Corporate Central Credit Union

Financial Statements

Years Ended December 31, 2020 and 2019

WIPFLI

Corporate Central Credit Union and Subsidiaries

Years Ended December 31, 2020 and 2019

WIPFLI

Independent Auditor's Report

Audit Committee
Corporate Central Credit Union and Subsidiaries
Muskego, Wisconsin

We have audited the accompanying consolidated financial statements of Corporate Central Credit Union and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of income, comprehensive income, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corporate Central Credit Union and Subsidiaries as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Prior Period Financial Statements
The consolidated financial statements of Corporate Central Credit Union and Subsidiaries as of December 31, 2019, were audited by other auditors whose report dated March 5, 2020, expressed an unmodified opinion on those statements.

Other Matters

We also have audited in accordance with auditing standards generally accepted in the United States, Corporate Central Credit Union and Subsidiaries internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with National Credit Union Administration (NCUA) Rules and Regulations Part 704.15(a) as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 3, 2021, expressed an unmodified opinion.

Wipfli LLP

Wipfli LLP

March 3, 2021
Milwaukee, Wisconsin

Corporate Central Credit Union and Subsidiaries
Consolidated Balance Sheets

December 31,	2020	2019
Assets:		
Cash and cash equivalents	$ 1,828,081,221	$ 549,895,054
Debt securities - available for sale	2,120,148,308	1,887,892,694
Loans, net	3,547,474	74,366,683
Accrued interest receivable	1,174,161	2,653,381
Premises and equipment, net	2,992,169	2,594,751
Other investments	50,838,636	2,824,625
NCUSIF Deposit	624,109	547,978
Other assets	5,842,965	1,001,396
TOTAL ASSETS	$ 4,013,249,043	$ 2,521,776,562
Liabilities:		
Members' share and certificate deposits	3,822,433,673	2,306,612,052
Borrowed funds	-	53,000,000
Accrued interest payable	351,512	1,072,285
Other liabilities	1,897,380	1,502,854
Total liabilities	3,824,682,565	2,362,187,191
Members' Equity:		
Regular reserves	3,000,000	3,000,000
Undivided earnings	70,412,910	58,956,149
Members' perpetual contributed capital	111,365,845	103,589,158
Accumulated other comprehensive income (loss)	3,787,723	(5,955,936)
Total members' equity	188,566,478	159,589,371
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 4,013,249,043	$ 2,521,776,562

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries
Consolidated Statements of Income

Years Ended December 31,	**2020**	**2019**
Interest income:		
Asset backed securities	$ 20,486,401	$ 30,482,647
U.S. government agency mortgage backed securities	4,737,428	7,971,021
Commercial paper	3,030,820	6,128,646
Other investments	5,389,198	16,146,805
Loans	461,194	1,601,480
Total interest income	34,105,041	62,330,599
Interest expense:		
Plateau daily shares	1,416,478	9,576,928
Premier shares	1,108,585	4,063,081
LIBOR investment shares	5,893,186	12,576,177
Money market shares	385,882	2,618,414
Variable rate/plus shares	514,764	1,830,314
Fixed rate shares	5,402,283	11,566,308
Other shares	2,041,112	5,231,324
Nonperpetual capital accounts	729,812	1,339,157
Borrowed funds	196,614	512,364
Total interest expense	17,688,716	49,314,067
Net interest income	16,416,325	13,016,532
Noninterest income:		
Service fees	5,892,394	5,708,124
Other noninterest income	1,694,675	1,220,298
Net gain on sale of debt securities	2,376,908	354,573
Total noninterest income	9,963,977	7,282,995
Noninterest expense:		
Compensation and employee benefits	7,627,289	6,493,409
Occupancy and equipment	303,020	310,181
Advertising and training	281,402	277,114
Contracted operating service expense	2,531,572	2,893,445
Depreciation expense	138,997	111,018
Technology and professional services	723,715	733,256
Other expenses	1,010,546	869,165
Total noninterest expense	12,616,541	11,687,588
Net income	$ 13,763,761	$ 8,611,939

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries
Consolidated Statements of Comprehensive Income

Years Ended December 31,	**2020**	**2019**
Net income	$ 13,763,761	$ 8,611,939
Other comprehensive income (loss):		
Debt securities - Available for sale:		
Unrealized gain (loss) on securities	13,451,166	(277,126)
Reclassification adjustment for gains realized in net income	(2,376,908)	(354,573)
Subtotal	11,074,258	(631,699)
Defined benefit plan:		
Net loss during the period	(1,791,771)	(1,691,033)
Amortization of net loss	461,172	367,236
Subtotal	(1,330,599)	(1,323,797)
Total other comprehensive income (loss)	9,743,659	(1,955,496)
Comprehensive income	$ 23,507,420	$ 6,656,443

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries

Consolidated Statements of Members' Equity

	Regular Reserves	Undivided Earnings	Member Perpetual Contributed Capital	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2018	$ 3,000,000	$ 53,411,006	$ 101,368,643	$ (4,000,440)	$ 153,779,209
Net income	-	8,611,939	-	-	8,611,939
Other comprehensive loss	-	-	-	(1,955,496)	(1,955,496)
Perpetual contributed capital dividends	-	(3,066,796)	-	-	(3,066,796)
Change in members' perpetual contributed capital	-	-	2,220,515	-	2,220,515
Balance at December 31, 2019	3,000,000	58,956,149	103,589,158	(5,955,936)	159,589,371
Net income	-	13,763,761	-	-	13,763,761
Other comprehensive income	-	-	-	9,743,659	9,743,659
Perpetual contributed capital dividends	-	(2,307,000)	-	-	(2,307,000)
Change in members' perpetual contributed capital	-	-	7,776,687	-	7,776,687
Balance at December 31, 2020	$ 3,000,000	$ 70,412,910	$ 111,365,845	$ 3,787,723	$ 188,566,478

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	2020	2019
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	$ 13,763,761	$ 8,611,939
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	138,997	111,018
Net accretion on securities	(2,109,449)	(7,075,136)
Gain on sale of debt securities	(2,376,908)	(354,573)
Changes in operating assets and liabilities:		
Accrued interest receivable	1,479,220	165,966
Other assets	(6,172,168)	3,603,010
Accrued interest payable	(720,773)	(247,989)
Accrued expenses and other liabilities	394,526	(246,891)
Net cash provided by operating activities	4,397,206	4,567,344
Cash flows from investing activities:		
Purchase of securities available for sale	(3,517,216,357)	(1,886,257,109)
Proceeds from maturities of securities available for sale	2,299,917,037	1,330,303,364
Proceeds from sales of securities available for sale	1,000,604,321	107,279,551
Loan originations net of principal collected on loans to members	70,819,209	95,192,217
Net increase in other investments	(48,014,011)	-
Increase in NCUSIF deposit	(76,131)	(7,247)
Expenditures for premises and equipment	(536,415)	(251,027)
Net cash used in investing activities	(194,502,347)	(353,740,251)
Cash flows from financing activities:		
Net increase in members' share and certificate deposits	1,515,821,621	492,589,789
Advances on term borrowings	-	53,000,000
Repayments on term borrowings	(53,000,000)	(139,500,000)
Net increase in member perpetual contributed capital	7,776,687	2,220,515
Dividends on member perpetual contributed capital	(2,307,000)	(3,066,796)
Net cash provided by financing activities	1,468,291,308	405,243,508
Net increase in cash and cash equivalents	1,278,186,167	56,070,601
Cash and cash equivalents at beginning of year	549,895,054	493,824,453
Cash and cash equivalents at end of year	$ 1,828,081,221	$ 549,895,054
Noncash investing and financing activities:		
Borrowed funds interest paid	$ 199,209	$ 712,657
Members' share and certificate interest paid	18,210,280	48,849,401

See accompanying notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Organization

Corporate Central Credit Union and Subsidiaries (the "Credit Union") is a state-chartered cooperative association headquartered in Muskego, Wisconsin, organized in accordance with the provisions of the state of Wisconsin for the purpose to be a place for member credit unions to invest funds at a competitive return and to create a source of credit for these members at a reasonable rate of interest, under a national field of membership. This is accomplished primarily by accepting deposits from members and lending to members or making other investments.

In addition, the Credit Union obtains service fee revenue through fees that it charges members for providing a variety of correspondent services.

The Credit Union derives its authority to operate from Chapter 186 of the Wisconsin Statutes. The Wisconsin Department of Financial Institutions Office of Credit Unions (OCU) regulates the Credit Union. The member accounts at the Credit Union are federally insured. As a federally insured Corporate, the National Credit Union Administration (NCUA) - Office of National Examinations and Supervision performs an annual exam of the Credit Union.

Principles of Consolidation

The consolidated financial statements include the accounts of the Credit Union and its wholly owned subsidiaries; InterLutions, LLC, Emergifi, LLC, and QuantyPhi, LLC (the "CUSO"s). InterLutions, LLC, purpose is to provide innovative business solutions to advance the credit union industry and movement. Emergifi, LLC, purpose is to provide credit union focused technology solutions. QuantyPhi, LLC, purpose is to provide balance sheet optimization services to credit unions. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates in Preparation of Consolidated Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. A material estimate that is particularly susceptible to significant change in the near term is the valuation of securities.

Concentration

As of December 31, 2020 and 2019, one member had deposits of approximately $206,343,000 and $242,344,000, respectively, with the Credit Union. These concentrations are within regulatory limits.

Note 1: Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

The Credit Union is subject to certain risks and uncertainties including, but not limited to, interest rate, prepayment, market, geographic concentration, regulatory and credit risk. Net interest income and dividends result from the difference between interest income and dividends earned on interest-earning assets and the interest and dividend expense incurred on interest-bearing liabilities and shares. Net interest income and dividends can be significantly affected by changes in the relative amounts of, and the interest and dividend rates associated with these assets and liabilities. In addition, during periods of falling interest rates, the loans underlying the Credit Union's security portfolio are more likely to prepay, and the Credit Union may not be able to reinvest the proceeds from prepayments in securities and other financial assets with comparable yields to those of the prepaying securities.

Moreover, the Credit Union's assets and liabilities are primarily interest and credit sensitive financial instruments and, as such, are subject to a degree of market risk, which may affect their fair value.

The United States and world economies continue to suffer adverse effects from the COVID-19 virus pandemic ("CV19 pandemic"). The Credit Union has responded throughout the CV19 pandemic as guided by governmental authorities and regulatory agencies with necessary operational and procedural modifications. The Credit Union has not experienced a material adverse impact to the financial statements. Future potential impacts to the Credit Union may include disruptions or restrictions on employees and contracted agents ability to work, reduced demand for new loans, and increased repurchase risk or loan defaults. The future impact of the CV19 pandemic on the Credit Union cannot be reasonably estimated at this time.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue from Contracts with Customers

The Credit Union records revenue from contracts with customers in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, the Credit Union must identify the contract with a customer, identify the performance obligations within the contract, determine the transaction price, allocate the transaction price to the performance obligations within the contract, and recognize revenue when (or as) the performance obligations are satisfied. The core principle under ASC 606 requires the Credit Union to recognize revenue to depict the transfer of services or products to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those services or products recognized as performance obligations are satisfied. The Credit Union generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed. Since performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying ASC 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

The majority of the Credit Union's revenue is not subject to ASC 606, including net interest income, loan servicing income, and gain on sales of securities.

The following significant revenue-generating transactions are within the scope of ASC 606, which are presented in the statements of income as components of noninterest income:

Service charges and fees – Service fee income consists of fees related to item processing, Automated Clearing House (ACH) processing, cash orders, ATM servicing, wire transfers, settlement services, depository services, and other correspondent services that the Credit Union provides to its members. Transaction-based fees, such as wire transfer processing fees,item processing fees and cash management fees are recognized at the time the transaction is executed as that is the point in time the Credit Union fulfills the member's request. Account maintenance fees, which relate primarily to monthly service charges and maintenance fees, are earned over the course of a month, representing the period over which the Credit Union satisfies the performance obligation.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds due from other financial institutions and brokerage firms. For purposes of the statements of cash flows, the Credit Union considers demand deposit cash accounts, share and daily interest deposit accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents.

The Credit Union maintains cash and some investments in deposit accounts at financial institutions that may, at times, exceed federally insured limits.

Certain cash balances represent deposits made by the Credit Union's members that have not cleared various depository institutions. On December 31, 2020 and 2019, the uncollected cash balances totaled $686,802,070 and $285,460,766, respectively. Such amounts generally become available for investment or withdrawal within one to three business days.

Note 1: Summary of Significant Accounting Policies (Continued)

Debt Securities

Debt securities are classified as available for sale and are carried at fair value, with unrealized gains and losses reported in other comprehensive income or loss. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the estimated lives of the securities. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

Declines in fair value of debt securities that are deemed to be other than temporary, if applicable, are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers the length of time and the extent to which fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The Credit Union did not record any other than temporary impairment during the years ended December 31, 2020 and 2019.

Loans

Loans are made to members that meet established credit requirements. The loans are used by members to meet short-term and long-term liquidity needs. Loans are stated at the amount of unpaid principal. Loans are for outstanding balances on advised lines of credit granted to member credit unions. Interest on loans to members is recognized over the terms of the loans and is calculated using the simple interest method on principal amounts outstanding.

The accrual of interest on a loan is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. There were no loans on nonaccrual status at December 31, 2020 and 2019.

The Credit Union has not capitalized, to be amortized over the life of the loan, any loan origination costs because the amounts have been determined to be insignificant.

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Loan Losses

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature, and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that the Credit Union will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement.

The Credit Union has not modified any loans as a troubled debt restructuring during the years ended December 31, 2020 and 2019.

The Credit Union's portfolio segments and their risk characteristics are described as follows:

- **Fixed Rate Term Loans**: Fixed rate term loans have maturities ranging from less than one month to three years and are available to members with an approved line of credit. The inherent risk in these loans is due to interest rate risk on long-term loans.

- **Line of Credit**: Line of credit loans are used for members' daily settlement transactions. There is low inherent risk with these loans as they are short term in nature and require the member to maintain a settlement deposit account with the Credit Union.

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

The Credit Union assigns a risk rating to loans and periodically performs detailed internal reviews of all member credit unions to identify credit risks and to assess any changes to line of credit agreements upon review. During the internal reviews, management monitors and analyzes the financial condition of member credit unions . These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into the following major categories, defined as follows:

- **Good Standing**: A credit with no existing or known potential weaknesses deserving of management's close attention.

- **Watch**: Loans classified as watch have a potential weakness that deserves management's attention. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date. Watch loans are not adversely classified and do not expose the Credit Union to sufficient risk to warrant adverse classification.

As of December 31, 2020 and 2019, all loans were performing in accordance with the contractual terms. Management believes that no loan loss reserve is currently necessary due to the loans being generally short term in nature, secured by the members' assets, and because the Credit Union has not historically incurred loan losses.

Off-Balance-Sheet Instruments

In the ordinary course of business, the Credit Union has entered into off-balance-sheet financial instruments including commitments to extend credit and unfunded commitments under lines of credit. Such financial instruments are recorded in the consolidated financial statements when they become payable.

Premises and Equipment

Land is carried at cost. Other premises and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

Other Investments

Other investments are primarily comprised of investments in Federal Home Loan Bank (FHLB) stock and the NCUA's Central Liquidity Fund (CLF). Transfer of these investments are substantially restricted and are carried at cost.

Advertising

Advertising costs are expensed as incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

NCUSIF Deposit

Member savings accounts are insured by the National Credit Union Share Insurance Fund (NCUSIF). Membership in the NCUSIF requires that the Credit Union place on deposit an amount equivalent to 1% of insured members' savings accounts. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the National Credit Union Administration (NCUA) Board.

Members' Share and Certificate Deposits

The Credit Union offers various types of shares to members, from daily shares to fixed-term certificates with interest rates that are fixed or variable. In case of dissolution, after assets are liquidated and debts paid, members would be paid a liquidating dividend in proportion to their deposits.

Nonperpetual capital accounts (NCA) are capital investments by member credit unions and denote their commitment in the Credit Union. Notice of intent to redeem is required and once notification is given, the deposit will be redeemed in five years.

Under the definitions of NCA accounts and perpetual contributed capital (PCC) in Part 704.2 of Rules and Regulations of the NCUA, capital is available to cover losses that exceed retained earnings. In May 2009, the NCUA published Letter to Credit Unions 09-CU-10, reinforcing the regulatory requirement in Part 704.2 that PCC accounts and NCA accounts are available to cover losses that exceed retained earnings and stating that when there is an accumulated deficit (retained earnings deficit) at a corporate credit union, PCC and NCA accounts must be depleted to the extent necessary to eliminate the accumulated deficit. As of December 31, 2020 and 2019, the Credit Union was not required to deplete membership capital as retained earnings increased due to net income.

In addition, all credit union deposits up to $250,000, other than NCA and PCC accounts, in the Credit Union were guaranteed by NCUSIF through December 31, 2020.

The Credit Union’s ability to pay the interest or dividends contractually due its members may be restricted in the event it accumulates an undivided earnings deficit.

In the event claims were placed on the Credit Union’s assets to satisfy its liabilities, members’ shares would be satisfied after creditors, but before NCA and PCC accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Members' Equity

Members' equity is restricted for specific purposes by the Credit Union's Bylaws, board directive, or regulation. The Credit Union's PCC is a wholly at risk investment for those members who subscribed, with neither the dividends nor the repayment of principal guaranteed by any share or deposit insurance fund. Dividends and principal on PCC are subordinate to payment of dividends and principal on members' share deposits. There is no maturity on the PCC and the funds are callable at the option of the Credit Union only. There is no public or private market on PCC. The terms of the PCC shares are such that the amounts qualify as equity for both regulatory capital purposes and under GAAP.

The Credit Union is also required by regulation to maintain a statutory regular reserve. This reserve, which represents a regulatory restriction of retained earnings, is not available for the payment of interest or dividends.

NCUA Regulation 704 is the federal regulation governing corporate credit unions. For 2020 and 2019, the regulation requires maintaining a leverage ratio of 4% or greater, a Tier 1 risk-based capital ratio of 4% or greater, and a total risk-based capital ratio of 8% or greater (See Note 11 for additional discussion).

Accumulated Other Comprehensive Income (Loss)

Comprehensive income consists of net income and other comprehensive income (loss). Accumulated other comprehensive income (loss), also recognized as a separate component of members' equity, includes valuation adjustments for available-for-sale securities, and transition obligations, prior service credits and other gains and losses related to the Credit Union's defined benefit pension.

The components of accumulated other comprehensive income (loss) included in members' equity are as follows:

Years Ended December 31,	2020	2019
Unrealized gain on available-for-sale securities	$ 10,915,636	$ (158,622)
Defined benefit plan net loss	(7,127,913)	(5,797,314)
Total accumulated other comprehensive income (loss)	$ 3,787,723	$ (5,955,936)

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Credit Union is exempt, under Internal Revenue Code (IRC) 501(c)(14), from federal and state income taxes.

The taxing authorities have the ability to assess taxes, penalties, and interest for any years for which no tax return was filed. In the opinion of management, any liability resulting from taxing authorities imposing income taxes on the net taxable income from activities potentially deemed to be unrelated to the Credit Union's exempt purpose is not expected to have a material effect on the Credit Union's financial position or results of operations.

The Credit Union follows the income tax accounting standard for uncertain tax positions. As a result, the Credit Union evaluated its tax positions and determined no uncertain tax positions exist as of December 31, 2020 and 2019.

The Credit Union's 2017 and subsequent tax years are open for examination by federal and state taxing authorities.

Retirement Plans

Defined Benefit Pension Plan – The Credit Union provides a defined benefit pension plan covering substantially all of the Credit Union's employees who are eligible as to age and length of service. The Credit Union's funding practice is to make at least the minimum annual contribution that is required by the Employee Retirement Income Security Act of 1974.

401(k) Plan – The Credit Union provides a 401(k) plan, which covers substantially all of the Credit Union's employees who are eligible as to age and length of service. A participant may elect to make contributions of up to the statutory limits. The Credit Union has the ability to make discretionary contributions to the 401(k) plan. The Credit Union did not make matching discretionary contributions to the 401(k) plan in 2020 or 2019.

457(b) Plan – The Credit Union provides a 457(b) plan, which covers eligible Credit Union employees. The Credit Union did not make any contributions into the 457(b) plan during 2020 or 2019.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Credit Union categorizes its assets and liabilities measured at fair value into a three level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

> Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access.
>
> Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
>
> Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Credit Union may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis with changes to fair value recognized through the income statement. The Credit Union adopted the policy to value certain financial instruments at fair value. However, the Credit Union has not elected to measure any existing financial instruments using the fair value option. The Credit Union may elect to measure newly acquired financial instruments at fair value in the future.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

The Credit Union recently adopted the following Accounting Standards Updates (ASU) issued by the Financial Accounting Standards Board (FASB):

ASU No. 2017-08, *Premium Amortization on Purchased Callable Debt Securities* - This standard requires premiums on purchased callable debt securities to be amortized to the earliest call date. The Credit Union adopted this new accounting standard for the year ended December 31, 2020. As a result, premiums on purchased callable debt securities are now being amortized to the earliest call date of each security.

ASU No. 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurement* – This standard modifies the disclosure requirements on fair value measurements, which includes removing the following disclosures: 1) amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; 2) the policy for timing of transfers between levels; 3) the valuation processes for Level 3 fair value measurements; and 4) changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. The standard also modified and added certain other disclosure requirements related to Level 3 fair value measurements. This standard did not significantly impact the Credit Union’s fair value footnote disclosures.

The following ASUs have been issued by FASB and may impact the Credit Union's consolidated financial statements in future reporting periods:

ASU No. 2016-02, *Leases* - When this standard is adopted, the primary accounting change will require lessees to recognize right of use assets and lease obligations for most operating leases as well as finance leases. This new standard is effective for financial statements issued for annual periods beginning after December 15, 2020. The Credit Union does not believe this standard will have a significant impact on its consolidated financial statements.

ASU No. 2016-13, *Measurement of Credit Losses on Financial Institutions* - This standard will significantly change how financial assets measured at amortized cost are presented. Such assets, which include most loans, will be presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. The standard will also change the accounting for credit losses related to securities available for sale and purchased financial assets with a more-than-significant amount of credit deterioration since origination. This new accounting standard is effective for financial statements issued for interim and annual periods beginning after December 15, 2022. The Credit Union is evaluating what impact this new standard will have on its consolidated financial statements.

ASU No. 2018-14, *Changes to the Disclosure Requirements for Defined Benefit Plans* - This standard will modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This new standard is effective for consolidated financial statements issued for fiscal years ending after December 15, 2021. The Credit Union does not believe this will have a significant impact on its consolidated financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through March 3, 2021, which is the date the consolidated financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2019 financial statement to conform to the 2020 classifications.

Note 2: Debt Securities Available for Sale

The amortized cost and estimated fair value of debt securities with gross unrealized gains and losses at December 31 follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2020				
U.S. government agency securities	$ 458,009,932	$ 2,496,329	$ 160,112	$ 460,346,149
Asset backed securities	1,276,380,968	9,841,567	1,909,956	1,284,312,579
U.S. government agency mortgage backed securities	73,113,623	254,295	14,762	73,353,156
U.S. government agency commercial mortgage backed securities	98,139,631	418,680	9,265	98,549,046
Commercial paper	203,588,518	-	1,140	203,587,378
Total debt securities available for sale	$ 2,109,232,672	$ 13,010,871	$ 2,095,235	$ 2,120,148,308
2019				
U.S. government agency securities	$ 60,496,380	$ 43,010	$ 14,130	$ 60,525,260
Asset backed securities	1,216,135,925	2,756,680	2,412,613	1,216,479,992
U.S. government agency mortgage backed securities	113,782,280	31,806	365,488	113,448,598
U.S. government agency commercial mortgage backed securities	130,465,033	30,644	215,237	130,280,440
Commercial paper	367,171,698	1,658	14,952	367,158,404
Total debt securities available for sale	$ 1,888,051,316	$ 2,863,798	$ 3,022,420	$ 1,887,892,694

Note 2: Debt Securities Available for Sale (Continued)

Fair values of securities are generally estimated based on financial models or prices paid for similar securities. It is possible interest rates or market spreads could change considerably, resulting in a material change in the estimated fair value of securities.

The following table shows the fair value and gross unrealized losses of securities with unrealized losses at December 31, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2020						
U.S. government agency securities	$ 39,976,100	$ 160,112	$ -	$ -	$ 39,976,100	$ 160,112
Asset backed securities	112,952,048	463,818	143,689,904	1,446,138	256,641,952	1,909,956
U.S. government agency mortgage backed securities	1,889,235	1,906	7,180,228	12,856	9,069,463	14,762
U.S. government agency commercial mortgage backed securities	-	-	8,541,138	9,265	8,541,138	9,265
Commercial paper	203,587,378	1,140	-	-	203,587,378	1,140
Totals	$ 358,404,761	$ 626,976	$ 159,411,270	$ 1,468,259	$ 517,816,031	$ 2,095,235
2019						
U.S. government agency securities	$ -	$ -	$ 8,985,870	$ 14,130	$ 8,985,870	$ 14,130
Asset backed securities	279,877,139	1,437,445	122,573,576	975,168	402,450,715	2,412,613
U.S. government agency mortgage backed securities	52,527,235	124,534	74,453,338	240,954	126,980,573	365,488
U.S. government agency commercial mortgage backed securities	19,556,153	53,287	35,670,019	161,950	55,226,172	215,237
Commercial paper	342,172,654	14,952	-	-	342,172,654	14,952
Totals	$ 694,133,181	$ 1,630,218	$ 241,682,803	$ 1,392,202	$ 935,815,984	$ 3,022,420

Note 2: Debt Securities Available for Sale (Continued)

At December 31, 2020, 97 debt securities have unrealized losses with aggregate depreciation of 0.4% from the Credit Union's amortized cost basis. These unrealized losses relate principally to the changes in interest rates and are not due to changes in the financial condition of the issuer, the quality of any underlying assets, or applicable credit enhancements. In analyzing whether unrealized losses on debt securities are other than temporary, management considers whether the securities are issued by a government body or agency, whether a rating agency has downgraded the securities, industry analysts' reports, the financial condition and performance of the issuer, and the quality of any underlying assets or credit enhancements. Since management has the ability to hold debt securities for the foreseeable future, no declines are deemed to be other than temporary.

The following is a summary of amortized cost and estimated fair value of debt securities by contractual maturity as of December 31, 2020. Contractual maturities will differ from expected maturities for certain types of mortgage-related securities because borrowers may have the right to call or prepay obligations without penalties.

	Amortized Cost	Estimated Fair Value
Asset backed securities and agency securities:		
Due in one year or less	$ 13,769,362	$ 13,789,274
Due after one year through five years	1,208,481,573	1,216,943,843
Due after five years through ten years	332,977,581	335,888,132
Due after 10 years	179,162,384	178,037,479
Commercial paper:		
Less than one year	203,588,518	203,587,378
Mortgage backed securities	171,253,254	171,902,202
Totals	$ 2,109,232,672	$ 2,120,148,308

During the year ended December 31, 2020 and 2019, the Credit Union sold securities receiving proceeds totaling approximately $1,000,604,000 and $107,280,000, respectively. Gross gains totaled approximately $2,377,000 and $355,000 while gross losses totaled $0 during the years ended December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, securities with a par value of approximately $215,208,000 and $231,980,000, respectively, were pledged as collateral to secure a line of credit at the Federal Reserve Bank. At December 31, 2020 and 2019, securities with a par value of approximately $144,960,000 and $146,833,000, respectively, were pledged as collateral to secure a line of credit at U.S. Bank. At December 31, 2020 and 2019, securities with a par value of approximately $607,558,000 and $334,130,000, respectively were pledged as collateral to secure a line of credit at Federal Home Loan Bank of Chicago.

Note 3: Loans

The following table presents total loans at December 31, by portfolio segment and class of loan:

	2020	2019
Fixed rate term loans	$ 3,500,000	$ 36,800,000
Line of credit	47,474	37,566,683
Totals	$ 3,547,474	$ 74,366,683

The following table shows the Credit Union's loan portfolio allocated by management's internal risk ratings as of December 31:

	2020	2019
Risk Rating:		
Good standing	$ 3,000,000	$ 70,402,610
Watch	547,474	3,964,073
Totals	$ 3,547,474	$ 74,366,683

The Credit Union has not recorded an allowance for loan losses as there are no past due, impaired, or trouble debt restructured loans at December 31, 2020 and 2019.

Note 4: Premises and Equipment

An analysis of premises and equipment at December 31, follows:

	2020	2019
Land	$ 547,287	$ 547,287
Building	2,865,269	2,856,692
Office furniture and equipment	1,089,005	607,796
Subtotals	4,501,561	4,011,775
Less - Accumulated depreciation	(1,509,392)	(1,417,024)
Premises and equipment, net	$ 2,992,169	$ 2,594,751

Depreciation of premises and equipment charged to operating expense totaled $138,997 during 2020 and $111,018 during 2019.

Note 5: Other Investments

Other investments comprise the following as of December 31 :

		2020		2019
FHLB Stock	$	32,549,288	$	2,714,625
NCUA Central Liquidity Facility		18,179,348		-
Other		110,000		110,000
Totals	$	50,838,636	$	2,824,625

The Credit Union has an investment in Federal Home Loan Bank (FHLB) stock that allows the Credit Union access to other FHLB financial services. The stock qualifies as a restricted stock and as such is recorded at cost, subject to impairment.

The Credit Union has invested in the NCUA's Central Liquidity Fund (CLF) which was created to improve the general financial stability of credit unions by serving as a liquidity lender to credit unions experiencing liquidity shortfalls. The investment is substantially restricted and as such is recorded at cost, subject to impairment.

Note 6: Members' Share and Certificate Deposits

Members' share and certificate deposits consist of the following at December 31:

		2020		2019
Plateau/settlement daily shares	$	1,478,780,335	$	587,963,660
Premier daily shares		368,307,658		216,421,388
LIBOR investment shares		1,192,427,991		684,902,774
Money market shares		-		130,000,000
Variable-rate shares		37,251,544		24,235,117
Variable plus shares		219,726,187		61,333,000
Fixed-rate shares		477,751,000		542,449,201
Nonperpetual capital accounts		48,188,958		59,306,912
Totals	$	3,822,433,673	$	2,306,612,052

Fixed-rate shares of $250,000 or more totaled approximately $461,131,000 and $514,633,000 at December 31, 2020 and 2019, respectively.

Note 6: Members' Share and Certificate Deposits (Continued)

The scheduled maturities of fixed-rate shares at December 31, 2020, are summarized as follows:

	Amount
2021	$ 265,226,000
2022	130,408,000
2023	64,420,000
2024	4,699,000
2025	12,998,000
Total	$ 477,751,000

Note 7: Borrowed Funds

The Credit Union has a borrowing arrangement with the Federal Reserve Bank of Chicago Discount Window allowing borrowings up to $250,000,000 as of December 31, 2020 and 2019, contingent upon the loan being collateralized by acceptable assets. No balances were outstanding on this line as of December 31, 2020 and 2019.

The Credit Union has established a $100,000,000 secured fed funds line through U.S. Bank at December 31, 2020 and 2019. This line is contingent upon the Credit Union maintaining a safekeeping account to hold securities that are used as collateral. No balances were outstanding on this line as of December 31, 2020 and 2019.

The Credit Union has established a $50,000,000 unsecured fed funds line through PNC Bank, N.A. at December 31, 2020 and 2019. No balances were outstanding on this line as of December 31, 2020 and 2019.

During 2020, the Credit Union established a $30,000,000 unsecured fed funds line through BMO Harris Bank, N.A. No balance was outstanding on this line as of December 31, 2020.

The Credit Union has entered into an Advances, Pledge, and Security Agreement with the FHLB whereby specific securities of the Credit Union with advance equivalents of approximately $582,804,000 and $317,688,000 at December 31, 2020 and 2019, respectively, were pledged to the FHLB as collateral in the event the Credit Union requests any advances on the line. At December 31, 2020 and 2019, outstanding borrowings totaled $0 and $53,000,000, respectively.

Borrowed funds consisted of the following as of December 31:

	2020	2019
FHLB term loan and fixed interest rate of 1.720%	$ -	$ 53,000,000

Note 8: Defined Benefit Plan

The Credit Union's defined benefit pension plan is described in Note 1. The following table sets forth the plan's funded status and amounts recognized in the consolidated statements of financial condition at December 31:

	2020	2019
Benefit obligation	$ 14,311,852	$ 11,440,929
Fair value of plan assets	18,591,445	10,981,803
Excess of plan assets over benefit obligation	$ 4,279,593	$ (459,126)
Accumulated benefit obligation	$ 12,397,966	$ 9,631,873
Assumptions used to Determine Benefit Obligation:		
Weighted average discount rate	2.75 %	3.25 %
Expected long-term return on plan assets	6.75 %	7.50 %
Rate of future compensation increase	2.50 %	3.00 %
Pension Benefits:		
Net pension cost	$ 730,682	$ 583,335
Employer contribution	6,800,000	-
Plan participants' contributions	-	-
Benefits paid	218,718	2,102
Assumptions used to determine net pension costs:		
Weighted average discount rate	2.75 %	3.25 %
Expected long-term return on plan assets	6.75 %	7.50 %
Rate of compensation increase	2.50 %	3.00 %
Included in statements of financial condition:		
Asset (liability) for pension funding	$ 4,279,593	$ (459,126)
Accumulated other comprehensive loss	$ (7,127,913)	$ (5,797,314)
Included in other comprehensive income:		
Accumulated other comprehensive loss:		
Unrecognized loss, net of amortization	$ (1,330,599)	$ (1,323,797)

The Credit Union estimates that approximately $546,000 included in accumulated other comprehensive income will be amortized through the income statement during the year ended December 31, 2021.

Note 8: Defined Benefit Plan (Continued)

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

The overall expected long-term rate of return on plan assets represents a weighted average composition rate based on expected rates of return. The Credit Union's pension plan weighted-average asset allocations by asset category are as follows as of December 31:

	2020	2019
Stable value/money market	13.6 %	24.8 %
Equity securities	55.8 %	42.9 %
Fixed income	25.7 %	22.6 %
Other	4.9 %	9.8 %
Totals	100 %	100 %

The target asset allocation for the Defined Benefit Pension Plan is developed to meet the plan's long-term objectives based on prudent levels of risk relative to return, diversification, and sufficient liquidity to fund emerging liabilities.

The following tables present the balances of the defined benefit plan assets measured at fair value on a recurring basis as of December 31:

2020	Level 1	Level 2	Level 3	Total
Stable value/money market	$ -	$ 2,532,890	$ -	$ 2,532,890
Equity securities	-	10,372,221	-	10,372,221
Fixed income	-	4,769,391	-	4,769,391
Other	-	916,947	-	916,947
Totals	$ -	$ 18,591,449	$ -	$ 18,591,449

2019	Level 1	Level 2	Level 3	Total
Stable value/money market	$ -	$ 2,719,606	$ -	$ 2,719,606
Equity securities	-	4,709,455	-	4,709,455
Fixed income	-	2,478,661	-	2,478,661
Other	-	1,074,081	-	1,074,081
Totals	$ -	$ 10,981,803	$ -	$ 10,981,803

Note 8: Defined Benefit Plan (Continued)

At December 31, 2020, the actuary has not calculated, or informed the Credit Union of any contribution requirements.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year Ending December 31,	Amount
2021	$ 2,609,682
2022	619,124
2023	544,097
2024	245,605
2025	569,951
2026-2030	$ 9,089,262

Note 9: Related-Party Transactions

The Credit Union's Board consists of senior executive officers of full member credit unions. Loans made to these credit unions are made in the ordinary course of business with normal credit terms including interest rates and collateral. The loans outstanding to these credit unions were approximately $3,000,000 and $8,000,000 at December 31, 2020 and 2019, respectively. The shares outstanding for these credit unions were approximately $302,668,000 and $410,758,000 at December 31, 2020 and 2019, respectively.

Note 10: Commitments, Contingencies, and Credit Risk

Financial Instruments With Off-Balance-Sheet Credit Risk

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend that involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recognized in the consolidated financial statements.

The Credit Union's exposure to credit loss is represented by the contractual notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for those loans recorded in the consolidated financial statements.

As of December 31, 2020 and 2019, the Credit Union had approximately $84,536,000 and $68,636,000 in letters of credit extended to credit union members, respectively.

Note 10: Commitments, Contingencies, and Credit Risk (Continued)

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Credit Union upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include consumer assets, residential real estate and member share balances.

Unfunded amounts under advised credit lines and overdraft protection agreements represent potential future extensions of credit to existing members. These lines of credit are collateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent of the credit limits to which the Credit Union has approved. The total advised lines of credit to members as of December 31, 2020 and 2019, were $3.29 billion and $3.04 billion, of which $3.29 billion and $2.96 billion is available, respectively.

Legal Contingencies

The Credit Union is a party to various collection related legal actions normally associated with financial institutions, the aggregate effect of which, in management's opinion, would not be material to the financial condition of the Credit Union.

Note 11: Members' Equity and Regulatory Matters

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to moving monthly average net risk-weighted assets (as defined) and moving daily average net assets (as defined). Management believes, as of December 31, 2020 and 2019, the Credit Union meets all capital adequacy requirements to which it is subject.

As of December 31, 2020, the most recent regulatory reporting period for the NCUA categorized the Credit Union as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Credit Union must maintain a minimum total risk-based, Tier 1 risk-based, and leverage ratios as set forth in the tables. There are no conditions or events since notification that management believes have changed the Credit Union's category.

Note 11: Members' Equity and Regulatory Matters (Continued)

The Credit Union's capital amounts and ratios as of December 31 are presented in the following table:

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized	
	Amount	Ratio	-	Ratio	Amount	Ratio
2020						
Total capital (to moving monthly average net risk-weighted assets)	$ 231,104,874	15.69 %	117,829,173	≥ 8.00 %	$ 147,286,466	≥ 10.00 %
Tier 1 capital (to moving monthly average net risk-weighted assets)	184,778,755	12.55 %	58,914,586	≥ 4.00 %	88,371,880	≥ 6.00 %
Tier 1 capital to (to moving daily average net assets)	184,778,755	5.16 %	143,234,721	≥ 4.00 %	179,043,401	≥ 5.00 %
2019						
Total capital (to moving monthly average net risk-weighted assets)	$ 213,916,857	17.69 %	96,749,397	≥ 8.00 %	$ 120,936,746	≥ 10.00 %
Tier 1 capital (to moving monthly average net risk-weighted assets)	165,545,307	13.69 %	48,374,698	≥ 4.00 %	72,562,048	≥ 6.00 %
Tier 1 capital (to moving daily average net assets)	165,545,307	7.44 %	88,956,089	≥ 4.00 %	111,195,111	≥ 5.00 %

Under current NCUA regulations, all PCC received from federally insured credit unions can be included in regulatory capital when the corporate credit union's retained earnings ratio is greater than 2.5%. If a corporate credit union's retained earnings ratio is less than 2.5%, PCC received from federally insured credit unions that causes PCC minus retained earnings, all divided by moving daily average net assets, to exceed two percent would be excluded from Tier 1 capital. The Credit Union has a retained earnings ratio of 2.05% and and 2.79% at December 31, 2020 and 2019, respectively. At both December 31, 2020 and 2019, all PCC is included in the calculation of Tier 1 capital.

Note 12: Fair Value Measurements

The Credit Union uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how the Credit Union measures fair value refer to Note 1. The following is a description of the valuation methodology and significant inputs used for each asset measured at fair value on a recurring basis, as well as the classification of the asset within the fair value hierarchy.

Debt Securities available for sale - Securities available for sale are classified as Level 2 measurements within the fair value hierarchy. Level 2 securities include U.S. government agency, Asset backed, U.S. government agency mortgage backed and commercial mortgage backed, and commercial paper. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data.

		Recurring Fair Value Measurements Using		
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020				
Assets:				
Debt securities available for sale:				
U.S. government agency	$ 460,346,149	$ -	$ 460,346,149	$ -
Asset backed	1,284,312,579	-	1,284,312,579	-
U.S. government agency mortgage backed	73,353,156	-	73,353,156	-
U.S. government agency commercial mortgage backed	98,549,046	-	98,549,046	-
Commercial paper	203,587,378	-	203,587,378	-
Totals	$ 2,120,148,308	$ -	$ 2,120,148,308	$ -
2019				
Assets:				
Debt securities available for sale:				
U.S. government agency	$ 60,525,260	$ -	$ 60,525,260	$ -
Asset backed	1,216,479,992	-	1,216,479,992	-
U.S. government agency mortgage backed	113,448,598	-	113,448,598	-
U.S. government agency commercial mortgage backed	130,280,440	-	130,280,440	-
Commercial paper	367,158,404	-	367,158,404	-
Totals	$ 1,887,892,694	$ -	$ 1,887,892,694	$ -

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Independent Auditor's Report on Internal Control

Audit Committee and Board of Directors
Corporate Central Credit Union and Subsidiaries
Muskego, Wisconsin

We have audited Corporate Central Credit Union and Subsidiaries' (the "Credit Union") internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the regulatory instructions in National Credit Union Administration (NCUA) form 5310 ("call report instructions"), as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

Management's Responsibility for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying *Management Report*.

Auditor's Responsibility

Our responsibility is to express an opinion on the Credit Union's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An institution's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Because management's assessment and our audit were conducted to meet the reporting requirements of Part 704 of the NCUA's rule on corporate credit unions, our audit of the Credit Union's internal control over financial reporting included controls over the preparation of financial statements in accordance with GAAP and with the call report instructions.

An institution's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the institution; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the institution are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the institution's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Credit Union maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework* issued by COSO in 2013.

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Corporate Central Credit Union and Subsidiaries, and our report dated March 3, 2021, expressed an unmodified opinion.

Other Matter

This report is intended solely for the information and use of the audit committee, board of directors and management of Corporate Central Credit Union and Subsidiaries and its regulators, and is not intended to be, and should not be, used by anyone other than these specified parties.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin
March 3, 2021

MANAGEMENT REPORT

Statement of Management's Responsibilities
The management of Corporate Central Credit Union and Subsidiaries (the "Credit Union") is responsible for preparing the Credit Union's annual financial statements in accordance with generally accepted accounting principles; for designing, implementing and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the regulatory instructions in National Credit Union Administration (NCUA) form 5310; and for complying with federal and state laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends, and regulatory reporting that meets full and fair disclosures.

Management's Assessment of Compliance with Designated Laws and Regulations
The management of the Credit Union has assessed the Credit Union's compliance with the federal and state laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends, and regulatory reporting that meets full and fair disclosures during the fiscal year that ended on December 31, 2020. Based upon its assessment, management has concluded that the Credit Union complied with the federal and state laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends, and regulatory reporting that meets full and fair disclosures during the fiscal year that ended on December 31, 2020.

Management's Assessment of Internal Control Over Financial Reporting
The Credit Union's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes. The Credit Union's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Credit Union; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory purposes, and that receipts and expenditures of the Credit Union are being made only in accordance with authorizations of management and directors of the Credit Union; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Credit Union's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with regulatory instructions in NCUA form 5310 as of December 31, 2020, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 *Internal Control-Integrated Framework.* Based upon its assessment, management has concluded that, as of December 31, 2020, the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with regulatory instructions in NCUA form 5310, is effective based on the criteria established in the 2013 *Internal Control-Integrated Framework*.

Management's assessment of the effectiveness of internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with regulatory instructions in NCUA form 5310, as of December 31, 2020, has been audited by Wipfli LLP, an independent accounting firm, as stated in their report dated March 3, 2021.

Corporate Central Credit Union and Subsidiaries,

Chris Felton

Chris Felton, President and CEO
Corporate Central Credit Union

Nicholas A. Fanning

Nicholas A. Fanning, Senior Vice President and CFO
Corporate Central Credit Union