

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

Audit Committee, Board of Directors and Credit Union Advisory Council –  
National Association of State Credit Union Supervisors and  
Trustees – National Institute for State Credit Union Examination  
Arlington, Virginia

### Opinion

We have audited the consolidated financial statements of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination, which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination as of December 31, 2023, and the results of their changes in net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Association of State Credit Union Supervisors and National Institute for State Credit Union Examination and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Association of State Credit Union Supervisors' and National Institute for State Credit Union Examination'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association of State Credit Union Supervisors' and National Institute for State Credit Union Examination'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.

#### **Other Matter – 2022 Consolidated Financial Statements**

The 2022 consolidated financial statements were reviewed by us, and our report thereon, dated June 30, 2023, stated we were not aware of any material modifications that should be made to those consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the consolidated financial statements.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2023 consolidating schedules are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated financial statements as a whole. The 2022 consolidating schedules are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the review procedures applied in our review of the consolidated financial statements, and we are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.



Burbank, California  
May 23, 2024

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2023 AND 2022**

	2023	(Unaudited) 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,120,777	\$ 3,315,993
Accounts receivable, net	205,029	232,310
Prepaid expenses	271,110	210,236
Total current assets	4,596,916	3,758,539
Noncurrent assets:		
Investments:		
Debt securities	1,640,994	1,576,519
Equity securities	306,361	274,775
Furniture and equipment, net	15,485	31,088
Operating lease right-of-use (ROU) asset	592,209	110,629
Other assets	15,957	15,957
Total noncurrent assets	2,571,006	2,008,968
Total assets	\$ 7,167,922	\$ 5,767,507
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 358,644	\$ 246,687
Deferred income:		
Accreditation	90,000	53,000
Membership dues	1,593,087	1,484,818
Education	4,000	1,500
Current portion of operating lease liability	110,551	118,604
Total current liabilities	2,156,282	1,904,609
Noncurrent liabilities:		
Operating lease liability, net of current portion	526,554	-
Total liabilities	2,682,836	1,904,609
Net assets:		
Without donor restrictions	4,485,086	3,862,898
Total liabilities and net assets	\$ 7,167,922	\$ 5,767,507

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	(Unaudited) 2022
<b>REVENUES</b>		
Regulator dues	\$ 1,375,304	\$ 1,220,645
Credit union dues	1,474,258	1,593,247
Associate member dues	127,500	145,500
Convention	146,499	89,245
Accreditation	93,000	122,000
Education	418,451	439,067
Donations	153,644	137,755
Interest and other	267,110	(14,553)
	<b>4,055,766</b>	<b>3,732,906</b>
 <b>EXPENSES</b>		
Salaries and employee benefits	1,857,144	1,852,433
Personnel, travel and training	207,030	210,495
Business fees and services	346,616	255,225
Dual Charter Resources Initiative (DCRI) expenses	59,559	-
Accreditation	7,000	18,272
Board and committees	45,833	41,023
Telephones, postage and printing	32,377	30,561
Supplies and equipment	9,868	8,934
Advertising and promotion	8,171	2,591
Office occupancy	177,701	193,403
Business insurance	11,296	12,921
Depreciation	16,991	29,243
Convention	109,244	158,869
Education	334,027	320,033
Receptions	20,018	24,026
Dues and subscriptions	173,731	154,492
Meeting venue	-	13,607
Other	16,972	41,978
	<b>3,433,578</b>	<b>3,368,106</b>
Total expenses		
	<b>622,188</b>	<b>364,800</b>
<b>CHANGE IN NET ASSETS</b>		
	<b>622,188</b>	<b>364,800</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,862,898</b>	<b>3,498,098</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,485,086</b>	<b>\$ 3,862,898</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022 (Unaudited)		
	Programs	Management and General	Total	Programs	Management and General	Total
Salaries and employee benefits	\$ 1,514,689	\$ 342,455	\$ 1,857,144	\$ 1,384,547	\$ 467,886	\$ 1,852,433
Personnel, travel and training	143,930	63,100	207,030	117,606	92,889	210,495
Business fees and services	233,875	112,741	346,616	149,946	105,279	255,225
DCRI expense	59,559	-	59,559	-	-	-
Accreditation	7,000	-	7,000	18,272	-	18,272
Board and committees	-	45,833	45,833	-	41,023	41,023
Telephones, postage and printing	22,854	9,523	32,377	17,164	13,397	30,561
Supplies and equipment	4,292	5,576	9,868	3,384	5,550	8,934
Advertising and promotion	7,171	1,000	8,171	2,591	-	2,591
Office occupancy	119,944	57,757	177,701	113,264	80,139	193,403
Business insurance	7,624	3,672	11,296	7,567	5,354	12,921
Depreciation	14,655	2,336	16,991	26,460	2,783	29,243
Convention	109,244	-	109,244	158,869	-	158,869
Education	334,027	-	334,027	320,033	-	320,033
Receptions	3,184	16,834	20,018	7,135	16,891	24,026
Dues and subscriptions	131,885	41,846	173,731	102,614	51,878	154,492
Meeting venue	-	-	-	13,607	-	13,607
Other	2,850	14,122	16,972	36,407	5,571	41,978
	<u>\$ 2,716,783</u>	<u>\$ 716,795</u>	<u>\$ 3,433,578</u>	<u>\$ 2,479,466</u>	<u>\$ 888,640</u>	<u>\$ 3,368,106</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	(Unaudited) 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 622,188	\$ 364,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,991	29,243
(Gain) loss on investments	(90,350)	185,439
Amortization of operating ROU asset	155,341	190,181
Repayments of operating lease liability	(118,420)	(198,965)
Changes in operating assets and liabilities:		
Accounts receivable	27,281	(6,619)
Prepaid expenses	(60,874)	1,586
Accounts payable and accrued expenses	111,957	(77,999)
Deferred income	147,769	472,066
	<b>811,883</b>	<b>959,732</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities and principal payments received on received on securities	354,234	-
Purchases of debt securities	-	(105,000)
Purchases of equity securities	(359,945)	(151,007)
Purchases of property and equipment	(1,388)	(4,770)
	<b>(7,099)</b>	<b>(260,777)</b>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>804,784</b>	<b>698,955</b>
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,315,993</b>	<b>2,617,038</b>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 4,120,777</b>	<b>\$ 3,315,993</b>
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES</b>		
Operating ROU asset and lease liability arising during the year	\$ 636,921	\$ -
Operating ROU asset recorded upon adoption of Accounting Standards Update (ASU) 2016-02	-	299,046
Operating lease liability recorded upon adoption of ASU 2016-02	-	315,805

The accompanying notes are an integral part of these consolidated financial statements.



**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business:** The National Association of State Credit Union Supervisors (NASCUS) is a 501(c)(6) nonprofit professional association organized under the laws of the District of Columbia on October 6, 1975 for the purpose of improving the supervision of state-chartered credit unions and to facilitate the administration of laws governing these institutions.

The National Institute for State Credit Union Examination (NISCUE) is a 501(c)(3) nonprofit educational foundation organized under the laws of the District of Columbia on June 9, 1982 to conduct and sponsor education programs for state regulators and examiners concerning credit unions and related topics in cooperation with NASCUS.

**Consolidated Financial Statements:** The consolidated financial statements of NASCUS and NISCUE (collectively, the Organization) are presented on a consolidated basis as the trustees who serve as the Board of NISCUE are appointed annually by NASCUS. These trustees may be removed upon consent of a majority of the Board of Directors of NASCUS. All significant intercompany accounts and transactions have been eliminated.

**Basis of Presentation:** The consolidated financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations*. Nonprofit organizations are required to report information regarding their financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. All of the Organization's net assets as of December 31, 2023 and 2022 are without donor restrictions.

**Use of Estimates:** The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Fair Value:** FASB ASC 820, *Fair Value Measurements*, provides a framework for measuring fair value that requires an entity to determine fair value based on the exit price in the principal market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities.

- Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.
- Level 2 asset and liability fair values are based on observable inputs that include quoted market prices for similar assets or liabilities, quoted market prices that are not in an active market, or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

The Organization's financial instruments and other accounts that are subject to fair value measurement and/or disclosure are summarized in Note 8.

**Cash and Cash Equivalents:** The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents. The Organization maintains cash balances that may exceed federally insured limits. Management does not believe that its cash balances present any significant credit risk.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable:** Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectibility based on past credit history with members and their current financial condition. Accounts receivable is generally short-term in nature and fully collectible. There was no provision for credit losses required for the years ended December 31, 2023 and 2022.

**Debt Securities:** Debt securities consist of fixed income bonds. Fixed income bonds are recorded at fair value with gains and losses included in the consolidated statements of activities.

**Equity Securities:** Equity securities are comprised of mid cap, large cap and international equity funds. Equity securities with readily determinable fair values are recorded at fair value with gains and losses included in the consolidated statements of activities. The Organization has an ownership interest in another entity. Equity securities without a readily determinable fair value are measured at cost, less any impairment.

**Furniture and Equipment:** Furniture and equipment are initially recorded at cost when purchased. Generally, furniture and equipment additions in excess of \$1,000 with an estimated useful life of three years are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years.

**Impairment of Long-Lived Assets:** The Organization reviews long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of any asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured using the amount by which the carrying amount of the assets exceeds the fair value of the assets. During the years ended December 31, 2023 and 2022, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable.

**Revenue Recognition:**

*Membership Dues* – Members of NASCUS are financial regulators, credit unions, credit union leagues and other system organizations. Dues of the regulators are based on the assets of the credit unions they supervise as reflected on fourth quarter Call Report data. Dues paid by credit unions are based on the assets of the credit unions as reflected on their second quarter Call Report data. Associate membership is offered to affiliated credit union leagues and industry organizations at a flat annual dues fee of \$3,000 or \$4,000 for multi-state leagues. Revenue from membership dues is deferred and recognized ratably over the membership period.

*Program Support and Sponsorships* – Credit union leagues and industry organizations provide program support and sponsorships to NASCUS. Sponsorships for educational events are recognized at the time the event is held. Sponsorship revenue from the Dual Charter Resource Initiative is recognized monthly throughout the agreed upon sponsorship period.

Examiner certification fees included in education programs revenue are deferred and recognized as revenue over a 12-month period.

Fees for educational programs and conventions are recognized at the time they are earned. Fees received in advance of educational events are deferred until the event is held.

Accreditation fees for state agencies are \$15,000 for onsite reviews every five years and \$2,000 for annual reviews. Fees are recognized upon performance and completion of the review.

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions and donations with no exchange requirement or barrier to meet are recognized in the year received. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions and net assets that are received and whose restrictions expire in the same fiscal year are recorded as without donor restrictions in the year received. For the years ended December 31, 2023 and 2022, the Organization did not receive any restricted contributions.

**Functional Expenses:** Directly identifiable expenses are charged to programs and management and general services. Expenses related to more than one function are charged to programs and management and general services on the basis of time estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Income Taxes:** NASCUS is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC) and relevant state tax regulations. NISCUE is exempt from federal and state income taxes under IRC Section 501(c)(3) and relevant state tax regulations. Accordingly, no provision for federal or state income taxes has been reflected in the accompanying consolidated financial statements.

The Organization evaluates its uncertain tax positions, if any, on a continual basis. As of December 31, 2023 and 2022, management does not believe any uncertain tax positions exist.

**Accounting Pronouncement Adopted:** On January 1, 2023, the Organization adopted ASC 326, *Financial Instruments—Credit Losses* and all of the related amendments, which replace the incurred loss accounting methodology with the current expected credit losses approach for financial instruments measured at amortized cost, which includes accounts receivable. The adoption of this standard did not have a material impact on the Organization’s consolidated financial statements.

**Subsequent Events:** Subsequent events have been evaluated through May 23, 2024, the date the consolidated financial statements were available to be issued.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2023	(Unaudited) 2022
Cash and cash equivalents	\$ 4,120,777	\$ 3,315,993
Accounts receivable, net	205,029	232,310
	\$ 4,325,806	\$ 3,548,303

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 3 – INVESTMENTS**

The composition of investments as of December 31, 2023 and 2022 is summarized as follows:

	2023	(Unaudited) 2022
Debt securities at fair value:		
Fixed income bonds	\$ 1,640,994	\$ 1,576,519
Equity securities:		
Plexcity at cost	30,000	30,000
Equity funds at fair value	276,361	244,775
	306,361	274,775
	\$ 1,947,355	\$ 1,851,294

Information pertaining to investment strategies is as follows:

- Fixed income provides stability and protection in a deflationary environment.
- Equity investment provides the increase in the value of the principal amount invested.

**NOTE 4 – FURNITURE AND EQUIPMENT**

The composition of furniture and equipment is summarized as follows:

	2023	(Unaudited) 2022
Furniture and fixtures	\$ 84,413	\$ 83,025
Computers, software and equipment	192,341	192,341
	276,754	275,366
Accumulated depreciation	(261,269)	(244,278)
	\$ 15,485	\$ 31,088

Depreciation expense amounted to \$16,991 and \$29,243 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 5 – LEASES**

During 2023, the Organization relocated its office under a new operating lease that expires in November 2028. The ROU asset and lease liability of \$592,170 and \$637,105, respectively, as of December 31, 2023 are recognized based on the present value of minimum lease payments over the remaining lease term. As the lease does not provide an implicit rate, the Organization applied a risk-free discount rate for the estimated duration of the lease to determine the present value of future payments. The amortization of the operating lease asset and the accretion of operating lease liability are reported together as fixed lease expense and are included in office occupancy expense. The fixed lease expense is recognized on a straight-line basis over the remaining life of the lease.

The following table presents information related to leases:

Supplemental consolidated statements of financial condition information:	2023	2022
Weighted average remaining lease term in years	4.92	0.58
Weighted average remaining discount rate	4.24%	0.78%

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 5 – LEASES (CONTINUED)**

Operating lease cost for the years ended December 31, 2023 and 2022 amounted to \$177,701 and \$193,403, respectively.

The future maturities of the operating lease liabilities as of December 31, 2023:

Lease Liabilities Maturing In:	
2024	\$ 135,453
2025	139,516
2026	143,702
2027	148,013
2028	139,529
Total minimum lease payments	706,213
Less imputed interest	(69,108)
Total operating lease liability	<u>\$ 637,105</u>

**NOTE 6 – LINE OF CREDIT**

On March 24, 2017, NASCUS obtained a \$150,000 commercial line of credit with a bank with a maturity date of November 27, 2024. Draws on the line of credit are payable on demand, and terms include the interest rate equal to the current one-month prime rate as published in the *Wall Street Journal* plus 25 basis points, adjusted on the first day of every month. The effective interest rate is 8.75% as of December 31, 2023. The Organization had no outstanding draws on the line of credit as of December 31, 2023 and 2022.

**NOTE 7 – RETIREMENT PLAN**

**Defined Contribution Plan:** On January 1, 1994, NASCUS adopted the CUNA Mutual Group's Credit Union Benefits Service Individual Account Master and Capital Accumulation Plan, which is a pre-tax IRC Section 401(k) plan. Employees are eligible to participate in the plan immediately upon their date of hire. The employer contributes 3% of the employee's salary per the IRS Safe Harbor provision executed in December 2015. Employees who participate in the plan may make voluntary contributions not to exceed federal IRS limits. The plan provides for immediate vesting in the employer's contribution. During the years ended December 31, 2023 and 2022, NASCUS contributed \$39,811 and \$42,161, respectively, to the plan.

**NOTE 8 – FAIR VALUE**

Fair values of securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or on discounted cash flow models using the expected payment characteristics of the underlying mortgage instruments.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 8 – FAIR VALUE (CONTINUED)**

The fair value of assets measured on a recurring basis is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023				
Fixed income bonds	\$ 1,640,994	\$ -	\$ 1,640,994	\$ -
Equity funds	276,361	-	276,361	-
	<u>\$ 1,917,355</u>	<u>\$ -</u>	<u>\$ 1,917,355</u>	<u>\$ -</u>
2022 (Unaudited)				
Fixed income bonds	\$ 1,576,519	\$ -	\$ 1,576,519	\$ -
Equity funds	244,775	-	244,775	-
	<u>\$ 1,821,294</u>	<u>\$ -</u>	<u>\$ 1,821,294</u>	<u>\$ -</u>

**NOTE 9 – NET ASSETS**

In August 2007, the NASCUS Board voted to establish a Board Designated Stabilization Reserve Fund equal to 25% of the budgeted annual expenditures. In June 2017, the NASCUS Board approved a new net assets/reserves policy, setting the reserve fund at a minimum of 50% of budgeted annual expenditures.

The balance of net assets without donor restrictions as of December 31, 2023 is as follows:

	General Fund	Reserve Fund	Total
NASCUS net assets:			
Balance, January 1, 2023	\$ 1,765,344	\$ 1,727,399	\$ 3,492,743
Increase in net assets	676,497	-	676,497
Transfer of net assets	(91,126)	91,126	-
Balance, December 31, 2023	<u>\$ 2,350,715</u>	<u>\$ 1,818,525</u>	4,169,240
NISCUE net assets			<u>315,846</u>
			<u>\$ 4,485,086</u>

The balance of net assets without donor restrictions as of December 31, 2022 is as follows:

	General Fund	Reserve Fund	Total
NASCUS net assets:			
Balance, January 1, 2022	\$ 1,309,715	\$ 1,745,991	\$ 3,055,706
Increase in net assets	437,037	-	437,037
Transfer of net assets	18,592	(18,592)	-
Balance, December 31, 2022	<u>\$ 1,765,344</u>	<u>\$ 1,727,399</u>	3,492,743
NISCUE net assets			<u>370,155</u>
			<u>\$ 3,862,898</u>

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 10 – COMMITMENTS**

NASCUS has committed to hotel space for future conferences and meetings through 2024. These contracts have guaranteed minimum revenue amounts, and NASCUS may be subject to substantial penalties in the event of cancellation.

NASCUS has an employment contract with the President/Chief Executive Officer, which will be terminated on December 31, 2026. Starting January 2023, and annually thereafter, the CEO is entitled to annual bonus/incentive of up to 20% of then base salary if he is still employed on the date when such payments are customarily made.

During 2021, NASCUS had an employment contract with the EVP/General Counsel that was scheduled to expire on December 31, 2023. However, this contract became null and void on January 1, 2022, when this individual became President and CEO and a new contract was executed.

**NOTE 11 – REVENUE FROM CONTRACTS WITH MEMBERS**

The Organization's services that fall within the scope of ASC 606, *Revenue from Contracts with Customers*, are recognized as revenue as the Organization satisfies its obligations to the members.

The following table presents revenue from contracts with members within the scope of ASC 606 for the years ended December 31, 2023 and 2022:

	2023	(Unaudited) 2022
Regulator dues	\$ 1,375,304	\$ 1,220,645
Credit union dues	1,474,258	1,593,247
Associate member dues	127,500	145,500
Convention	146,499	89,245
Accreditation	93,000	122,000
Education	418,451	439,067
	\$ 3,635,012	\$ 3,609,704

**Regulator Membership:** Membership fees are based on the assets under supervision for each state agency. Annual bills are sent out in April; the membership period is from July 1 to June 30. Any amounts received prior to July 1 are deferred and recognized monthly starting in July.

**Credit Union Membership:** Membership fees are based on the asset size of the Organization. Annual bills are sent in December; the membership period is from January 1 to December 31. Any amounts received prior to December 31 are deferred and recognized monthly starting in January.

**Associate Member Dues:** Membership is a flat rate of \$3,000 per year or \$4,000 for multi-state leagues. Annual bills are sent in December; the membership period is from January 1 to December 31. Any amounts received prior to December 31 are deferred and recognized monthly starting in January.

**Accreditation:** This revenue stream relates to the state credit union regulatory agencies. It is a voluntary program with 30 accredited agencies. There is a full onsite review of the state agency every five years. The full review fee is \$15,000. In addition, there is an annual charge of \$2,000 for an annual report in the off years. Agencies are allowed to make payments each year towards the \$15,000 in advance of the full accreditation year. Fees are recognized upon performance and completion of the review. Fees received in advance of the performance of the review are deferred until earned.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**NOTE 11 – REVENUE FROM CONTRACTS WITH MEMBERS (CONTINUED)**

**Education and Convention:** NASCUS holds various events throughout the year. The larger events are the Directors Colleges (primarily attended by credit union members) and the State System Summit Conference. There are also various webinars and special schools with state agencies for specific training for the regulators. Fees for education are recognized at the time they are earned. Fees received in advance of educational events are deferred until the event is held.

Revenue recognition described in the paragraphs above is determined to be at the point in time when the performance obligations are met.

**NOTE 12 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash accounts with high credit quality financial institutions. As of December 31, 2023 and 2022, balances are insured by the National Credit Union Administration and Federal Deposit Insurance Corporation up to \$250,000 with each depositor institution. Balances in excess of insured limits as of December 31, 2023 and 2022 were \$100,743 and \$191,908, respectively.

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**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**CONSOLIDATING SCHEDULE – STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2023**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimination</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,895,452	\$ 225,325	\$ -	\$ 4,120,777
Accounts receivable, net	205,029	70,001	(70,001)	205,029
Prepaid expenses	250,590	20,520	-	271,110
	<u>4,351,071</u>	<u>315,846</u>	<u>(70,001)</u>	<u>4,596,916</u>
Total current assets				
Noncurrent assets:				
Investments:				
Debt securities	1,640,994	-	-	1,640,994
Equity securities	306,361	-	-	306,361
Furniture and equipment, net	15,485	-	-	15,485
ROU asset	592,209	-	-	592,209
Other assets	15,957	-	-	15,957
	<u>2,571,006</u>	<u>-</u>	<u>-</u>	<u>2,571,006</u>
Total noncurrent assets				
Total assets	<u>\$ 6,922,077</u>	<u>\$ 315,846</u>	<u>\$ (70,001)</u>	<u>\$ 7,167,922</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Account payable and accrued expenses	\$ 428,645	\$ -	\$ (70,001)	\$ 358,644
Deferred income:				
Accreditation	90,000	-	-	90,000
Membership dues	1,593,087	-	-	1,593,087
Education	4,000	-	-	4,000
Current portion of operating lease liability	110,551	-	-	110,551
	<u>2,226,283</u>	<u>-</u>	<u>(70,001)</u>	<u>2,156,282</u>
Total current liabilities				
Noncurrent liabilities:				
Operating lease liabilities, net of current portion	526,554	-	-	526,554
	<u>2,752,837</u>	<u>-</u>	<u>(70,001)</u>	<u>2,682,836</u>
Total liabilities				
Net assets:				
Without donor restrictions	4,169,240	315,846	-	4,485,086
Total liabilities and net assets	<u>\$ 6,922,077</u>	<u>\$ 315,846</u>	<u>\$ (70,001)</u>	<u>\$ 7,167,922</u>

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION**

**CONSOLIDATING SCHEDULE – STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2022**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimination</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,974,580	\$ 341,413	\$ -	\$ 3,315,993
Accounts receivable, net	258,168	54,600	(80,458)	232,310
Prepaid expenses	210,236	-	-	210,236
	<u>3,442,984</u>	<u>396,013</u>	<u>(80,458)</u>	<u>3,758,539</u>
Total current assets				
Noncurrent assets:				
Investments:				
Debt securities	1,576,519	-	-	1,576,519
Equity securities	274,775	-	-	274,775
Furniture and equipment, net	31,088	-	-	31,088
ROU asset	110,629	-	-	110,629
Other assets	15,957	-	-	15,957
	<u>2,008,968</u>	<u>-</u>	<u>-</u>	<u>2,008,968</u>
Total noncurrent assets				
Total assets	<u>\$ 5,451,952</u>	<u>\$ 396,013</u>	<u>\$ (80,458)</u>	<u>\$ 5,767,507</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Account payable and accrued expenses	\$ 301,287	\$ 25,858	\$ (80,458)	\$ 246,687
Deferred income:				
Accreditation	53,000	-	-	53,000
Membership dues	1,484,818	-	-	1,484,818
Education	1,500	-	-	1,500
Operating lease liability	118,604	-	-	118,604
	<u>1,959,209</u>	<u>25,858</u>	<u>(80,458)</u>	<u>1,904,609</u>
Total current liabilities				
Noncurrent liabilities:				
Deferred rent	-	-	-	-
	<u>1,959,209</u>	<u>25,858</u>	<u>(80,458)</u>	<u>1,904,609</u>
Total liabilities				
Net assets:				
Without donor restrictions	<u>3,492,743</u>	<u>370,155</u>	<u>-</u>	<u>3,862,898</u>
Total liabilities and net assets	<u>\$ 5,451,952</u>	<u>\$ 396,013</u>	<u>\$ (80,458)</u>	<u>\$ 5,767,507</u>

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
NATIONAL INSTITUTE FOR STATE CREDIT UNION EXAMINATION**

**CONSOLIDATING SCHEDULE – STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2023**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimination</u>	<u>Total</u>
<b>REVENUES</b>				
Regulator dues	\$ 1,375,304	\$ -	\$ -	\$ 1,375,304
Credit union dues	1,474,258	-	-	1,474,258
Associate member dues	127,500	-	-	127,500
Convention	160,899	-	(14,400)	146,499
Accreditation	93,000	-	-	93,000
Education	491,425	-	(72,974)	418,451
Donations	-	153,644	-	153,644
Interest and other	321,160	6,000	(60,050)	267,110
	<u>4,043,546</u>	<u>159,644</u>	<u>(147,424)</u>	<u>4,055,766</u>
Total revenues				
<b>EXPENSES</b>				
Salaries and employee benefits	1,857,144	-	-	1,857,144
Personnel, travel and training	207,030	-	-	207,030
Business fees and services	344,656	1,960	-	346,616
DCRI expenses	59,559	-	-	59,559
Accreditation	7,000	-	-	7,000
Board and committees	45,833	-	-	45,833
Telephones, postage and printing	32,377	-	-	32,377
Supplies and equipment	9,868	-	-	9,868
Advertising and promotion	8,171	-	-	8,171
Office occupancy	177,701	-	-	177,701
Business insurance	11,296	-	-	11,296
Depreciation	16,991	-	-	16,991
Convention	109,244	-	-	109,244
Education	269,458	199,993	(135,424)	334,027
Receptions	20,018	-	-	20,018
Dues and subscriptions	173,731	-	-	173,731
Other	16,972	12,000	(12,000)	16,972
	<u>3,367,049</u>	<u>213,953</u>	<u>(147,424)</u>	<u>3,433,578</u>
Total expenses				
<b>CHANGE IN NET ASSETS</b>	676,497	(54,309)	-	622,188
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,492,743</u>	<u>370,155</u>	<u>-</u>	<u>3,862,898</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,169,240</u>	<u>\$ 315,846</u>	<u>\$ -</u>	<u>\$ 4,485,086</u>

**NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS AND  
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**CONSOLIDATING SCHEDULE – STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2022**

	<u>NASCUS</u>	<u>NISCUE</u>	<u>Elimination</u>	<u>Total</u>
<b>REVENUES</b>				
Regulator dues	\$ 1,220,645	\$ -	\$ -	\$ 1,220,645
Credit union dues	1,593,247	-	-	1,593,247
Associate member dues	145,500	-	-	145,500
Convention	106,829	-	(17,584)	89,245
Accreditation	122,000	-	-	122,000
Education	481,217	-	(42,150)	439,067
Donations	-	137,755	-	137,755
Interest and other	19,389	2,083	(36,025)	(14,553)
	<u>3,688,827</u>	<u>139,838</u>	<u>(95,759)</u>	<u>3,732,906</u>
Total revenues				
	<u>3,688,827</u>	<u>139,838</u>	<u>(95,759)</u>	<u>3,732,906</u>
<b>EXPENSES</b>				
Salaries and employee benefits	1,852,433	-	-	1,852,433
Personnel, travel and training	210,495	-	-	210,495
Business fees and services	253,197	2,028	-	255,225
Accreditation	18,272	-	-	18,272
Board and committees	41,023	-	-	41,023
Telephones, postage and printing	30,561	-	-	30,561
Supplies and equipment	8,934	-	-	8,934
Advertising and promotion	2,591	-	-	2,591
Office occupancy	193,403	-	-	193,403
Business insurance	12,921	-	-	12,921
Depreciation	29,243	-	-	29,243
Convention	158,869	-	-	158,869
Education	205,745	198,047	(83,759)	320,033
Receptions	24,026	-	-	24,026
Dues and subscriptions	154,492	-	-	154,492
Meeting venue	13,607	-	-	13,607
Other	41,978	12,000	(12,000)	41,978
	<u>3,251,790</u>	<u>212,075</u>	<u>(95,759)</u>	<u>3,368,106</u>
Total expenses				
	<u>3,251,790</u>	<u>212,075</u>	<u>(95,759)</u>	<u>3,368,106</u>
<b>CHANGE IN NET ASSETS</b>	437,037	(72,237)	-	364,800
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,055,706</u>	<u>442,392</u>	<u>-</u>	<u>3,498,098</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,492,743</u>	<u>\$ 370,155</u>	<u>\$ -</u>	<u>\$ 3,862,898</u>