



National Association of  
Federally-Insured Credit Unions

# 2021

## ANNUAL REPORT



# 2021 NAFCU BOARD OF DIRECTORS



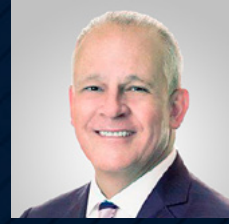
**THOMAS W. DEWITT**

Chair, Western Region Director  
President/CEO, State Farm FCU



**GARY A. GRINNELL**

Vice Chair, Eastern Region Director  
President/CEO, Corning FCU



**BRIAN T. SCHOOLS**

Treasurer, Eastern Region Director  
President/CEO, Chartway FCU



**KAREN C. HARBIN**

Secretary, Director-At-Large  
President/CEO, Commonwealth CU



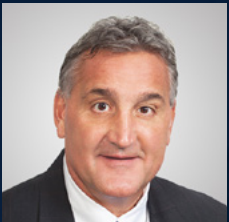
**MELANIE KENNEDY**

Southern Region Director  
President/CEO, Southwest Financial FCU



**JAMES A. KENYON**

Director-at-Large  
President/CEO, Whitefish CU



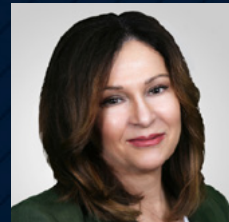
**FRANK MANCINI**

Director-At-Large  
President/CEO, Connex CU



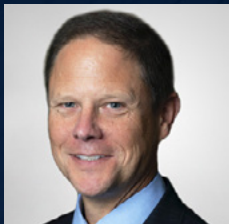
**LONNIE NICHOLSON**

Southern Region Director  
President/CEO, EECU



**JAN N. ROCHE**

Director-at-Large  
President/CEO, State Department FCU



**KEITH SULTEMEIER**

Western Region Director  
President/CEO, Kinecta FCU

# NAFCU CHAIR AND PRESIDENT'S REPORT

NAFCU entered 2021 ready to support the industry more than ever as it emerged from an unprecedented and tumultuous year. As challenges continued to arise and economic uncertainty ebbed and flowed, the association was prepared to fight for credit unions to have access to not only necessary regulatory relief, but also invaluable tools and knowledge needed to effectively serve their members and communities facing financial hardships.

While the coronavirus pandemic continued to alter NAFCU's operating environment, it did not change the association's focus - its reason "why." Simply put, NAFCU believes credit unions are the best option for American consumers. And because of that, everything the association does is to help credit unions grow and serve more Americans. That "why" makes every person at NAFCU laser focused on extreme member service in three core areas - advocacy, compliance, and education - and in 2021 the association saw record growth in membership and strong finances.

Through the guidance of NAFCU's Board of Directors and direct feedback from NAFCU member credit unions, the association remained true to its original mission: providing extreme member service and advocating on behalf of the credit union industry. NAFCU remained agile, efficient, and prudent stewards of member dues. Maintaining a healthy budget throughout the year gave us confidence in our ability to weather a continued economic storm.

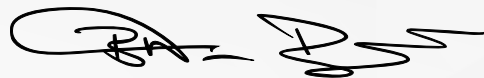
NAFCU kept members' needs at the forefront of all strategies and campaigns and prioritized developing new resources to help credit unions stay on top of quickly changing laws and regulations. The association pivoted its educational offerings to virtual events and offered thoughtful compliance resources to ensure credit unions had the knowledge and skills to adapt to changing trends and an unpredictable economy.

At the end of 2021, NAFCU's membership represented 58 percent of federally-insured credit union assets, 36 percent of federally-insured state-chartered credit union assets, and 78 percent of federal credit union assets - all increases from the previous year.

Such growth is a testament to NAFCU employees' dedication to the industry and the value NAFCU member credit unions see in the association. We take pride in representing credit unions and their almost 130 million members, and we will continue to fight for the industry's success.



**Thomas W. DeWitt** | NAFCU Board Chair



**B. Dan Berger** | NAFCU President and CEO

# 2021

## ACCOMPLISHMENTS

NAFCU provides the industry's leading ACE - **advocacy**, **compliance**, and **education** - as part of our commitment to helping credit unions overcome challenges in order to thrive. The entire staff at NAFCU is dedicated to fighting for effective regulation that supports member operations, and works passionately to ensure policymakers recognize the immense benefits of the credit union industry.

**Here's what the award-winning team at NAFCU accomplished in 2021.**





*NAFCU President and CEO Dan Berger and SBA Administrator Isabella Casillas Guzman signed a new Strategic Alliance Memorandum aimed at strengthening credit unions' ability to fund loans for small businesses.*

# ADVOCACY

## FIGHTING FOR INDUSTRY RELIEF AND GROWTH

NAFCU is committed to securing regulatory relief and flexibility for credit unions and in 2021 the industry made great strides toward overcoming the operational challenges and economic struggles stemming from the coronavirus pandemic. NAFCU's bold advocacy strategy secured several legislative and regulatory wins to ensure credit unions and their **130 million members** were not plagued with unnecessary roadblocks on the path to continued economic recovery.

### WORKING CLOSELY WITH CONGRESS

NAFCU led efforts to oppose several burdensome legislative policies, including a proposal to enhance IRS account reporting in fiscal year 2022. While the intent of the proposal was to identify tax fraud, the efficacy of the proposal's requirements was unclear. NAFCU highlighted not only the compliance burdens this proposal would impose on credit unions but also the privacy risks it would create for credit union members. In addition to directly sharing opposition

of this proposal with Members of Congress, NAFCU engaged in grassroots efforts to garner support from members to elevate and strengthen the credit union voice in Washington.

NAFCU also staunchly opposed a provision to grant the Small Business Administration (SBA) with additional direct lending authority as the provision would undermine existing, successful public-private partnership SBA loan programs while potentially limiting access to capital for small businesses from credit unions.

Throughout 2021, NAFCU also supported several pieces of legislation that would have a positive impact on the industry. The association sought and led the charge in advancing the Credit Union Government Modernization Act, which modernizes the Federal Credit Union Act's provisions related to member expulsion in order to keep credit unions, their members, and staff safe from illicit behavior.

## DIGITAL ASSETS ADVOCACY

As digital assets became a large policy focus throughout the year, the NAFCU advocacy team prioritized efforts to ensure a level playing field exists for all financial institutions and FinTech companies. Successful engagement led to:



**Securing passage of a resolution of the Congressional Review Act**, overturning a rule that allowed non-banks to use banks to avoid certain lending regulations.



**Ensuring the establishment of Federal Reserve guardrails** for access to the payment system that hold underregulated institutions to a higher standard of due diligence.



**Following NAFCU's efforts, the Office of the Comptroller of the Currency** also initiated a review of special purpose charters, which has slowed the chartering of non-FDIC insured crypto banks.



**Encouraging the NCUA to foster strong FinTech partnerships** to help credit unions provide the products and services members want and need.



**Advising the NCUA to acknowledge the authority of credit unions** to partner with third party broker-dealers to offer certain digital assets services.

NAFCU's award-winning advocacy team also fought for the extension of temporary rules on prompt corrective action and participation loans to provide continued relief amid the pandemic. As part of the Biden Administration's American Rescue Plan, NAFCU worked closely with the Community Development Financial Institution (CDFI) Fund to help secure an additional \$10 billion in funding for CDFIs. At the time of passage, NAFCU President and CEO Dan Berger noted that the association "has consistently advocated for more PPP funds to be set aside for CDFIs and MDIs to ensure low-income and underserved communities have the financial resources needed to weather the pandemic. This decision will allow emergency capital to reach the communities that need it the most during this difficult and uncertain economic period."

NAFCU member credit union witnesses testified before Congress twice in 2021. Once before the House Financial Services Committee on the need to level the playing field with FinTechs and once before the House Small Business Committee on Paycheck Protection Program (PPP) loan forgiveness.

NAFCU's testimony before the Financial Services committee was critical in highlighting to lawmakers that as technology companies expand, and new charters emerge to compete in the financial services marketplace, it is important that they compete on a level playing field of regulation and supervision. The testimony reiterated NAFCU's stance that while many credit unions embrace innovations in technology in order to improve member relationships, it is important for regulators like the NCUA to ensure that credit unions have the proper authority in this space under their charters.

NAFCU's testimony before the House Small Business Committee on the status of PPP forgiveness was critical in highlighting how credit unions have gone above and beyond throughout the pandemic as borrowers relied heavily on their credit unions to assist them through every phase of the PPP process, including forgiveness. The testimony highlighted that credit unions were continuing to grapple with simultaneously processing loan forgiveness applications while meeting the routine needs of their small business members.

These first-hand accounts of credit union experiences played an essential role in NAFCU's advocacy efforts to secure much-needed wins for member credit unions.



# COMPLIANCE

## *CRITICAL RESOURCES IN AN EVOLVING INDUSTRY*

The NAFCU regulatory compliance team works daily to assist credit unions with all facets of compliance and ensures they have the tools and resources to tackle emerging issues. In 2021, the team answered more than 5,800 member questions through our direct compliance assistance program. In addition to our compliance hotline, NAFCU developed and shared valuable blogs, articles, charts, guides and other tools for members. NAFCU continues to prioritize extreme member service, answering all compliance questions within one business day.

The compliance team remained committed to helping credit unions adjust to COVID-related regulations expiring and being further extended. Last year, the compliance team answered numerous questions, with the most frequent topics addressing the Bank Secrecy Act, Regulation Z, and Regulation E. Part of these questions stemmed from various regulatory and legislative changes. Additionally, NAFCU continues to track litigation efforts related to regulatory compliance and notifies members through blogs and network posts.

NAFCU's compliance team continues to provide tools and resources to help credit unions remain compliant and tackle all their compliance needs. The team will continue to provide timely updates to ensure NAFCU members have the most up-to-date information.



# EDUCATION

## *PROVIDING TOP-RATED TRAINING*

NAFCU's education team provides credit unions with the best training opportunities available for employees and volunteers at any level. The educational offerings are timely and incorporate the trends and changes affecting the industry today and into the future.

In 2021, NAFCU offered 13 conferences and events, delivering forward-thinking content - designed to equip credit unions with the tools needed to grow and serve members - straight to attendees. Of these 13 events, NAFCU leaders connected virtually, in-person, and a hybrid of both, attracting more than 3,300 registrants and connecting the credit union industry with key experts. In addition, the association virtually met with more than 1,300 credit union executives during the 2021 State of the Industry conference covering key issues as a result of the pandemic.

NAFCU's Online Training Center continues to be highly utilized, offering weekly live and on-demand webinars on the most important issues. It remains a valuable opportunity for credit union staff to stay up-to-date on the latest trends. In fact, throughout the year, over 5,400 credit union industry professionals streamed more than 18,000 hours (about 2 years) of content. In 2021, NAFCU was proud to introduce the New Staff Training modules designed to bring member credit union new hires up to speed on industry knowledge.



Following the success of the NAFCU Networks in 2020, the association created a new network in 2021: The NAFCU ONES + CFPB Supervision Network. These free, member-only online communities were developed exclusively for credit union professionals to connect with others who serve in similar roles to share best practices and problem solve in an informal setting. NAFCU has seen incredible success across all eight and will continue to strive toward connecting even more leaders within the industry.

As always, each of NAFCU's conferences and online trainings are opportunities for credit union professionals to earn credits for prestigious designations, including the award-winning NAFCU Certified Compliance Officer (NCCO), NAFCU Certified Bank Secrecy Officer (NBCSO), NAFCU Certified Risk Manager (NCRM), and NAFCU Certified Volunteer Expert (NCVE). The association's dedication to keeping credit unions informed remains constant and the dynamic nature of educational offerings stayed the course throughout the coronavirus pandemic.

# MEDIA

## FOSTERING NATIONAL RECOGNITION

In response to the continued hardships facing the industry as a result of the pandemic, NAFCU made certain that persistent credit union efforts to keep American families and Main Street small businesses afloat were recognized nationally, while also unmasking the dishonest claims behind big banks' tireless attacks against the credit union industry.

The association was referenced in more than 1,400 news articles in 2021, including 400 national mentions in support of credit unions and NAFCU's industry priorities. NAFCU also published five op-eds in key outlets including *American Banker* and top trade publications like *CU Times* and *CUInsight*. In addition, several of the association's lobbyists were highlighted as one of *The Hill's* Top Lobbyists. Of note, NAFCU received over 145,360 social media impressions and an overwhelmingly positive sentiment from readers.

NAFCU's advocacy was heavily recognized throughout business trades, including *Forbes*, *Yahoo Finance*, *Markets Insider*, and *Business Insider*, as the focus on cryptocurrency and digital assets broadened across the financial industry. Other outlets including *CNN*, *CNBC*, *Bloomberg*, *The Washington Post*, and *Fox News* highlighted NAFCU's robust advocacy initiatives and engagement with lawmakers to fight for less burdensome regulations and a level playing field between credit unions and big banks. NAFCU Chief Economist and Vice President of Research Curt Long was a key source for the *New York Post*, *Marketplace*, *Housing Wire*, and *USA Today* when it came to consumer, housing, and auto trends.



# NAFCU SERVICES CHAIR AND PRESIDENT'S REPORT

Through another wildly unpredictable year, the NAFCU Services Preferred Partners delivered the latest expert advice, resources, and market insights. They brought us new ideas and strategies for digital transformation, cryptocurrencies, cybersecurity, lending technologies, fraud prevention, and more. When credit union professionals needed outside expertise, these leading companies helped propel the industry forward.

## 2021 HIGHLIGHTS

- › Hosted the Innovation Spotlight virtual event where nearly 1,000 credit union professionals signed up to watch interviews with industry leaders and 25 cutting-edge product demonstrations
- › Welcomed over half a million consumers using our CULookup.com financial calculators to make financial decisions like mortgage terms, auto loans, savings and retirement plans, and more
- › Debuted a short-form video series on our YouTube channel featuring SMEs from around the industry
- › Posted 47 blogs drawing 25,000 views
- › Provided 6,000+ CU execs with 40 webinars featuring renowned speakers and essential industry intel, live Q&A sessions, and valuable polling and benchmarking data
- › Produced 22 episodes of The CU Lab, our podcast series with more than 38,000 listeners

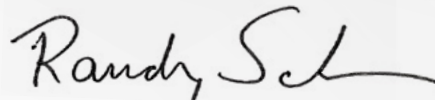
This educational content remains available to all credit unions through the [Online Training and Educational Resources](#) page on the NAFCU website.

To learn more about NAFCU Services and their Preferred Partners, visit [nafcu.org/nafcuservices](https://nafcu.org/nafcuservices).

*NAFCU Services is a wholly owned subsidiary of NAFCU.*



**B. Dan Berger** | NAFCU Services Corporation Chair and CEO



**Randy Salsler** | NAFCU Services Corporation President

# NAFCU TREASURER'S REPORT

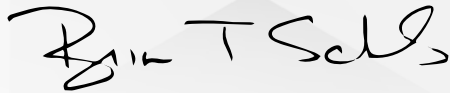
Following the uncertainties brought on by the coronavirus pandemic, NAFCU maintained its unwavering commitment to support credit unions as they adapt and grow during the shifting economic landscape. NAFCU members' dues dollars were reflected in the advocacy, education, and compliance assistance and resources, which helped members thrive and strengthen their critical role as a financial institution.

NAFCU turned in a strong financial performance in 2021 – showing resiliency as an organization, which is a reflection of the resiliency of the credit union industry. This performance is accompanied by NAFCU's drive to innovate new services and technology to offer credit unions the best education and training in a cost-effective, efficient manner.

In 2021, NAFCU's equity increased \$1,912,543 and its assets grew \$3,070,718. This growth ensures that NAFCU remains at the forefront of advocacy, education and compliance assistance for the credit union industry. NAFCU Services Corporation also bolstered partnerships and products in order to provide the best available solutions for credit unions and keep them competitive.

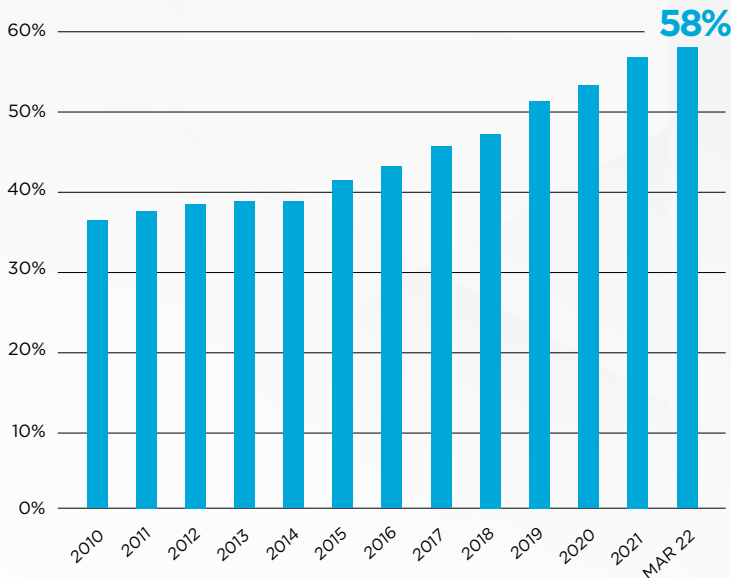
NAFCU will continue to set the standard for extreme member service and benefits in 2022, placing the needs and concerns of its members across the country as a top priority for the organization.

Thank you for your guidance, support and cooperation. We look forward to working with you in the coming year to ensure a prosperous and secure future for our industry.

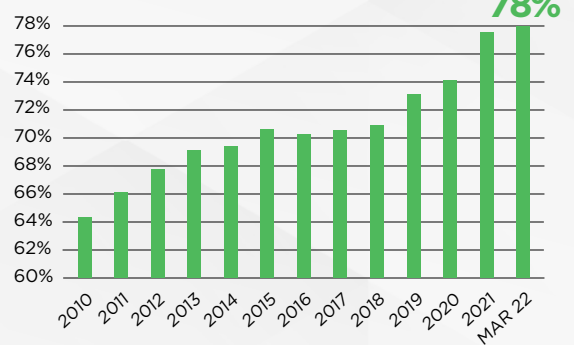


**Brian T. Schools** | NAFCU Board Treasurer

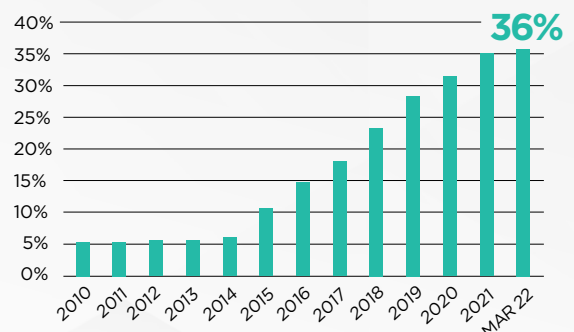
**NAFCU % of Total Assets: FICUs**



**NAFCU % of Total Assets: FCUs**



**NAFCU % of Total Assets: FISCUs**



# NAFCU AND AFFILIATES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | 12-31-2021 & 2020

## Assets

	2021	2020
CASH AND CASH EQUIVALENTS	\$ 7,110,582	\$ 4,178,548
ACCOUNTS RECEIVABLE	471,151	598,902
PREPAID EXPENSES AND OTHER ASSETS	477,422	436,961
INVESTMENTS	18,649,343	18,892,842
DEFERRED COMPENSATION INVESTMENTS	376,399	221,425
PROPERTY AND EQUIPMENT, NET	2,862,894	2,560,969
OTHER ASSETS	2,612,775	2,600,201
<b>TOTAL ASSETS</b>	<b>\$ 32,560,566</b>	<b>\$ 29,489,848</b>

## Liabilities and Net Assets

### LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 2,765,193	\$ 2,657,037
DEFERRED REVENUE	11,584,086	10,661,385
TENANT DEPOSITS	14,349	14,349
DEFERRED COMPENSATION LIABILITY	455,958	328,640
<b>TOTAL LIABILITIES</b>	<b>\$ 14,819,586</b>	<b>\$ 13,661,411</b>

### NET ASSETS

WITHOUT DONOR RESTRICTIONS	\$ 14,858,354	\$ 13,337,090
WITH DONOR RESTRICTIONS	2,882,626	2,491,347
<b>TOTAL NET ASSETS</b>	<b>\$ 17,740,980</b>	<b>\$ 15,828,437</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 32,560,566</b>	<b>\$ 29,489,848</b>

## Activities without donor restrictions

### REVENUE AND SUPPORT

MEMBERSHIP DUES	\$ 12,862,783	\$ 11,497,650
MEMBERSHIP EDUCATION AND TRAINING	3,203,011	2,268,934
SERVICE FEES	2,596,311	2,525,792
ADVERTISING	137,430	112,931
INTEREST AND DIVIDEND INCOME, NET OF FEES	212,623	301,619
RENTAL INCOME	194,247	191,364
OTHER	353,022	150,351
PRODUCTS AND SERVICES	101,369	77,716
NET ASSETS RELEASED FROM RESTRICTIONS	695,165	496,495
<b>TOTAL REVENUE AND SUPPORT</b>	<b>\$ 20,355,961</b>	<b>\$ 17,622,852</b>

<b>PROGRAM SERVICES EXPENSES</b>	<b>2021</b>	<b>2020</b>
ADVOCACY AND COMPLIANCE	\$ 7,217,727	\$ 6,811,802
CONFERENCES AND SEMINARS	3,305,169	2,557,371
COMMUNICATIONS, PUBLICATIONS AND MARKETING	3,254,387	3,420,966
MEMBERSHIP SERVICES	1,278,608	1,427,706
<b>TOTAL PROGRAM SERVICES</b>	<b>\$ 15,055,891</b>	<b>\$ 14,217,845</b>

<b>SUPPORTING SERVICES EXPENSES</b>		
MANAGEMENT AND GENERAL	\$ 3,761,337	\$ 3,124,147
<b>TOTAL PROGRAM SERVICES</b>	<b>\$ 3,761,337</b>	<b>\$ 3,124,147</b>

<b>TOTAL EXPENSES</b>	<b>\$ 18,817,228</b>	<b>\$ 17,341,992</b>
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CHANGE IN NET ASSETS FROM OPERATIONS	\$ 1,538,733	\$ 280,860
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CHANGE IN FAIR VALUE OF INVESTMENTS	\$ (17,469)	\$ 109,196
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CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 1,521,264	\$ 390,056
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## Activities with donor restrictions

CONTRIBUTIONS	\$ 1,082,111	\$ 860,566
INTEREST INCOME	4,333	5,949
NET ASSETS RELEASED FROM RESTRICTIONS	(695,165)	(496,495)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 391,279</b>	<b>\$ 370,020</b>

<b>CHANGE IN NET ASSETS</b>	<b>\$ 1,912,543</b>	<b>\$ 760,076</b>
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## Net Assets

BEGINNING	\$ 15,828,437	\$ 15,068,361
ENDING	\$ 17,740,980	\$ 15,828,437

### Financial Oversight

The NAFCU Board of Directors and its audit committee support the highest standards of corporate accounting and governance. An audit by the independent certified public accounting firm of Johnson Lambert LLP provided an unmodified opinion on the consolidated National Association of Federally-Insured Credit Unions financial statements as of December 31, 2021.