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
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**Notes to Consolidating Financial Statements  
June 30, 2008**

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**3. Furniture, Equipment, and Leasehold Improvements**

A summary of information relative to property depreciation as of June 30, 2008 is as follows:

	Cost	Accumulated Depreciation	Depreciation Expense
Furniture and fixtures	\$ 19,926	\$ 13,761	\$ 2,187
Computers and equipment	60,210	23,700	4,912
Leasehold improvements	20,291	14,003	1,187
	<u>\$ 100,427</u>	<u>\$ 51,464</u>	<u>\$ 8,286</u>

Estimated useful lives are as follows:

Furniture and fixtures	7 years
Computers and equipment	5 years
Leasehold improvements	3-10 years

**4. Pension Plans**

NASCUS participates in two group pension plans with the Credit Union National Association, Inc. (CUNA) and CUNA Mutual Group's Credit Union Benefits Service (CUBS).

On January 1, 1994, NASCUS adopted the CUBS Individual Account Master and Capital Accumulation Plan which is a pre-tax Internal Revenue Code Section 401(k) plan. Employees are eligible to participate in the plan immediately upon date of hire. The employer matches 100% of employee contributions to the plan, limited to IRS contribution limits. Employees who participate in the plan contribute three percent of before tax wages, plus voluntary contributions not to exceed ten percent of compensation. The plan provides for immediate vesting in the employer's contribution. During the year ended June 30, 2008, NASCUS contributed \$22,155 to the plan. For the year ending June 30, 2009, NASCUS expects to contribute \$26,100 to the plan.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
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**Notes to Consolidating Financial Statements  
June 30, 2008**

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**4. Pension Plans (Continued)**

On January 1, 1994, NASCUS also entered the CUBS Retirement Defined Benefit Pension Plan. The plan covers employees over the age of twenty years and six months who have completed six months of service. Plan benefits vest after three years of service with the Association. The benefits are based on years of service of employees and employees' average annual salary during the final five years. The funding policy is to contribute the annual suggested amount determined for ERISA purposes.

The investment goal is to minimize contributions as a percentage of payroll by providing a total return over a five-year period equal to the actuarially assumed target at the lowest possible portfolio risk level. The Association's defined benefit plan invests in both equity and debt securities. Target asset allocation is determined by the Plan board of trustees who oversees the retirement pension plan investment entity. Asset allocation is targeted at 65% equity securities and 35% debt securities.

The following table sets forth the plan's funded status as of June 30, 2008:

Projected benefit obligation	\$ 971,887
Fair value of plan assets	<u>920,486</u>
Funded status	<u>\$ 51,401</u>
Accumulated benefit obligation	<u>\$ 871,720</u>
Employer contributions	<u>\$ 114,116</u>
Plan participants' contributions	<u>\$ -</u>
Benefits paid	<u>\$ 37,011</u>

The actuarial calculation related to the plan shows a pension liability of \$51,401. The balance is shown as a current liability in the accompanying consolidating statement of financial position. The additional liability is recalculated and adjusted each year as necessary.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
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**Notes to Consolidating Financial Statements  
June 30, 2008**

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**4. Pension Plans (Continued)**

At June 30, 2008, the liability was determined as the follows:

Projected benefit obligation at June 30, 2008	\$ 971,887
Fair value of plan assets at June 30, 2008	<u>920,486</u>
Minimum liability	\$ 51,401
Prepaid pension cost	-
Additional pension liability	<u><u>\$ 51,401</u></u>

Amounts recognized in accumulated pension-related changes other than net periodic pension cost are:

Net loss	\$ 289,677
Transition obligation	424
Total amount recognized	<u><u>\$ 290,101</u></u>

At June 30, 2008, total recognized pension-related changes are comprised of the following:

Net periodic benefit cost:

Service cost	\$ 54,365
Interest cost	57,075
Expected return on plan assets	(64,076)
Amortization of the transition liability	122
Amortization of other losses	13,776
	<u><u>\$ 61,262</u></u>

Other amounts recognized in pension-related changes other than net periodic pension cost:

Net loss	\$ 59,359
Amortization of net loss	(13,776)
Amortization of obligation asset	(122)
	<u><u>45,461</u></u>

Total recognized pension related changes \$ 106,723

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
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**Notes to Consolidating Financial Statements  
June 30, 2008**

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**4. Pension Plans (Continued)**

The weighted-average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were as follows:

Discount rate on the benefit obligation	6.00%
Rate of expected return on plan assets	7.50%
Rate of employee compensation increase	4.00%

The expected long-term rate of return is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

NASCUS expects to pay the following benefits over the next five years and thereafter:

For period beginning:

7/1/2008	\$ 51,451
7/1/2009	46,127
7/1/2010	47,528
7/1/2011	49,013
7/1/2012	724,745
Thereafter	<u>373,582</u>
	<u>\$ 1,292,446</u>

In December 2007 and January 2008, the NASCUS Board of Directors adopted resolutions to amend the CUBS Retirement Defined Benefit Pension Plan, effective February 1, 2008. The resolutions call for the addition of a cash balance feature with respect to employees hired or rehired on or after September 1, 2007, allowing current employees to be grandfathered under the defined benefit formula as adopted in October 2003.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
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**Notes to Consolidating Financial Statements  
June 30, 2008**

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**5. Related Party Transactions**

During the year ended June 30, 2008, NASCUS incurred costs for the benefit of NISCUE that were reimbursed. These costs were primarily for the services of NASCUS employees who allocated all or a portion of their time to the educational activities of NISCUE, for reimbursement of allocated overhead, and for purchases made by NASCUS for the benefit of NISCUE. These NISCUE reimbursements were eliminated in the accompanying financial statements. These costs were as follows:

<u>Description of Cost</u>	<u>Amount</u>
NCUA program management	\$ 65,352
Schools and seminars, grants	69,475
	<u>\$ 134,827</u>

Donations deposited by NASCUS on behalf of NISCUE in the amount of \$1,030 were due from NASCUS to NISCUE as of June 30, 2008.

**6. Leases**

In March 1999, NASCUS and NISCUE entered into an operating lease for 3,038 square feet of office space in Arlington, Virginia. The lease was amended on July 2, 2002 and February 14, 2003 to add additional square footage. The term of the amended lease is for ten years ending May 31, 2013. The lease includes escalation clauses of 2.75% per year. NASCUS and NISCUE also pay their share of any increases in operating expenses and real estate taxes.

Rental expense for office space including real estate taxes, utilities, and common area charges amounted to \$123,110 for the year ended June 30, 2008. In addition, NASCUS paid \$837 for records storage.

NASCUS, as lessee, had three operating leases for office equipment during the year ended June 30, 2008. Rent expense for the equipment amounted to \$17,568.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
Credit Union Examination (NISCUE)**

**Notes to Consolidating Financial Statements  
June 30, 2008**

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**6. Leases (Continued)**

Future minimum payments under the above leases are as follows:

<u>Year ending June 30,</u>	<u>Equipment</u>	<u>Office</u>	<u>Total</u>
2009	\$ 15,345	\$ 109,600	\$ 124,945
2010	12,411	112,700	125,111
2011	1,314	115,800	117,114
2012	-	118,900	118,900
2013	-	111,800	111,800
Thereafter	-	-	-
	<u>\$ 29,070</u>	<u>\$ 568,800</u>	<u>\$ 597,870</u>

**7. Net Assets**

In August 2007, the NASCUS Board voted to establish a Board Designated Stabilization Reserve Fund equal to 25% of the current year's projected annual expenditures. For the year ending June 30, 2008, \$476,600 of net assets was categorized as board restricted.

The balance of unrestricted net assets as of June 30, 2008 was as follows:

	<u>General Fund</u>	<u>Stabilization Reserve Fund</u>	<u>Total</u>
Beginning balance, July 1, 2007	\$ 674,143	\$ -	\$ 674,143
Increase in net assets	213,457		213,457
Transfer of net assets	(476,600)	476,600	-
Ending balance, June 30, 2008	<u>\$ 411,000</u>	<u>\$ 476,600</u>	<u>\$ 887,600</u>

**8. Contract**

On September 1, 1990, NISCUE was awarded a contract with the National Credit Union Administration (NCUA) to provide personnel and other services to educate state credit union examiners. The contract continues until revoked by either party and provides for payments which were \$65,352 for the year ended June 30, 2008.

See Independent Auditors' Report.

**National Association of State  
Credit Union Supervisors (NASCUS) and  
National Institute for State  
Credit Union Examination (NISCUE)**

**Notes to Consolidating Financial Statements  
June 30, 2008**

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**9. Commitments**

NASCUS has contractual obligations for hotel space to hold the 2008 and 2009 annual conferences. The contracts specify that, if cancelled, NASCUS may be subject to substantial cancellation penalties based on the amount of time remaining before the reservation dates.

NASCUS has an employment contract with the president/chief executive officer. This contract provides for a liability of the year's base pay and continuation of fringe benefits if the officer is terminated without cause before August 30, 2010. This contingent liability is not reflected in the accompanying financial statements.

NASCUS has contractual obligations for web hosting maintenance fees for the five years ending June 30, 2013. The fees are paid annually in the amount of \$6,000. As of June 30, 2008, the total outstanding contract balance was \$24,000.

See Independent Auditors' Report.