



National Association of
Federally-Insured Credit Unions



2020

ANNUAL
REPORT

2020 NAFCU BOARD OF DIRECTORS



DEBRA SCHWARTZ
Chair/Director-at-Large
President/CEO, Mission FCU



THOMAS W. DEWITT
Vice Chair/Western Region Director
President/CEO, State Farm FCU



GARY A. GRINNELL
Treasurer/Eastern Region Director
President/CEO, Corning FCU



BRIAN T. SCHOOLS
Secretary/Eastern Region Director
President/CEO, Chartway FCU



KAREN C. HARBIN
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



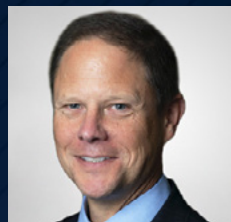
LONNIE NICHOLSON
Southern Region Director
President/CEO, EECU



JAN N. ROCHE
Director-at-Large
President/CEO, State Department FCU



LISA A. SCHLEHUBER
Director-at-Large
CEO, Elements Financial FCU



KEITH SULTEMEIER
Western Region Director
President/CEO, Kinecta FCU



NAFCU CHAIR AND PRESIDENT'S REPORT

Over the past several years, NAFCU has invested in the people, technology, and programs to take our association to the next level. Focusing on extreme member service in three core areas – advocacy, compliance, and education – we have seen record growth in membership and strong financials. We entered 2020 unaware of the unprecedented challenges ahead of us. As challenges arose for our members, we were happy to do everything we could to serve you and your needs.

NAFCU's priorities were to obtain even more regulatory relief for credit unions and equip your institution with the tools and knowledge needed to better serve your members. The coronavirus pandemic significantly changed our operating environment, but it didn't change our goals.

We were set up for success thanks to the guidance of our Board of Directors and the way we operate our association – direct feedback from our members. Maintaining a healthy budget throughout the years gave us confidence in our ability to weather the economic storm. Our technological investments allowed us to move to a remote setting – safely and securely – without sacrificing our world-class member service. The bold advocacy agenda we've developed and strong relationships we've established with decisionmakers in Washington allowed us to get the relief and flexibility you needed to effectively serve your members and communities who were facing financial hardships.

Throughout it all, we were acutely aware of the challenges you were facing from financial and operational standpoints. That's why we prioritized developing new resources to help you stay on top of quickly changing laws and regulations. That's why we pivoted our educational offerings to virtual events – many of them at no additional cost – to ensure you and your team had the knowledge and skills to adapt to changing trends.

At the end of 2020, NAFCU's membership represented 56 percent of federally-insured credit union assets, 35 percent of federally-insured state-chartered credit union assets, and 76 percent of federal credit union assets – all increases from the previous year.

That growth is a testament to the hard work done by NAFCU employees every day and the value our members see in us. It is humbling to know that during a pandemic, you entrusted us with your voice in Washington. We take pride in representing you, and you can be confident we will continue to fight for what you need to continue to thrive.

Debra Schwartz | NAFCU Board Chair

B. Dan Berger | NAFCU President and CEO

2020

ACCOMPLISHMENTS

By providing the industry's leading ACE - **advocacy**, **compliance**, and **education** - NAFCU is committed to helping our members overcome challenges to thrive. We work every day to obtain effective regulation that supports your operations and ensure policymakers recognize the benefits of credit union membership.

Here's what we accomplished in 2020.





B. Dan Berger
NAFCU President and CEO

Kimberly A. Reed
EXIM President and Chairman

ADVOCACY

DEMONSTRATING THE NEED FOR RELIEF AND FLEXIBILITY

NAFCU's commitment to securing regulatory relief and flexibility for credit unions became even more important in 2020 as the industry faced countless operational challenges stemming from the coronavirus pandemic. Our bold advocacy strategy secured several key wins throughout 2020 to ensure credit unions and their 124 million members' needs were addressed amid the pandemic and beyond.

BUSINESS LENDING

Main Street businesses were among the hardest hit by the coronavirus pandemic. We ensured the paycheck protection program (PPP) included credit unions as lenders and secured set-aside funding to meet credit union members' small business loan needs.

As a result of our advocacy to secure credit unions' ability to lend through the PPP, more than 700 credit unions provided roughly 68,000 PPP loans to small businesses in 2020, totaling more than \$3 billion.

To further support credit unions' small business lending, our advocacy secured the introduction of bipartisan legislation in both the House and Senate to exclude pandemic recovery small business loans from the member business lending (MBL) cap. The association's efforts also rallied support from more than 60 members of Congress for this MBL relief to be included in coronavirus relief packages.

In addition, NAFCU President and CEO Dan Berger signed a two-year Memorandum of Understanding (MOU) with Export-Import Bank (EXIM) President and Chairman Kimberly Reed aimed at increasing credit union awareness of export financing opportunities offered by the agency and credit unions' participation in them. Reed also touted the agency's work with the credit union industry during a hearing before the Senate Banking Committee.

FLEXIBILITY TO SUPPORT MEMBERS

Credit unions have a history of stepping up to support members during financial hardships, and economic crisis brought on by the pandemic was no different. We consistently shared how credit unions were voluntarily helping members – through skip-a-pay programs, waived fees, low- or no-interest loans, loan modifications, and no interest accruals – to secure congressional and regulatory support of additional relief and flexibilities.



NAFCU'S EFFORTS:



Saw the NCUA and CFPB grant flexibility and relief for examinations and reporting requirements, and the agencies initiated efforts to improve examination coordination



Continued to raise awareness and build support for Federal Credit Union Act reforms needed to allow all credit unions to add underserved areas to their fields of membership



Saw lawmakers and regulators seek relief for credit unions under the Financial Accounting Services Board's (FASB) current expected credit loss (CECL) standard to prevent access to credit from being hindered during the pandemic or recovery



Obtained a four-month limit from the Federal Housing Finance Agency (FHFA) on the number of principal and interest payments credit unions must cover on behalf of their borrowers in forbearance for government-backed mortgage loans



Secured the Federal Reserve lifting its six-per-month transfer limit on consumers' savings accounts under Regulation D



Attained troubled debt restructuring flexibility via legislative provisions.



COMPLIANCE

GUIDING CREDIT UNIONS THROUGH THE PANDEMIC

Our regulatory compliance team works daily to equip credit unions with the tools and resources necessary to ensure compliance at their financial institution. In 2020, the team answered more than 8,000 member questions through our direct compliance assistance program and published more than 100 forward-thinking blog posts, articles, charts, guides and tools in efforts to assist credit unions in overcoming compliance challenges amid the coronavirus pandemic. Most importantly, each question received was responded to within one business day, ensuring that members received the information they needed quickly and efficiently.

In 2020, we continued our work to obtain clear, direct guidance for credit unions as new challenges arose with the onset of the coronavirus pandemic.

While our advocacy team sought relief for credit unions amid the crisis, the compliance team remained dedicated to educating members on the regulatory and legislative changes that came about when new relief was introduced. This was accomplished



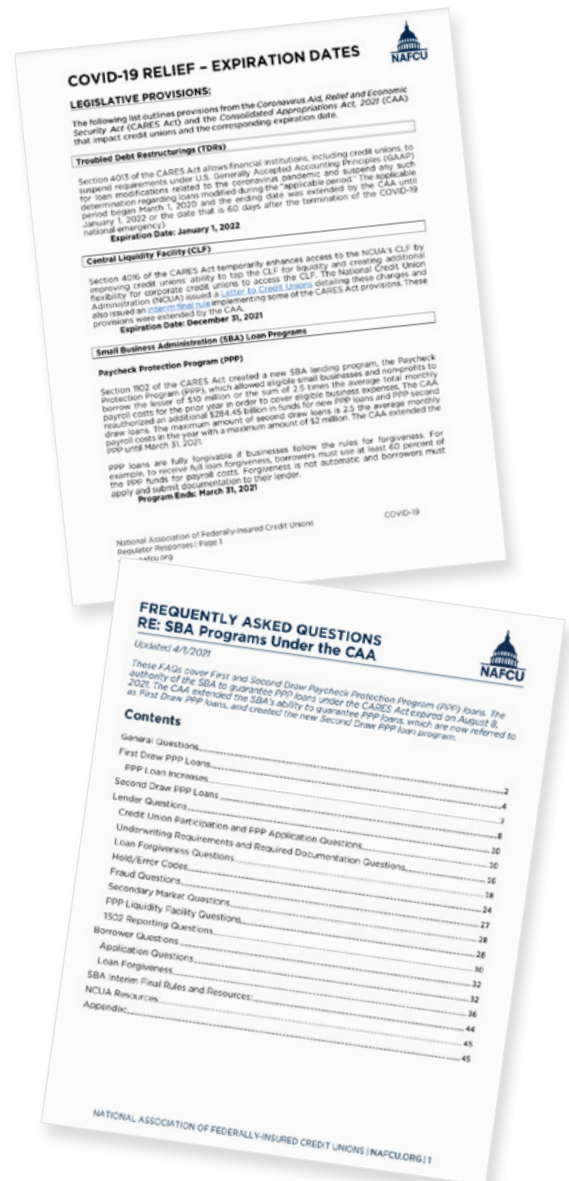
through dedicated blog posts, answering over 1,600 questions related to the pandemic, and coordination with the NCUA and CFPB.

One of the most important topics our compliance team tackled in 2020 was how credit unions should process the economic impact payments (EIPs) that eligible members would receive as part of pandemic relief.

We also tracked several regulatory litigation efforts happening in court systems around across the country related to a variety of topics and continued to update members on ongoing litigation relating to overdraft and insufficient funds fees. The team delivered need-to-know updates as they occurred to credit unions via blogs and network insight posts. We also filed an amicus brief with the Supreme Court in support of a narrow interpretation of the definition of an autodialer to ensure credit unions can contact members with important, timely financial information without fear of frivolous litigation.

Additionally, in response to the several topics of interest that arose out of the coronavirus pandemic and some of the legislative responses to the pandemic, our team ensured credit unions would have the resources needed to remain compliant and prepared moving forward. We continued to support members who had concerns and questions about various topics related to coronavirus support, including skip-a-pays, appraisals, and offering forbearance.

The credit union industry saw significant challenges throughout the year, as changes were made in the legislative and regulatory space to ensure credit unions could continue to provide for their more than 124 million members. In the ever-changing regulatory environment, NAFCU's compliance team stands ready to assist as credit unions move forward and the industry and nation begin to rebuild.





EDUCATION

BRIDGING THE SOCIAL DISTANCED GAP THROUGH VIRTUAL TRAINING

Our education team provides credit unions with the best training opportunities available for employees at any level. As the pandemic began to shift in-person offerings to the virtual space, our team pivoted quickly and efficiently, working to provide credit unions with top-notch education easily accessed without leaving the house.

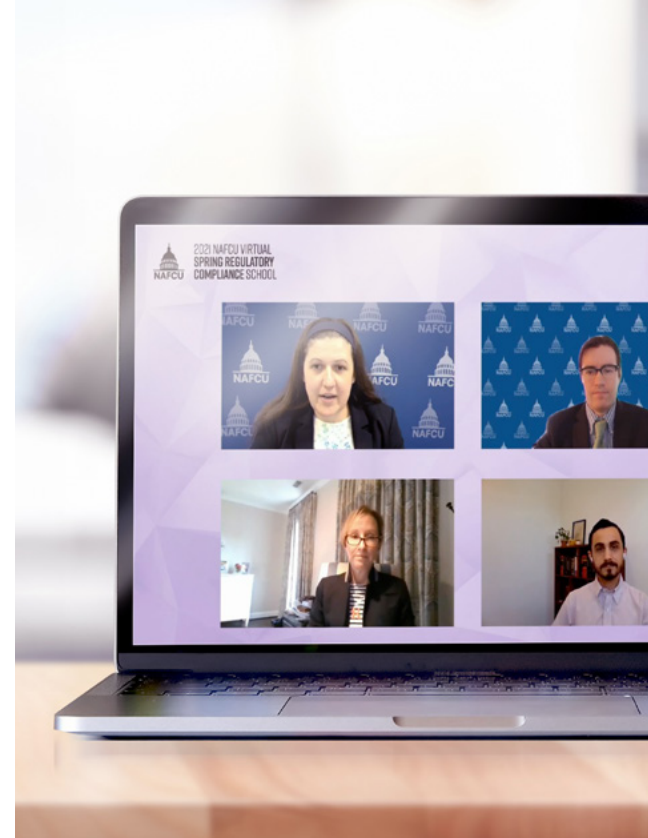
In 2020, we offered 10 virtual conferences and events, delivering forward-thinking content – designed to equip credit unions with the tools needed to grow and serve members – straight to attendees. Of these 10 virtual events, we launched a landmark State of the Industry event, attracting more than 1,500 registrants and connecting the credit union industry with key policymakers – virtually. In addition, we virtually met with hundreds of credit union executives during our 50-state, cross-country roadshow to discuss state-specific regulatory challenges posed by the coronavirus pandemic.

Our Online Training Center continues to be highly utilized, offering live and on-demand webinars on the most important issues weekly. 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 of content.

Following the success of the three existing NAFCU Networks in 2019, we created four new networks in 2020: The NAFCU CEO, Cybersecurity & IT, Human Resources, and Marketing & Growth Networks. 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. We've seen incredible success across all seven and will continue to strive toward connecting 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 (NBCSO), NAFCU Certified Risk Manager (NCRM), and NAFCU Certified Volunteer Expert (NCVE).

Our dedication to keeping credit unions informed remains constant and the dynamic nature of our educational offerings stayed the course through the coronavirus pandemic.



MEDIA

TELLING THE CREDIT UNION STORY IN NATIONAL NEWS

NAFCU's communications and marketing teams continue to find innovative ways to promote the association and its members in the media. During an unprecedented year, NAFCU ensured that the work credit unions were doing to assist their members and communities was nationally recognized.

The association was referenced in more than 1,300 news articles in 2020, including 130 national mentions in support of the credit union industry and NAFCU's priorities. NAFCU also published 17 op-eds in key national, D.C., and trade media outlets, including Morning Consult, CEO World, and American Banker, and was featured in a spread in Business View Magazine on the association's growth and leadership. Of note, the association made four podcast appearances on the Nonprofit Leadership Podcast, Marketplace's Morning Report, and the CUInsight Experience.

Additionally, NAFCU was featured in five television appearances. President and CEO Dan Berger joined CNN International's Quest Means Business to discuss the impact of the coronavirus on the U.S. and global economies, as well as One American News Network's The Daily Ledger. During the year, Chief Economist and VP of Research Curt Long appeared on Fox News @ Night with Shannon Bream and Fox News' America News HQ.



In response to the challenges of 2020, the NAFCU Services Preferred Partners delivered expert crisis-response content on digital innovation, rising disruptors, member service, risk management, and much more. When credit union professionals needed outside expertise, these leading companies helped push the industry forward.

SOME 2020 HIGHLIGHTS

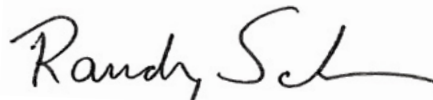
- › debuted our annual Innovation Spotlight, a virtual event with 500 credit union professionals that featured interviews with industry leaders and 30 demonstrations of next-gen technology, cutting-edge products, and innovative campaigns;
- › welcomed 4,357,822 pageviews on our CULookup.com financial calculators, where consumers evaluated financial decisions like mortgage terms, auto loans, savings and retirement plans, and more;
- › launched a weekly Crisis Response Digest reaching 200,000+ credit union professionals over the year with insights to help credit unions in real-time;
- › produced 32 blogs with a total of 16,254 pageviews on topics including safe branch reopening procedures, securing member data while working, and more;
- › provided 10,000+ viewers with 49 webinars and interviews featuring renowned speakers and essential industry intel, Q&A with experts, and valuable polling and benchmarking data;
- › released 30 episodes of The CU Lab, our podcast series with 30,000+ listeners where we talk with industry thought leaders; and
- › developed crisis response resources to address COVID-19 and its real-time impacts on the financial services sector, including new expert interviews and videocasts.

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

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



B. Dan Berger | NAFCU Services
Corporation Chair and CEO



Randy Salser | NAFCU Services
Corporation President

NAFCU TREASURER'S REPORT

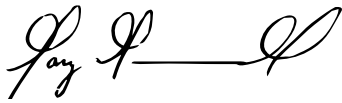
NAFCU's member focus and commitment to extreme member service led to important results last year for the industry in advocacy, education and compliance assistance. More than that, it was another year of financial stability and growth for the association, a reflection of the care we take in the management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

Despite the coronavirus pandemic, NAFCU maintained solid financial performance in 2020. We did so while investing in new services and technology that allowed us to pivot to virtual events and resources to better deliver education and training to NAFCU members in a cost-effective, efficient manner, and while working with our members facing with financial constraints.

In 2020, NAFCU's equity increased \$760,076. NAFCU Services Corporation also added new partnerships and products to provide the best available solutions for credit unions and keep them competitive.

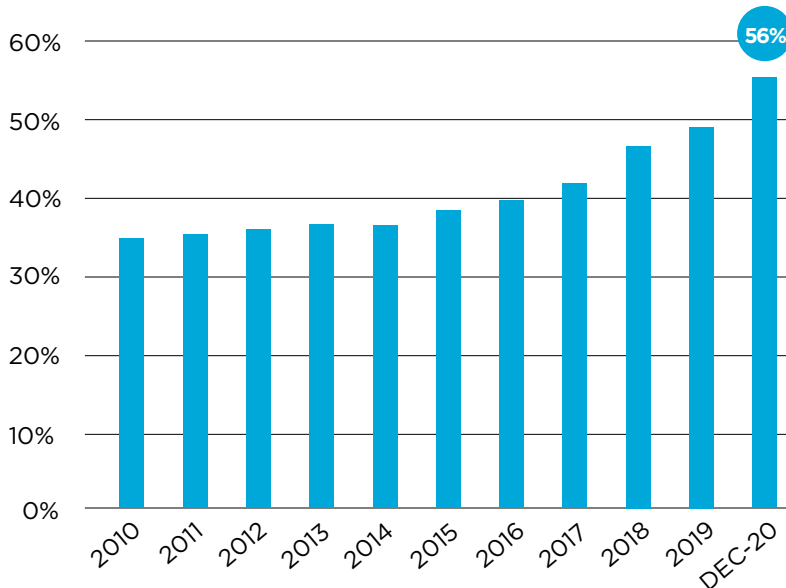
NAFCU will continue to set the standard for member service and benefits in 2021, putting the needs and concerns of its members across the country at the top of our priorities list every day.

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.

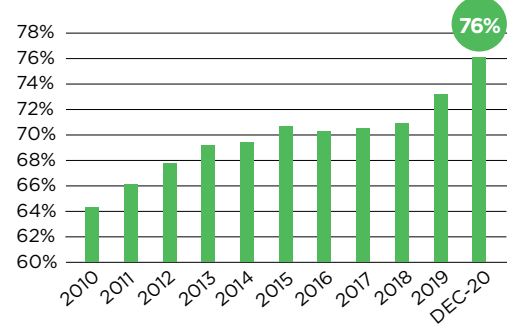


Gary A. Grinnell | NAFCU Board Treasurer

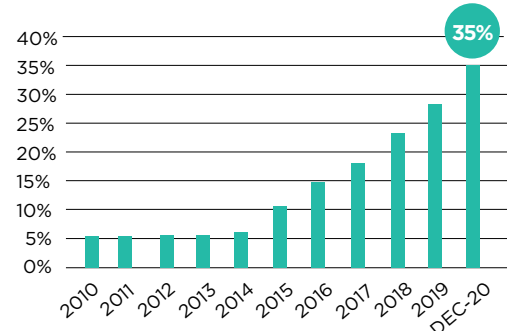
NAFCU % of Total Assets: FICUs



NAFCU % of Total Assets: FCUs



NAFCU % of Total Assets: FISCUs



NAFCU AND AFFILIATES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | 12-31-2020 & 2019

Assets

	2020	2019
CASH AND CASH EQUIVALENTS	\$ 4,178,548	\$ 6,525,251
ACCOUNTS RECEIVABLE	598,902	519,107
PREPAID EXPENSES AND OTHER ASSETS	436,961	455,631
INVESTMENTS	18,892,842	18,449,324
DEFERRED COMPENSATION INVESTMENTS	221,425	841,622
PROPERTY AND EQUIPMENT, NET	2,560,969	2,974,754
OTHER ASSETS	2,600,201	-
TOTAL ASSETS	\$ 29,489,848	\$ 29,765,689

Liabilities and Net Assets

LIABILITIES	2020	2019
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 2,657,037	\$ 3,243,709
DEFERRED REVENUE	10,661,385	10,359,929
TENANT DEPOSITS	14,349	14,349
DEFERRED COMPENSATION LIABILITY	328,640	1,079,341
TOTAL LIABILITIES	\$ 13,661,411	\$ 14,697,328

NET ASSETS	2020	2019
WITHOUT DONOR RESTRICTIONS	\$ 13,337,090	\$ 12,947,034
WITH DONOR RESTRICTIONS	2,491,347	2,121,327
TOTAL NET ASSETS	\$ 15,828,437	\$ 15,068,361
TOTAL LIABILITIES AND NET ASSETS	\$ 29,489,848	\$ 29,765,689

Activities without donor restrictions

REVENUE AND SUPPORT	2020	2019
MEMBERSHIP DUES	\$ 11,497,650	\$ 10,654,280
MEMBERSHIP EDUCATION AND TRAINING	2,268,934	5,394,235
SERVICE FEES	2,525,792	2,710,878
OTHER	150,351	226,945
ADVERTISING	112,931	369,711
INTEREST AND DIVIDEND INCOME, NET OF FEES	301,619	380,929
RENTAL INCOME	191,364	181,799
PRODUCTS AND SERVICES	77,716	104,735
NET ASSETS RELEASED FROM RESTRICTIONS	496,495	549,791
TOTAL REVENUE AND SUPPORT	\$ 17,622,852	\$ 20,573,303

Expenses

PROGRAM SERVICES	2020	2019
ADVOCACY AND COMPLIANCE	\$ 6,811,802	\$ 7,170,869
CONFERENCES AND SEMINARS	2,557,371	5,024,137
COMMUNICATIONS, PUBLICATIONS AND MARKETING	3,420,966	3,367,324
MEMBERSHIP SERVICES	1,427,706	1,223,383
TOTAL PROGRAM SERVICES	\$ 14,217,845	\$ 16,785,713

SUPPORTING SERVICES	2020	2019
MANAGEMENT AND GENERAL	\$ 3,124,147	\$ 3,250,247
TOTAL PROGRAM SERVICES	\$ 3,124,147	\$ 3,250,247
TOTAL EXPENSES	\$ 17,341,992	\$ 20,035,960
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE UNREALIZED AND REALIZED GAIN	\$ 280,860	\$ 537,343

	2019	2018
UNREALIZED AND REALIZED GAIN (LOSS) ON INVESTMENTS	\$ 109,196	\$ 290,158
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 390,056	\$ 827,501

Activities without donor restrictions

	2019	2018
CONTRIBUTIONS	\$ 860,566	\$ 793,127
INTEREST INCOME	5,949	7,858
NET ASSETS RELEASED FROM RESTRICTIONS	(496,495)	(549,791)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	370,020	251,194
CHANGE IN NET ASSETS	760,076	1,078,695

Net Assets

BEGINNING	\$ 15,068,361	\$ 13,989,666
ENDING	\$ 15,828,437	\$ 15,068,361

Financial Oversight

The NAFCU Board of Directors and its audit committee support the highest standards of corporate accounting and governance. In December 2020, an audit by the independent certified public accounting firm of RSM US LLP provided an unqualified opinion on the consolidated National Association of Federally-Insured Credit Unions financial statements.