

ANNUAL REPORT 2022-2023

EMPOWERING CREDIT UNIONS TO THRIVE



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BOARD OF DIRECTORS



Chair: Roland Draper
President/CEO
Sommerville Municipal FCU



Vice Chair: Anabela P. Grenier
President/CEO
Pioneer Valley FCU



2nd Vice Chair: Fred Reinhardt
President/CEO
Greenwood Credit Union



Treasurer: Maurice W. Dawkins
President/CEO
American Spirit FCU



Secretary: A. Scott MacKnight
President/CEO
Triangle Credit Union



David Araujo
President/CEO
Service Credit Union



Robert M. Cashman
President/CEO
Metro Credit Union



Eileen Danahey
President/CEO
St. Anne's Credit Union



Rui F. Domingos
President/CEO
MIT Federal Credit Union



Blanche Jackson
President/CEO
Stepping Stones FCU



Stephen J. White
President/CEO
Westerly Community CU

COMMITTEES OF THE BOARD OF DIRECTORS

Executive Committee

Roland Draper - Chair
Somerville Municipal Federal Credit Union

Anabela Grenier - 1st Vice Chair
Pioneer Valley Federal Credit Union

Frederick Reinhardt – 2nd Vice Chair
Greenwood Credit Union

Maurice Dawkins - Treasurer
American Spirit Federal Credit Union

A. Scott MacKnight - Secretary
Triangle Credit Union

Governance Committee

Anabela Grenier – Chair
Pioneer Valley Federal Credit Union

Eileen Danahey
St. Anne's Credit Union

A. Scott MacKnight
Triangle Credit Union

Steven White
Westerly Community Credit Union

Compensation Committee

Roland Draper - Chair
Somerville Municipal Federal Credit Union

Maurice Dawkins
American Spirit Federal Credit Union

Anabela Grenier
Pioneer Valley Federal Credit Union

A. Scott MacKnight
Triangle Credit Union

Frederick Reinhardt
Greenwood Credit Union

Audit Committee

Eileen Danahey - Chair
St. Anne's Credit Union

Maurice Dawkins
American Spirit Federal Credit Union

Rui Domingos
Massachusetts Institute of Technology Federal Credit Union

Frederick Reinhardt
Greenwood Credit Union

Investment Committee

Frederick Reinhardt - Chair
Greenwood Credit Union

David Araujo
Service Credit Union

Robert Cashman
Metro Credit Union

Blanch Jackson
Stepping Stones Federal Credit Union

CCUA TEAM

President/CEO

Ronald McLean

Executive Administrative Assistant

Nicole LaMotte

Advocacy

Chief Advocacy Officer

Adrian Velazquez

Director of Advocacy

Jessica Avery

Professional Development

Senior Vice President,

Professional Development

William Nagle

Project Manager

Kevin Cole

Business Services

Chief Revenue Officer

Melissa Pomeroy

Director, Business Development

Dean Martino

Business Project Manager

Aimee Morin

Chief Operating Officer,

MemberClose

Bryce Jackson

Director, Client Services,

MemberClose

Lisa Costello

Administrative Assistant,

MemberClose

Daunielle McNeil

Communications & Community Relations

Director of Marketing

Janelle Mullen

Director, Community Relations & Events

Donna Bevilacqua

Accounting

Controller

Dawn Roberts

LETTER FROM THE PRESIDENT/CEO

It is my pleasure to present the 2022 Annual Report of the Cooperative Credit Union Association (CCUA). As we look back on the association's events, programs, initiatives, and accomplishments, I am honored to serve as the President/CEO alongside a team of experienced and committed colleagues dedicated to our mission of empowering both CCUA members, and the credit union community.

The objectives and goals set forth in 2022 focused on our core membership value propositions, which include advocacy, compliance, education, and social responsibility. Together, with our member credit unions, CUNA, and valued strategic partners, we work tirelessly to protect, advocate for, and advance credit unions everywhere. In the past year, CCUA has seen continued member growth, increased engagement, meaningful collaboration, and financial strength.

Our industry is fortunate to live by meaningful philosophies such as, "people helping people" and "people over profit," which are always at the forefront of strategies, offerings, benefits, and conversations at the CCUA. When interacting with key stakeholders, legislators, regulators, and consumers we often remind them that credit unions are a partner to build a better country.

We remain committed to our membership and thank you for your steadfast trust and confidence. The CCUA team looks forward to building on our success in serving and supporting our credit unions as we strive to enhance financial well-being for all.

Sincerely,

Ron Mclean

President/CEO

Cooperative Credit Union Association, Inc.



Ronald McLean
President/CEO

YEAR IN REVIEW

ADVOCACY & COMPLIANCE

In the last year, the CUA/CUNA advocacy team successfully interacted, engaged, and conveyed the cooperative credit union message with decision-makers at the federal and state levels. CUA and CUNA led advocacy engagement with hundreds of legislators and regulators. Among the critical successes was advocacy with every member of the federal delegation from all four states. In addition, CUA positioned itself as the only league with an in-person meeting with the three National Credit Union Association (NCUA) board members this year.

At the state level, CUA conducted in-person meetings with the Massachusetts and New Hampshire commissioners of banks. We filed comprehensive federal regulatory comment letters and played defensive action on New Hampshire and Rhode Island state legislation. CUA had success on issues such as permanent remote notarization, decreasing regulatory burden, updating credit union statutes, and enhancing the operating environment for credit unions.

Federal Legislation

CUA/CUNA has advocated in front of the four-state delegation and on behalf of its members for sensible credit union regulations. There is pending legislation and issues, such as updates of BSA thresholds, changes to Field of Membership, and tax status that we have advocated for despite not being filed yet in congress.

CUA/CUNA has successfully defeated interchange legislation, specifically the Credit Card Competition Act, which would dramatically and negatively impact credit card interchange. Countless members have participated in the national call-to-action to contact federal lawmakers in opposition to this legislation. CUA and CUNA will continue advocating against this legislation to protect our member credit unions.

Other major advocacy efforts have centered around the CUA and CUNA led Expanding Financial Access for Underserved Communities Act, enhancing member business lending, opposing overdraft legislation, having the Credit Union Governance Modernization Act signed into law by President Biden, changing aspects of the NCUA NEV stress test, and much more.

Federal Regulation

During the period of February to August 2023, CUA had the

privilege to have meetings and facetime with every member of the NCUA Board of Directors.

In February, at the Governmental Affairs Conference, CUA hosted NCUA Vice Chair Kyle Hauptman in a small group setting to dialogue on NCUA priorities and discuss issues of interest to CUA credit unions.

In May 2023, at CU Accelerate in New Hampshire, NCUA Chairman Todd Harper was a speaker.

Also in May, CUA kicked off the summer with a hybrid event among Delaware credit unions and Board Member Rodney Hood. During the event, senior staff and board members engaged in a dynamic conversation with topics including the member and credit union security impacts of artificial intelligence (AI). Board Member Hood also spoke to the role of CUSOs in addressing evolving technology needs.

Compliance

CU PolicyPro and RecoveryPro have been combined in development. Functionality is currently in the testing phase, with the first combination launching soon. RecoveryPro will be available to purchase, or can be combined with CU PolicyPro.

Insight content will be integrated with an upgraded dashboard and look by the end of 2023.

In late August, the Advocacy team finished a comprehensive review of the MA, NH, and RI regulatory framework updating Insight in order to provide the most up to date information.

COMMUNICATIONS & MARKETING

In today's digital age and ever-changing financial environment, the CUA's communications and marketing efforts continue to focus on supporting member credit unions and business partners with technology, as well as various campaigns and initiatives spreading the credit union difference. This past year saw the CUA utilizing a variety of distribution channels, including the CUA 365 mobile application, social media, television, and radio to tell and promote our credit union story.

The communications and marketing team leads the association's outreach, messaging, and brand using the cooperative principles and credit union philosophy as our guide. These efforts allowed the CUA to produce countless livestreams and virtual events throughout the year for both

YEAR IN REVIEW

our membership and partners, while also connecting with key stakeholders through regular digital interaction.

The Daily CU Scan containing local, regional, and national news reaches the inbox of approximately 3,000 subscribers each business day. This newsletter combined with the use of social media, and distribution of over 20 news releases kept our members, and the industry, well informed.

Finally, in December 2022, the CUA announced an association-wide refresh and rebranding endeavor in collaboration with the award-winning Michael Walters Agency. The rebrand, scheduled for completion in 2023, aims to modernize the CUA by developing a dynamic and consistent brand that appeals across multiple delivery platforms.

SOCIAL RESPONSIBILITY

In good times and bad, credit unions are here to help our neighbors improve their financial well-being. Our credit unions do that by partnering with organizations that help people access basic needs like food, affordable housing, and educational opportunities, while building skills to create stability. Beyond their individual community efforts, the credit unions collaborate to support their state's charitable partner.

Delaware

The Delaware Credit Unions Social Responsibility Committee completed its 2022/2023 fundraising season with a donation of \$5,090 to their charitable partner, the Boys & Girls Clubs of Delaware. The credit unions collaborated on several fundraising initiatives and a few credit unions presented the Club with items needed to continue providing indoor and outdoor activities for the boys and girls. Since 2018, the credit unions have raised more than \$62,400 for the Boys & Girls Clubs of Delaware. In the latter part of the 2023 season, the Social Responsibility Committee researched and reviewed state-wide charitable organizations and invited three charities to "pitch" their organization as part of an annual review. Delaware Credit Union CEOs voted online thereby selecting a new statewide charitable partner, Special Olympics Delaware for the coming year.

Massachusetts

The Massachusetts Credit Unions Social Responsibility Committee maintained an active calendar of fundraising events on behalf of their charitable partner and rallied together for children in need of their own bed. For the first time in more

than two decades, the Committee succeeded in achieving its goal of 100% participation from Massachusetts credit unions through a CUA donation made on behalf of all Massachusetts member credit unions. At the conclusion of the Stephen Jones Charity Golf Tournament, a check was presented for \$120,000 to the Massachusetts Coalition for the Homeless to support A Bed for Every Child. In more than two decades, the Massachusetts Credit Unions have donated more than \$2.9 million.

New Hampshire

The New Hampshire Credit Unions Social Responsibility Committee introduced a Radiothon in partnership with iHeart Radio to benefit Make-A-Wish® New Hampshire. This new initiative combined with the ongoing activities of the Committee resulted in a successful fundraising year. During the Richard Mahoney Charity Golf Tournament, a check for \$190,000 was presented to the New Hampshire Credit Unions charitable partner, Make-A-Wish New Hampshire in support of providing life-changing wishes for children with critical illnesses. The credit unions have donated more than \$3.6 million for wishes in twenty-seven years.

Rhode Island

The Rhode Island Social Responsibility Committee ended their 2023 fundraising season with a donation of \$90,000 to their charitable partner, Special Olympics Rhode Island. These funds were generated through signature initiatives and the return of the "Strike for Gold" Bowling Tournament after a three-year hiatus. The bowling tournament didn't skip a beat in that time as more than 100 credit union representatives came out for a fun night of bowling and friendly competition. In twenty-six years, the credit unions have inspired greatness for the Special Olympics Rhode Island athletes with more than \$1.5 million.

EDUCATION & PROFESSIONAL DEVELOPMENT

In the post-covid world, educational programming at CUA was expanded and offered a mix of virtual, in-person, and hybrid opportunities for its members. Early in the year, virtual events were still the only viable option, but by year-end, we were able to return to in-person events, now offering signature CUA professional development programs in both settings, including Credit Union Boot Camp, Supervisory Skills, Developing Great Managers, Understanding Employee Engagement, and Exceptional Leadership. We continue to offer both Consumer

YEAR IN REVIEW

Lending Basics and Account Administration as virtual sessions.

In addition to professional development and educational programs, the CCUA accomplished the following:

- Partnered with Mental Health First Aid to provide certification for credit union human resource professionals to better address issues concerning employee mental health;
- Enhanced our partnership with Synergy Credit Union Consulting by offering their Supervisory Committee Learning program in addition to the Board Governance Video Series;
- Partnered with NEACH to co-host, “Electronic Payments School” which was a true hybrid event, including a one day, in-person session combined with pre and post virtual sessions;
- Partnered with Hispanic Marketing Solutions for two sessions on attracting and retaining Hispanic employees to continue efforts supporting DEI engagement for credit unions;
- Partnered with Thrive to offer their collecting and leveraging data school;
- Continued our partnership with SalesCU for frontline sales skills and training; and
- Continued our partnership with the industry-specific Credit Union Webinar Network providing almost 160 learning events covering a variety of critical issues for every level of the credit union.

CCUA also offered programming on other specific topics including Member Business Lending documentation, Understanding CECL, preparing for NCUA’s NEV exam test, balance sheet, and ALCO management and tools for improved vendor due diligence.

BUSINESS SERVICES

CCUA’s Business Services area completed yet another successful and productive year in 2022 with a focus to enhance the value of membership and connect both the credit union and vendor communities in an evolving financial landscape.

It is more important now than ever for the CCUA to provide solutions that add true value to our credit unions. In today’s fintech market introducing new companies and similar solutions daily, CCUA always strives to offer our membership viable options to solve issues and improve member service. As in years past, CCUA dedicated numerous hours and resources to reviewing existing partnerships and vetting new business partners, to ensure the relevance and value of the products and services offered to our members.

In 2022, the CCUA onboarded two new partners, Trellance and NetGiver. The CCUA’s longstanding relationship with TruStage continues to expand and benefit member credit unions. This strategic partnership lets the CCUA leverage the support and thought leadership TruStage offers to our members, and to the credit union system.

MEMBERCLOSE

The MemberClose team had a very busy and productive 2022 as they worked to expand the awareness of both their bundled settlement services offerings, as well as their mortgage origination services. Despite an exceptional and unprecedented rise in interest rates, MemberClose was able to attract 11 new credit unions to their program, and, in partnership with Pivot Lending Group, acquire 10 new 1st mortgage origination credit unions. As of the end of 2022, MemberClose was successfully serving over 200 credit unions in close to 20 states across the country.

Further demonstrating a commitment to growth, MemberClose expanded their engagement with both league partners and business partners and participated in over 20 annual conference across the country. MemberClose invested in their brand by enhancing their marketing and promotional efforts, including launching a new website and social media presence.

In 2022, MemberClose was profitable, and returned a positive net revenue for all 12 months of the year. Anticipating a less-than-favorable interest rate environment in 2023, the MemberClose leadership team has made necessary limitations to overhead and expense and has a very focused sales plan to continue to engage our current credit unions, and attract new ones.

FINANCIAL REPORT



Audited Consolidated Financial Statements

Cooperative Credit Union Association, Inc.
and Subsidiaries

December 31, 2022



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Independent Auditors' Report

Board of Directors
Cooperative Credit Union Association, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Cooperative Credit Union Association, Inc. (the "Association") and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cooperative Credit Union Association, Inc. and Subsidiaries as of December 31, 2022 and 2021, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 from 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 Cooperative Credit Union Association, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

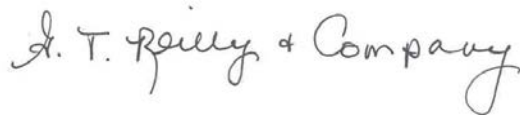
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 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 the Cooperative Credit Union Association, Inc. and Subsidiaries' 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 the ability of Cooperative Credit Union Association, Inc. and Subsidiaries 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.



G.T. Reilly & Company

Milton, Massachusetts
April 27, 2023

Cooperative Credit Union Association, Inc. and Subsidiaries

Consolidated Statements of Financial Position

December 31

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
CURRENT ASSETS		
Cash	\$ 5,999,061	\$ 4,888,954
Accounts receivable	569,828	1,087,963
Prepaid income taxes	-	3,292
Prepaid expenses and other current assets	<u>208,574</u>	<u>151,055</u>
TOTAL CURRENT ASSETS	<u>6,777,463</u>	<u>6,131,264</u>
INVESTMENTS (Note 2)		
Investments in marketable equity securities, at fair value	1,978,550	2,193,713
Investments in money market funds, at cost	<u>121,006</u>	<u>131,583</u>
TOTAL INVESTMENTS	<u>2,099,556</u>	<u>2,325,296</u>
PROPERTY AND EQUIPMENT, NET (Note 6)	<u>128,790</u>	<u>78,289</u>
OTHER ASSETS		
Lease right-of-use asset, net (Note 9)	141,624	-
Amounts receivable, split-dollar life insurance agreements (Note 5)	1,583,256	1,349,626
Other investments, at cost (Note 4)	467,723	467,723
Trademark	4,084	4,084
Deferred income tax assets	<u>12,000</u>	<u>30,000</u>
TOTAL OTHER ASSETS	<u>2,208,687</u>	<u>1,851,433</u>
	<u>\$ 11,214,496</u>	<u>\$ 10,386,282</u>
<u>Liabilities and Net Assets</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 147,876	\$ 340,766
Accrued expenses	211,341	322,204
Accrued vacation pay	96,945	100,846
Member dues owed to third party	1,161,932	684,410
Funds held for others	291,327	314,234
Deferred revenue	1,620,190	1,223,218
Current portion of lease liability (Note 9)	<u>105,952</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>3,635,563</u>	<u>2,985,678</u>
LONG-TERM LEASE LIABILITY (Note 9)	<u>35,672</u>	<u>-</u>
NET ASSETS (Notes 1 & 8)		
Without donor restrictions	7,503,606	7,363,039
With donor restrictions	<u>39,655</u>	<u>37,565</u>
	<u>7,543,261</u>	<u>7,400,604</u>
	<u>\$ 11,214,496</u>	<u>\$ 10,386,282</u>

Cooperative Credit Union Association, Inc. and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

Year Ended December 31

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Membership dues	\$ 2,446,262	\$ -	\$ 2,446,262	\$ 2,309,785	\$ -	\$ 2,309,785
Related agency income	824,072	-	824,072	1,074,719	-	1,074,719
Agency customer adjustments	-	-	-	64,510	-	64,510
Strategic partnerships	1,165,762	-	1,165,762	1,181,082	-	1,181,082
Association programs and services	584,830	-	584,830	277,447	-	277,447
Other operating revenue	205,127	-	205,127	322,635	-	322,635
Grant income	-	2,090	2,090	-	773	773
TOTAL SUPPORT AND REVENUE	5,226,053	2,090	5,228,143	5,230,178	773	5,230,951
OPERATING EXPENSES						
Program services	3,680,509	-	3,680,509	3,662,238	-	3,662,238
Management and general	1,248,439	-	1,248,439	1,225,915	-	1,225,915
TOTAL OPERATING EXPENSES	4,928,948	-	4,928,948	4,888,153	-	4,888,153
CHANGE IN NET ASSETS BEFORE OTHER INCOME	297,105	2,090	299,195	342,025	773	342,798
OTHER INCOME (LOSSES)						
(Losses) gains on marketable equity securities	(259,553)	-	(259,553)	26,219	-	26,219
Interest and dividend income	130,602	-	130,602	67,253	-	67,253
Income tax (expense) credit	(34,587)	-	(34,587)	5,000	-	5,000
Other income	7,000	-	7,000	42,283	-	42,283
TOTAL OTHER INCOME (LOSS)	(156,538)	-	(156,538)	140,755	-	140,755
CHANGE IN NET ASSETS	140,567	2,090	142,657	482,780	773	483,553
NET ASSETS AT BEGINNING OF YEAR	7,363,039	37,565	7,400,604	6,880,259	36,792	6,917,051
NET ASSETS AT END OF YEAR	\$ 7,503,606	\$ 39,655	\$ 7,543,261	\$ 7,363,039	\$ 37,565	\$ 7,400,604



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