



National Association of
Federally-Insured Credit Unions

19 | ANNUAL REPORT

2020 NAFCU BOARD OF DIRECTORS



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President/CEO
JetStream FCU



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President/CEO
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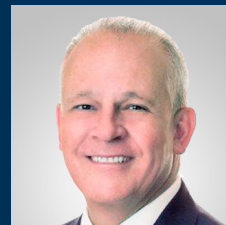
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Lisa Schlehuber
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CHAIR AND PRESIDENT'S REPORT



Building off a strong 2018, NAFCU's bold advocacy agenda, responsive compliance assistance, and forward-looking education programs continued in 2019 to drive record growth in membership and robust year-end financials.

At the conclusion of 2019, NAFCU's membership represented **52 percent of federally-insured credit union assets, 28 percent of federally-insured state-chartered credit union assets, and 73 percent of federal credit union assets** – tremendous growth compared to where the association was only a decade ago.

Our growth is a testament to the association's commitment to delivering passionate, excellent and member-driven service to credit unions. More importantly, NAFCU's success would not be possible without the talents and dedication of our extraordinary team and the constant support of you, our members.

We strongly believe in being responsive, accessible and going above-and-beyond for our members each day. In 2019, this core belief allowed us to deliver many legislative and regulatory wins for credit unions, respond directly to over 10,000 of our members compliance requests, and provide over 12,000 educational courses in person and online to help credit union leaders grow and serve members.

The path our association has charted is one paved with a relentless drive to support the

industry, whether it be protecting the credit union tax exemption, fighting for regulatory and compliance relief, or pushing back against outside groups that seek to do harm to our industry's not-for-profit, cooperative mission.

Our success in 2019 set us up for a strong 2020. But as COVID-19 has impacted every country across the globe, triggering a recession, we are mindful of the need to continue exercising behaviors that will further contribute to a strong bottom line while blunting as much as possible disruptions to the association. We will continue to take prudent care of our members' annual dues while delivering on our commitment to be the premier credit union trade association by always fighting for you. **We will continue to engage directly with our membership to hear about what matters most to you**, and then dedicate resources and develop strategic initiatives to achieve these shared goals in innovative and exciting ways. More importantly, we are committed to taking care of NAFCU staff, who work hard day-in and day-out to ensure our members have access to the resources and assistance they need.

We appreciate credit unions' good work in service to their members and communities, and the industry should continue to expect NAFCU to tout and support your work in Washington, D.C.

NAFCU is proud to have your support, and we will continue to grow stronger as an association because of it in 2020.

Jeanne Kucey | NAFCU Chair

B. Dan Berger | NAFCU President and CEO

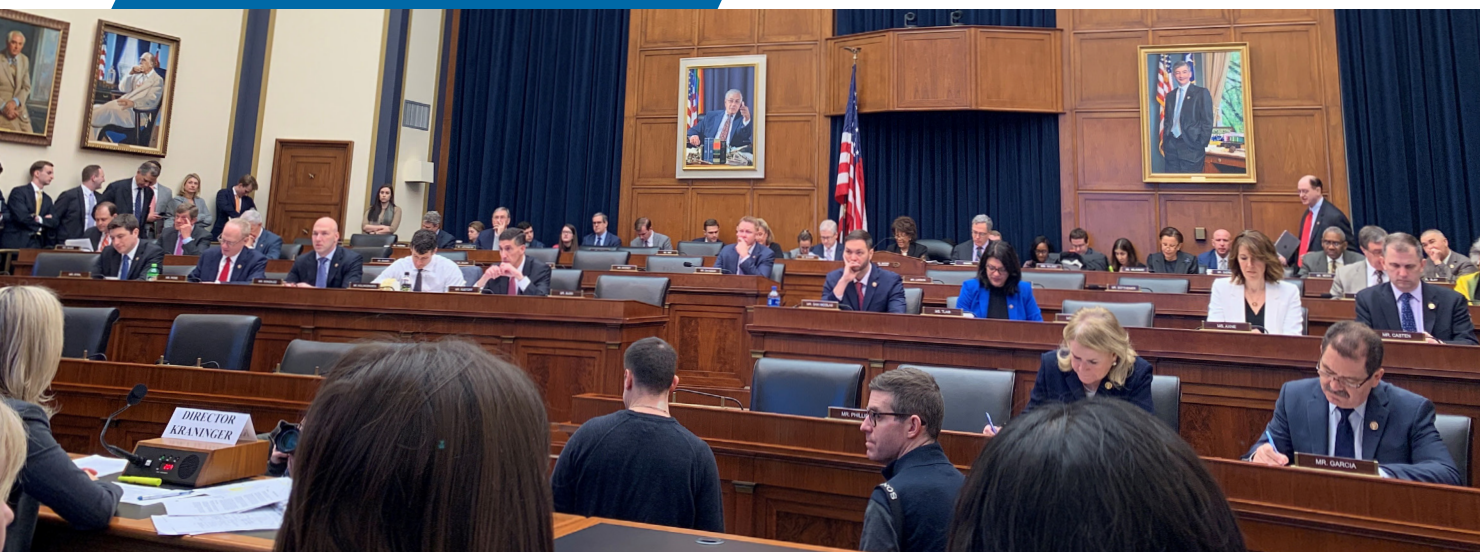
2019

ACCOMPLISHMENTS

As the industry's Washington Watchdog, NAFCU works daily to advocate for credit union priorities and ensure our members are informed on key issues and regulatory changes that impact their operations.

Our pillars of advocacy, compliance and education keep us focused on our mission: helping our members and the industry grow. Here's what we accomplished in 2019.





ADVOCACY

FIGHTING FOR REGULATORY RELIEF AND INDUSTRY GROWTH

Our association's work to support credit unions and advance industry priorities achieved key wins for the industry throughout the year. NAFCU President and CEO Dan Berger, Executive Vice President of Government Affairs and General Counsel Carrie Hunt, and Vice President of Legislative Affairs Brad Thaler were recognized as top lobbyists in 2019 by The Hill for their outstanding efforts.

As a bipartisan organization, **we pride ourselves on building and strengthening relationships with key administration officials, lawmakers and regulators.** Berger and Hunt met at the White House in March to discuss credit union priorities and learn more about the administration's efforts on key issues.

Our advocacy with new NCUA Board Chairman Rodney Hood and Member Todd Harper began immediately after the two took their positions in April and continued steadily throughout the year, meeting several times to discuss various issues.

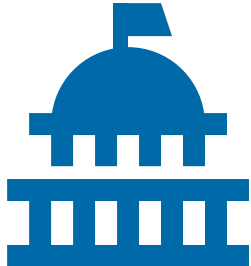
We worked with the NCUA and lawmakers to **secure relief for credit unions under the NCUA's risk-based capital (RBC) rule** and, in December, the NCUA Board passed a final rule to delay implementation of its RBC rule



**Met at White House
to discuss credit
union priorities**



**Secured relief for
credit unions under
the NCUA's risk-
based capital rule**



**Testified before
Congress 3 times,
led efforts to introduce
over 20 bipartisan
measures**



**Met with Federal
Reserve Banks in six
meetings nationwide**

by two years to Jan. 1, 222. The association has led efforts to ensure credit unions and their members benefit from a modern capital regime.

In November, the Financial Accounting Standards Board (FASB) made final a delay to its current expected credit loss (CECL) standard, pushing credit unions' compliance date to 2023, after NAFCU's continued efforts to share credit unions' concerns about the negative impacts of CECL. The association will push for more guidance and relief for credit unions under the standard with both FASB and the NCUA.

The Treasury Department and Department of Housing and Urban Development released housing finance reform plans in September, which included a number of NAFCU-sought principles. NAFCU has maintained close relationships with housing officials and Hunt testified before the Senate Banking Committee in March to reiterate the need for "fair access, fair pricing, and ensuring that we have a government guarantee."

Our advocacy for the fiscal year 2020 National Defense Authorization Act (NDAA) report began in April, before work on the bill began, and the association teamed up with the Defense Credit Union Council to share credit unions' concerns with lawmakers. As a result, the 2020 NDAA does not include a provision that would have treated big banks the same as a military installation's local, not-for-profit credit union when it comes to nominal leases.



We have actively sought Bank Secrecy Act (BSA)/anti-money laundering (AML) regime improvements and relief for credit unions. The House in October passed two bills that reduce the burden of certain suspicious activity report filings, index the threshold for currency transaction reports to inflation and encourage innovation in the AML system. Obtaining further guidance and relief is a priority for NAFCU and we will continue to urge the Senate to take up similar legislation.

NAFCU is supportive of efforts to eliminate illegal robocalls but continues to advocate protections under the TCPA to ensure credit unions can contact members with important financial information without fear of breaking the law. In 2019, lawmakers passed legislation aimed at expanding the Federal Communications Commission's enforcement authority over violations of the Telephone Consumer Protection Act and requiring voice services providers to authenticate and block illegal robocalls.

The financial services industry remains competitive and our wins are often underscored by relentless false attacks from bankers. In response, **NAFCU sets the record straight, educating lawmakers and the public** on the economic benefits of the industry's tax exemption and explaining the credit union difference. While bankers are focused on limiting fair competition, credit unions remain focused on serving their members.



NAFCU President and CEO Dan Berger and NCUA Chairman Rodney Hood at an agency event in honor of the 85th anniversary of the Federal Credit Union Act.



EDUCATION

CONNECTING CUs TO TRAINING AND EACH OTHER

Our education team provides credit unions with the best training opportunities available for employees and volunteers at any level. Our offerings are timely, incorporating trends and changes in regulations, and are uniquely designed to **keep your credit union ahead of the game.**

In 2019, we offered 13 top-rated conferences, 8 of which sold out, delivering forward-thinking content — designed to equip credit unions with the tools needed to grow and serve members — straight to attendees. Our Online Training Center continues to be highly utilized, offering live and on-demand webinars on hot topic issues weekly. It's a valuable opportunity for credit union staff to stay up-to-date on the latest trends — all without leaving the office. In fact, **our online training offerings were the second most popular member resource, with 12,000 courses taken.**

Due to the success of our CFO Network that launched at the end of 2018, **we created two new NAFCU networks: the NAFCU Compliance, Risk & BSA Network and NAFCU Lending Network.** These free, member-only online communities were developed exclusively for credit union staff to connect with others who serve in similar roles to share best practices and problem solve in an informal setting. We've seen incredible success across all three and look forward to launching additional networks to connect even more leaders within the industry.

As always, each of our 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, NAFCU Certified Risk Manager (NCRM), and NAFCU Certified Volunteer Expert (NCVE). **Currently, there are over 2,232 professionals certified across the four certifications.**



COMPLIANCE

CHARTING A PATH TOWARD CLEAR GUIDANCE

Our regulatory compliance team works daily to equip credit unions with the tools and resources necessary to ensure compliance. In 2019, the team answered **more than 10,000 member questions through our direct compliance assistance program and published more than 220 forward-thinking blog posts, articles, charts, guides and tools in efforts to assist credit unions in overcoming compliance challenges.** Most importantly, each question received was responded to within one business day, ensuring that members received the information they needed quickly and efficiently.

In 2019, we continued our work to obtain clear, direct guidance for credit unions on a number of issues, constantly working with regulators, agencies, and stakeholders.

While our advocacy team sought an exemption for credit unions under the FASB's CECL standard, resulting in a delay to its implementation date, the compliance team remained dedicated to educating members on the standard through blogs, collaboration with the NCUA and other agencies, and thoughtful responses to a multitude questions from credit unions.

Another one of our focuses was defending credit unions facing frivolous lawsuits relating to overdraft and insufficient funds fees, and against an attack by bankers on the NCUA's 2016 field of membership rule.

We also tracked several regulatory litigation efforts happening in court systems across the country related to a variety of topics, including the CFPB's structure, remote deposit capture, and the Telephone Consumer Protection Act. The team delivered need-to-know updates as they occurred to credit unions via blogs and network posts.

Additionally, in advance of the California Consumer Privacy Act taking effect, our team ensured credit unions would have the resources needed to remain compliant and prepare. We continued our push for a uniform federal standard, in lieu of a patchwork of state privacy laws, and urged the California attorney general to exempt credit unions from the state's privacy law.

The credit union industry saw a significant shift toward regulatory relief last year, but with increased deregulation efforts comes new guidelines and processes. **In the ever-changing regulatory environment, NAFCU's compliance team stands ready to help credit unions navigate the complex compliance landscape.**





WSJ

The
New York
Times

FOX
BUSINESS

Bloomberg

POLITICO

MEDIA

GARNERING NATIONAL ATTENTION

NAFCU's communications and marketing teams actively promote the association's advocacy efforts in the media to inform policymakers and the public, and its compliance assistance and education programs to assist credit union leaders to better serve their members.

To this end, NAFCU was **referenced in over 1,300 news articles in 2019**, including by publications such as the Wall Street Journal, the New York Times, Bloomberg, Fox Business, CNN, MarketWatch, Politico, and the Hill, among others. The association also published 17 op-eds in key national, D.C., and trade media outlets, and made six podcast/radio appearances on NPR's Marketplace Radio, Politico Money Podcast, American Banker's Bankshot Podcast, the national radio program Everything Co-op, and CUInsight Experience.

Additionally, **NAFCU President and CEO Dan Berger appeared on Fox Business' The Claman Countdown** to discuss auto lending, and NAFCU Chief Economist and Vice President of Research Curt Long joined Yahoo Finance's the Final Round to discuss the health of the economy.

THE
HILL

CNN

yahoo!
finance

NAFCU

SERVICES

CHAIR AND PRESIDENT'S REPORT

In step with 2019 trends in the financial industry, the NAFCU Services Preferred Partners provided expert content on digital innovation, rising disruptors, member service, risk management, and much more.

When credit union professionals needed outside expertise, the NAFCU Services bench of thought leaders helped push the industry forward. NAFCU members accessed these free webinars, podcasts, blog posts, and reports in record numbers.

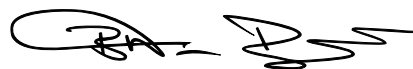
SOME HIGHLIGHTS INCLUDE

- › Launching the CU Lab podcast program featuring interviews with industry executives. The first 15 episodes averaged more than 150 listeners each.
- › Serving more than 300,000 unique visitors to The CU Lookup calculators (installed by 200+ member CUs), processing more than 1.1 million calculations for auto loan payments, mortgage affordability, retirement goals, and more.
- › Providing nearly 10,000 credit union professionals with expert insights on weekly webinars.
- › Driving more than 7,000 pageviews on the NAFCU Services blog, with an average time-on-page of 3 minutes.
- › Providing more than 60 speakers at NAFCU conferences, covering a wide range of best practices, trends, and other crucial credit union topics.

- › Debuting a short-form video interview series with subject matter experts featured on LinkedIn and Twitter.

This educational content is available to all credit unions through the Online Training and Educational Resources libraries on the NAFCU website. Resources can also be found on each of the Preferred Partners' dedicated pages within the site.

To learn more about NAFCU Services and their Preferred Partners, visit nafcub.org/nafcuservices.



B. Dan Berger | NAFCU Services Corporation
Chair and CEO



Randy Salser | NAFCU Services Corporation
President

NAFCU TREASURER'S REPORT

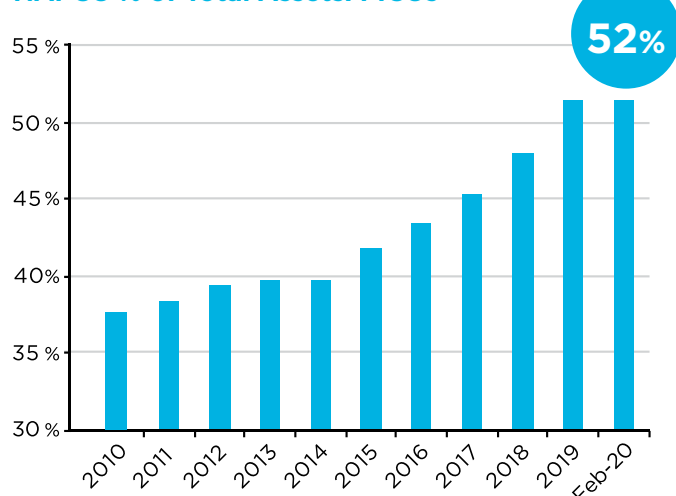


NAFCU's member focus and commitment to extreme member service led to important results last year for the industry in advocacy, education and compliance assistance. More than that, it was another year of sustained financial growth for the association, a reflection of the care we take in the management of members' dues dollars.

NAFCU turned in a strong financial performance in 2019—our 30th consecutive year of financial growth. We did so while investing in new services and technology to help us better deliver education and training to NAFCU members in a cost-effective, efficient manner.

In 2019, **NAFCU's equity increased \$1,078,695, and its assets grew \$3,262,476.** This growth is a testament to NAFCU's strong stance as the credit union industry's Washington Watchdog. NAFCU Services Corporation also added new partnerships and products in order to provide the best available solutions for credit unions and keep them competitive.

NAFCU % of Total Assets: FICUs

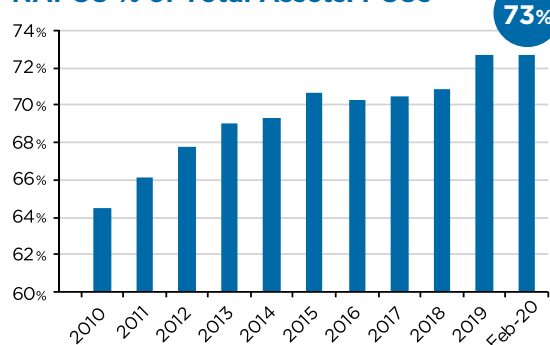


NAFCU will continue to set the standard for member service and benefits in 2020, putting the needs and concerns of its members across the country at the top of our priorities list every day.

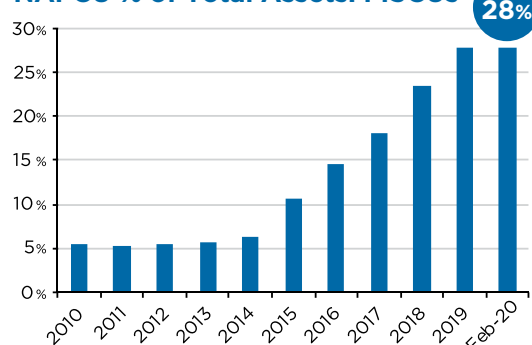
Thank you for your guidance, support and cooperation. We look forward to working with you in the coming year to ensure a bright and secure future for our industry.

Thomas W. DeWitt | NAFCU Treasurer

NAFCU % of Total Assets: FCUs



NAFCU % of Total Assets: FISCUs



NATIONAL ASSOCIATION OF FEDERALLY-INSURED CREDIT UNIONS AND AFFILIATES

Consolidated Statements of Financial Position | 12/31/2019 and 2018

Assets

	2019	2018
Cash and cash equivalents	\$ 6,525,251	\$ 4,459,931
Accounts receivable	519,107	429,915
Prepaid expenses and other assets	455,631	369,632
Investments	18,449,324	18,305,552
Deferred compensation investments	841,622	472,238
Property and equipment, net	2,974,754	2,465,945
TOTAL ASSETS	\$ 29,765,689	\$ 26,503,213

Liabilities and Net Assets

LIABILITIES	2019	2018
Accounts payable and accrued expenses	\$ 3,243,709	\$ 2,484,769
Deferred revenue	10,359,929	9,338,213
Tenant deposits	14,349	14,349
Deferred compensation liability	1,079,341	676,216
TOTAL LIABILITIES	\$ 14,697,328	\$ 12,513,547

NET ASSETS	2019	2018
Without donor restrictions	\$ 12,947,034	\$ 12,119,533
With donor restrictions	2,121,327	1,870,133
TOTAL NET ASSETS	\$ 15,068,361	\$ 13,989,666

TOTAL LIABILITIES AND NET ASSETS	\$ 29,765,689	\$ 26,503,213
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Consolidated Statements of Activities Years Ended 12/31/2019 and 2018

Activities without donor restrictions

REVENUE AND SUPPORT	2019	2018
Membership dues	\$ 10,654,280	\$ 9,996,100
Membership education and training	5,394,235	4,894,597
Service fees	2,710,878	2,535,603
Interest and dividend income, net of fees	380,929	301,831
Advertising	369,711	401,671
Other	226,945	230,947
Rental income	181,799	172,739
Products and services	104,735	131,690
	20,023,512	18,665,178
NET ASSETS RELEASED FROM RESTRICTIONS	549,791	421,815

TOTAL REVENUE AND SUPPORT	\$ 20,573,303	\$ 19,086,993
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Expenses

PROGRAM SERVICES	2019	2018
Advocacy and compliance	7,064,989	6,178,481
Conferences and seminars	4,646,522	4,595,529
Communications, publications and marketing	3,710,372	3,661,720
Membership services	1,193,973	1,004,684
TOTAL PROGRAM SERVICES	\$ 16,615,856	\$ 15,440,414

SUPPORTING SERVICES	2019	2018
Management and general	3,420,104	2,860,987
TOTAL PROGRAM SERVICES	\$ 3,420,104	\$ 2,860,987

TOTAL EXPENSES	\$ 20,035,960	\$ 18,301,401
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CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE INVESTMENT GAINS (LOSS)	\$ 537,343	\$ 785,592
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Continued	2019	2018
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE INVESTMENT GAINS (LOSS)	\$ 537,343	\$ 785,592
Unrealized and realized gain (loss) on investments	290,158	(174,213)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	827,501	611,379
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ACTIVITIES WITH DONOR RESTRICTIONS	2019	2018
Contributions	\$ 793,127	\$ 752,217
Interest income	7,858	4,607
Net assets released from restrictions	(549,791)	(421,815)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	251,194	335,009
NET ASSETS RELEASED FROM RESTRICTIONS	1,078,695	946,388
<hr/>		
NET ASSETS:	2019	2018
BEGINNING	\$ 13,989,666	13,043,278
ENDING	\$ 15,068,361	13,989,666

Review the full audit at nafcu.org/annual-report