

**WORLD COUNCIL OF CREDIT UNIONS, INC.
AND SUBSIDIARY AND
WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2018 AND 2017

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
World Council of Credit Unions, Inc. and Subsidiary and
Worldwide Foundation for Credit Unions, Inc.
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of World Council of Credit Unions, Inc. and Subsidiary and Worldwide Foundation for Credit Unions, Inc. (the Organizations) which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 of America; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 of 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 auditors' 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 auditors consider 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.

Board of Directors
World Council of Credit Unions, Inc. and Subsidiary and
Worldwide Foundation for Credit Unions, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As described in Note 1 to the consolidated financial statements, World Council of Credit Unions, Inc. and Subsidiary and Worldwide Foundation for Credit Unions, Inc. adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not for Profit Entities*. Accordingly, the accounting change has been retroactively applied to prior periods presented as if the policy had always been used with the exception of the statement of functional expenses which is presented in summary for the prior year. Our opinion is not modified with respect to this matter.

Other Matters

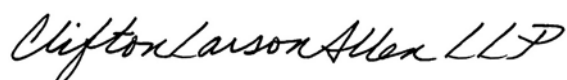
Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2019 on our consideration of the Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP



Middleton, Wisconsin
July 11, 2019

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,054,788	\$ 2,208,570
Restricted Cash - Project Advances	1,549,959	163,224
Grants Receivable	1,264,171	708,077
Accounts Receivable	653,039	450,938
Travel Advances	4,754	2,521
Prepaid Expenses and Other Assets	50,926	47,901
Total Current Assets	5,577,637	3,581,231
INVESTMENTS		
Equity Method Investments	201,853	834,190
Impairment on Investments	(59,853)	(630,735)
Total Investments	142,000	203,455
PROPERTY AND EQUIPMENT, Net		
	153,433	158,832
Total Assets	\$ 5,873,070	\$ 3,943,518
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 308,456	\$ 292,061
Accrued Payroll and Related Expenses	138,910	173,614
Accrued Vacation Payable	118,034	153,496
Grant Funds Received in Advance	13,247	19,724
Deferred Revenue	1,645,533	43,345
Current Portion of Capital Lease Payable	14,466	12,841
Total Current Liabilities	2,238,646	695,081
LONG-TERM LIABILITIES		
Accrued Pension	2,270,314	1,834,503
Accrued Postretirement Health Benefits	107,938	112,680
Capital Lease Payable, Net of Current Portion	30,594	45,059
Total Long-Term Liabilities	2,408,846	1,992,242
Total Liabilities	4,647,492	2,687,323
NET ASSETS		
Without Donor Restrictions	386,327	381,628
Without Donor Restrictions - Board-Designated	627,785	663,216
Total Net Assets Without Donor Restrictions	1,014,112	1,044,844
Net Assets With Donor Restrictions	211,466	211,351
Total Net Assets	1,225,578	1,256,195
Total Liabilities and Net Assets	\$ 5,873,070	\$ 3,943,518

See accompanying Notes to Consolidated Financial Statements.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grant Revenue:			
Federal Agency Awards	\$ 4,514,339	\$ -	\$ 4,514,339
Other Donor Awards	982,266	-	982,266
Total Grant Revenue	<u>5,496,605</u>	-	<u>5,496,605</u>
Membership Fees	2,512,396	-	2,512,396
Meetings	1,931,679	-	1,931,679
Other Revenue	988,566	-	988,566
Contributions	863,571	334,850	1,198,421
Net Assets Released from Restriction Through Satisfaction of Restrictions	334,735	(334,735)	-
Total Revenue	<u>12,127,552</u>	<u>115</u>	<u>12,127,667</u>
EXPENSES			
Program Activities:			
International Trade Organization Activities	3,226,662	-	3,226,662
Federal Agency-Supported Development Programs	3,612,658	-	3,612,658
Other Donor-Supported Development Programs	801,710	-	801,710
International Foundation Organization Activities	1,018,718	-	1,018,718
Other Expenses	680,908	-	680,908
Total Program Activities	<u>9,340,656</u>	-	<u>9,340,656</u>
Management and General Expense	1,874,832	-	1,874,832
Fundraising Expenses	389,052	-	389,052
Total Expenses	<u>11,604,540</u>	<u>-</u>	<u>11,604,540</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	523,012	115	523,127
NONOPERATING ACTIVITIES			
Pension-Related Changes Other than Net Periodic Pension Cost	(553,744)	-	(553,744)
CHANGE IN NET ASSETS	(30,732)	115	(30,617)
Net Assets - Beginning of Year	<u>1,044,844</u>	<u>211,351</u>	<u>1,256,195</u>
NET ASSETS - END OF YEAR	<u>\$ 1,014,112</u>	<u>\$ 211,466</u>	<u>\$ 1,225,578</u>

See accompanying Notes to Consolidated Financial Statements.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grant Revenue:			
Federal Agency Awards	\$ 5,414,588	\$ -	\$ 5,414,588
Other Donor Awards	938,240	-	938,240
Total Grant Revenue	<u>6,352,828</u>	-	<u>6,352,828</u>
Membership Fees	2,516,666	-	2,516,666
Meetings	1,959,661	-	1,959,661
Other Revenue	1,118,837	-	1,118,837
Contributions	753,354	344,048	1,097,402
Net Assets Released from Restriction Through Satisfaction of Restrictions	255,826	(255,826)	-
Total Revenue	<u>12,957,172</u>	<u>88,222</u>	<u>13,045,394</u>
EXPENSES			
Program Activities:			
International Trade Organization Activities	3,686,061	-	3,686,061
Federal Agency-Supported Development Programs	4,478,957	-	4,478,957
Other Donor-Supported Development Programs	736,615	-	736,615
International Foundation Organization Activities	1,155,161	-	1,155,161
Other Expenses	948,848	-	948,848
Total Program Activities	<u>11,005,642</u>	-	<u>11,005,642</u>
Management and General Expense	1,366,558	-	1,366,558
Fundraising Expenses	87,707	-	87,707
Total Expenses	<u>12,459,907</u>	<u>-</u>	<u>12,459,907</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	497,265	88,222	585,487
NONOPERATING ACTIVITIES			
Pension-Related Changes Other than Net Periodic Pension Cost	(311,991)	-	(311,991)
CHANGE IN NET ASSETS	185,274	88,222	273,496
Net Assets - Beginning of Year	<u>859,570</u>	<u>123,129</u>	<u>982,699</u>
NET ASSETS - END OF YEAR	<u>\$ 1,044,844</u>	<u>\$ 211,351</u>	<u>\$ 1,256,195</u>

See accompanying Notes to Consolidated Financial Statements.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)**

	International Trade Organization Activities	Federal Agency- Supported Dev.	Other Donor Supported Dev. Programs	International Foundation Organization	Other Expense	Total Program	Management Expenses	Fundraising Expenses	2018 Total Costs	2017 Total Costs
Salaries	\$ 975,524	\$ 1,273,590	\$ 236,361	\$ 235,075	\$ 190,343	\$ 2,910,893	\$ 554,446	\$ 192,271	\$ 3,657,610	\$ 3,466,047
Fringe Benefits	357,241	610,573	60,404	92,867	17,360	1,138,445	320,103	102,305	1,560,853	1,492,612
Consultants	66,013	160,763	133,608	73,408	60,117	493,909	121,048	1,771	616,728	704,222
Travel	391,753	347,628	80,105	125,046	25,447	969,979	187,662	51,153	1,208,794	944,612
Volunteer Travel	3,790	23,348	1,637	12,961	-	41,736	-	-	41,736	37,621
Relocation	-	4,771	-	-	-	4,771	-	-	4,771	34,268
Rent	-	66,307	9,754	-	77,158	153,219	152,309	-	305,528	389,276
Utilities	-	16,793	-	-	-	16,793	-	-	16,793	35,869
Telecommunications	10,459	31,336	4,691	4,435	13,207	64,128	25,642	1,347	91,117	82,432
Photocopies	19,575	-	-	705	4,426	24,706	9,646	-	34,352	30,184
Office Supplies	1,093	11,335	7,776	18,163	5,505	43,872	11,197	613	55,682	62,632
Computer Supplies	-	4,944	-	-	2,042	6,986	4,032	-	11,018	10,085
Resource Materials	24,748	-	-	188	1,288	26,224	2,447	7,179	35,850	48,940
Equipment Expense	121	66,269	-	-	20,547	86,937	40,527	98	127,562	162,407
Translations	91,903	7,359	-	2,161	2,105	103,528	38,768	-	142,296	142,048
Postage and Delivery	8,935	2,270	1,328	886	1,550	14,969	2,641	6,282	23,892	36,995
Temporary Services	-	26,506	17,205	-	79,222	122,933	156,384	-	279,317	161,288
Accounting and Audit Fees	-	-	-	-	254	254	54,044	-	54,298	70,649
Legal Fees	-	6,771	6,182	-	101,381	114,334	12,294	-	126,628	38,348
Legislative Services	95,000	-	-	-	-	95,000	-	-	95,000	95,000
HR and Payroll	-	6,584	-	-	2,521	9,105	4,977	-	14,082	12,579
Other Professional Fees	-	1,363	-	74,061	-	75,424	-	-	75,424	-
Security Services	-	11,766	-	-	-	11,766	-	-	11,766	10,767
Depreciation	-	-	-	-	31,733	31,733	41,939	-	73,672	75,984
Insurance	46,165	5,658	71	500	24,975	77,369	49,300	-	126,669	95,331
Membership Fees	10,582	-	-	1,500	8,851	20,933	2,816	150	23,899	44,121
Marketing and Promotion	90,122	693	-	1,076	-	91,891	-	8,932	100,823	215,559
Representation	9,328	-	-	4,071	1,358	14,757	31,091	11,783	57,631	30,749
Supporters Reception	-	-	-	-	-	-	-	-	-	42,411
Donations	6,350	-	-	8,750	-	15,100	-	350	15,450	18,400
Training	-	74,807	-	10,018	308	85,133	902	-	86,035	121,936
Personal Property Taxes	-	-	-	-	-	-	-	-	-	11,534
Staff Development	3,532	-	-	2,159	2,690	8,381	2,880	3,933	15,194	5,238
Recruiting	-	-	-	-	692	692	1,367	-	2,059	33,359
Miscellaneous	16,298	19,075	38,599	44,365	5,662	123,999	32,544	885	157,428	333,550
Other Meetings Expense	9,097	898	-	-	166	10,161	13,826	-	23,987	202,535
GAC Event	-	-	-	60,617	-	60,617	-	-	60,617	26,486
World Credit Union Conference	989,033	-	-	149,934	-	1,138,967	-	-	1,138,967	1,262,129
Grants	-	831,251	203,989	95,772	-	1,131,012	-	-	1,131,012	1,871,704
Total Expenses	\$ 3,226,662	\$ 3,612,658	\$ 801,710	\$ 1,018,718	\$ 680,908	\$ 9,340,656	\$ 1,874,832	\$ 389,052	\$ 11,604,540	\$ 12,459,907

See accompanying Notes to Consolidated Financial Statements.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (30,617)	\$ 273,496
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	73,672	88,540
Loss on Sale of Property and Equipment	-	500
Gain on Sale of Equity Method Investment	(95,000)	-
Net Loss from Equity Method Investments	56,455	-
Changes in Operating Assets and Liabilities:		
Restricted Cash - Project Advances	(1,386,735)	(64,079)
Grants Receivable	(556,094)	(424,634)
Accounts Receivable	(202,101)	129,464
Travel Advances	(2,233)	691
Prepaid Expenses and Other Assets	(3,025)	(3,502)
Accounts Payable	16,395	(33,462)
Grant Funds Received in Advance	(6,477)	(197,699)
Accrued Liabilities	360,904	272,873
Deferred Revenue	1,602,188	(172,256)
Net Cash Used by Operating Activities	(172,668)	(130,068)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(68,273)	(70,483)
Proceeds from Sale of Equity Method Investment	100,000	-
Net Cash Provided (Used) by Investing Activities	31,727	(70,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease	(12,841)	(31,345)
Net Cash Used by Financing Activities	(12,841)	(31,345)
CHANGE IN CASH AND CASH EQUIVALENTS	(153,782)	(231,896)
Cash and Cash Equivalents - Beginning of Year	2,208,570	2,440,466
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,054,788	\$ 2,208,570

See accompanying Notes to Consolidated Financial Statements.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

World Council of Credit Unions, Inc. (World Council) is a Wisconsin nonprofit corporation that was incorporated in 1970. World Council's purpose is to promote, support, represent, and serve the worldwide credit union movement. Membership in World Council consists principally of national credit union movement organizations. As the international organization of credit unions and similar financial institutions, World Council's mission is to assist members and potential members to organize, expand, improve, and integrate credit unions and related institutions as an effective instrument for the economic and social development of all people. World Council received 37% and 42% of its total consolidated revenue from the U.S. Agency for International Development (USAID) for the years ended December 31, 2018 and 2017, respectively.

The WOCCU Services Group, Inc. (WSG), a wholly owned subsidiary of World Council, is a Wisconsin for-profit corporation that was incorporated in 1999. WSG carries on the for-profit activities of World Council.

The Worldwide Foundation for Credit Unions, Inc. (the Foundation) is a Wisconsin nonprofit corporation formed in 1966 exclusively for charitable, scientific, and educational purposes in the field of consumer credit with particular emphasis on credit unions.

Consolidated Financial Statements

For financial reporting purposes, the consolidated financial statements include the accounts of World Council of Credit Unions, Inc. and Subsidiary and Worldwide Foundation for Credit Unions, Inc. (the Organizations). World Council has a majority voting interest in the board of directors and an economic interest in the Worldwide Foundation for Credit Unions, Inc. All significant intercompany transactions and accounts have been eliminated in the consolidated financial statements.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organizations consider all highly liquid debt instruments purchased with original maturities of less than three months to be cash equivalents.

Accounts Receivable

Accounts receivable primarily consist of amounts due from foreign governments for conference support payments and value added tax refunds. Amounts outstanding longer than the contractual payment terms of net 30 days are considered past due. The Organizations consider this balance as of December 31, 2018 and 2017, to be fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary for these receivables. When amounts become uncollectible, they are charged to expense when the determination is made.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Property and equipment with a unit cost of \$5,000 or more are capitalized while maintenance and repairs that do not extend or improve the useful life of the respective property and equipment are expensed.

Investments

WSG has invested in four separate entities in various countries in Latin America, which are described in Note 10. Ownership by WSG in these investments ranged from 11% to 46% as of December 31, 2018 and 2017. The investments are accounted for using the equity method of accounting whereby the investments are originally recorded at the cost of the shares acquired and are increased or decreased by WSG's proportionate share of the earnings or losses of the investees and decreased by dividends received from the investees.

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

World Council Board of Directors has designated the value of 50% of core World Council consolidated annual expenses as board restricted for the purpose of operations. If necessary to fully fund this minimum requirement, 5% of annual dues income will be set aside annually. In the current year, this minimum reserve of net assets without donor restrictions is \$627,785 and \$663,216 as of December 31, 2018 and 2017, respectively.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organizations and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, gains, expenses, and other changes in net assets during the reporting period. Significant estimates include the actuarial assumptions used to determine the projected benefit obligation of the World Council's defined benefit pension plan. Actual results could differ from those estimates.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to World Council, WSG, and the Foundation that is, in substance, unconditional. Contributions received are recorded as without donor restriction or with donor restriction support, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as released from restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Membership dues are recognized when earned over the membership year. Meeting fees are recognized as income in the periods the events are held. Any amounts received in advance are recorded as deferred revenues.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Amounts received in excess of expenses are reflected as net assets with donor restriction.

B. Grant Awards that are Exchange Transactions

Exchange transactions are paid based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. Amounts received in excess of expenses are reflected as grant funds received in advance.

Income Taxes

World Council and the Foundation are exempt from income tax under Section 501(c)(6) and 501(c)(3) of the Internal Revenue Code, respectively, and a similar section of the Wisconsin income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

WSG is a for-profit taxable corporation. For the years ending December 31, 2018 and 2017, there were no federal or state income tax expenses.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Indirect Cost Rate

To facilitate equitable distribution of common purpose costs benefiting more than one direct cost allocation objective, World Council has negotiated an indirect cost allocation plan with USAID. The rate is based upon a percentage of total modified allowable direct costs. A provisional indirect cost rate is approved annually by USAID based upon the projected costs of World Council for the fiscal year under consideration. World Council adjusts the provisional rate based upon actual experience. This adjusted rate is subject to a final review by USAID at which time the indirect cost rate becomes final. The indirect cost rate for 2017 is pending final approval from USAID. The indirect cost rate for 2018 is pending submission to USAID.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs, such as salaries and fringe benefits, have been allocated among the program and supporting services. These expenses require allocation based on a reasonable basis of estimated employee time and effort that is consistently applied.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organizations have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, with the exception of the statement of functional expenses which is presented in summary for the prior year.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has not yet determined which application method it will use. Management does not expect that this standard will have a significant impact to the timing and recognition pattern of the Organization's main revenue streams.

Accounting for Contributions Received and Contributions Made – In June 2018, FASB issued ASU 2018-08 related to the accounting for contributions received and contributions made. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. The ASU is effective for the Organizations for the year ended December 31, 2019. The Organizations are currently evaluating the impact this guidance will have on its financial statements.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organizations maintain cash balances at several financial institutions. Balances in these accounts are insured by Federal Deposit Insurance Corporation (FDIC) and National Credit Union Share Insurance Fund (NCUSIF) coverage up to \$250,000. At December 31, 2018, balances in these accounts exceeded insurance limits. Management believes these financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

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NOTE 3 RESTRICTED CASH – PROJECT ADVANCES

World Council regularly advances monies to its projects for anticipated development expenses. Generally, field advisors pay for expenses incurred in the currency of the country where the project resides. The advances are liquidated and expenses are recorded when the field advisors submit expense documentation. Project advances are generally liquidated within 30 to 60 days of their inception. Additionally, the Foundation has received funds in advance related to a specific project which are classified as restricted cash – project advances and deferred revenue on the consolidated statement of financial position as of December 31, 2018. Total project advances as of December 31, 2018 and 2017, were \$1,549,959 and \$163,224, respectively.

NOTE 4 GRANTS RECEIVABLE

This balance consists of amounts due from various agencies as follows:

	<u>2018</u>	<u>2017</u>
USAID	\$ 947,701	\$ 540,054
Banca de Oportunidad	316,470	168,023
Totals	<u>\$ 1,264,171</u>	<u>\$ 708,077</u>

NOTE 5 PROPERTY AND EQUIPMENT

The balance consists of the following:

	<u>2018</u>	<u>2017</u>
Leased Equipment	\$ 160,342	\$ 160,342
Furniture and Equipment	767,170	1,154,210
Software	61,738	61,738
Leasehold Improvements	173,441	173,441
Total	1,162,691	1,549,731
Accumulated Depreciation	(1,009,258)	(1,390,899)
Property and Equipment, Net	<u>\$ 153,433</u>	<u>\$ 158,832</u>

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 CAPITAL LEASE

The cost of leased equipment at both December 31, 2018 and 2017 was \$160,342 and is included in property and equipment in the consolidated statements of financial position. Total accumulated amortization was \$121,044 and \$106,753 at December 31, 2018 and 2017, respectively. Amortization expense for the years ended December 31, 2018 and 2017 was \$14,291 and \$30,752, respectively. Future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of December 31 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 19,087
2020	19,087
2021	<u>15,054</u>
Total	53,228
Less: Amount Representing Interest	<u>(8,168)</u>
Present Value of Net Minimum Lease Payments	45,060
Less: Current Portion	<u>(14,466)</u>
Long-Term Portion	<u><u>\$ 30,594</u></u>

NOTE 7 NOTE PAYABLE TO BANK

World Council has a commitment from a credit union for a line of credit up to \$1,250,000. This line of credit bears interest at 6.0% at December 31, 2018 and expires January 15, 2020. World Council has drawn \$-0- on the line of credit as of December 31, 2018 and 2017.

NOTE 8 OPERATING LEASES

World Council leases certain facilities and equipment under agreements classified as operating leases. These leases have terms ranging from three to five years and expire in 2020. Facilities and equipment rent expense under all operating leases were approximately \$330,000 and \$381,000 for the years ended December 31, 2018 and 2017, respectively. Future minimum rental payments required under noncancellable operating leases as of December 31 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 328,138
2020	<u>157,209</u>
Total	<u><u>\$ 485,347</u></u>

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NOTE 9 PENSION AND RETIREMENT BENEFITS

Substantially all U.S.-based World Council employees hired before July 1, 2009, who complete hours of service and are at least 20½ years of age participate in the Retirement Pension Plan (the RPP), a single-employer, noncontributory defined benefit plan. The RPP's funding policy is to make annual contributions as determined on an actuarial basis subject to requirements and limitations imposed by federal law. The actuarial present value of accumulated plan benefits and plan net assets for the RPP as of December 31 are presented as follows:

	<u>2018</u>	<u>2017</u>
Net Assets Available for Plan Benefits	\$ 5,688,670	\$ 6,483,800
Less: Projected Benefit Obligation	<u>7,958,984</u>	<u>8,318,303</u>
Funded Status	<u>\$ (2,270,314)</u>	<u>\$ (1,834,503)</u>

Assumptions used in the accounting for 2018 and 2017 are:

	<u>2018</u>	<u>2017</u>
Assumptions Used to Determine Benefit Obligations:		
Discount Rate	4.25 %	4.00 %
Expected Long-Term Return on Plan Assets	7.50 %	7.50 %
Rate of Compensation Increase	- %	- %
Assumptions Used to Determine Net Periodic Benefit Costs:		
Weighted Average Discount Rate	4.25 %	4.00 %
Rate of Increase in Future Compensation	- %	- %
Expected Long-Term Rate of Return on Assets	7.50 %	7.50 %
Average Future Working Lifetime (in Years)	11.23	12.19

World Council's expected long-term return on plan assets is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

	<u>2018</u>	<u>2017</u>
Benefit Costs	\$ 23,931	\$ 77,536
Employer Contributions	141,864	181,096
Benefits Paid	(579,982)	(364,495)

The accumulated benefit obligation of the RPP was \$7,958,984 and \$8,318,303 at December 31, 2018 and 2017, respectively.

Other changes in plan assets and benefit obligations previously recognized in changes in unrestricted net assets, but not yet recognized as periodic pension costs at December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Net Loss	<u>\$ 3,281,950</u>	<u>\$ 2,728,206</u>

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NOTE 9 PENSION AND RETIREMENT BENEFITS (CONTINUED)

The following amounts are expected to be recognized as components of net periodic benefit costs (benefit) in 2019:

Interest Cost	\$ 328,071
Expected Return on Assets	(408,675)
Amortization of Other Gains (Losses)	<u>221,376</u>
Total Costs (Benefit)	<u><u>\$ 140,772</u></u>

Plan Assets

World Council's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges of 60% equity securities and 40% debt securities by major asset categories.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions, and achieve asset returns that are competitive.

World Council periodically reviews the investment policy of the Retirement Pension Plan.

Plan assets for the years ending December 31 consist of:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 50,016	\$ 41,191
Pooled Equity Funds	3,700,414	4,187,151
Pooled Fixed Income Funds	<u>1,938,240</u>	<u>2,255,458</u>
Total	<u><u>\$ 5,688,670</u></u>	<u><u>\$ 6,483,800</u></u>

The fair values of World Council's plan assets at December 31 by plan asset category are as follows:

	<u>2018</u>	<u>2017</u>
Plan Assets by Category		
Pooled Equity Funds	66 %	65 %
Pooled Fixed Income Funds	<u>34</u>	<u>35</u>
Total	<u><u>100 %</u></u>	<u><u>100 %</u></u>

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NOTE 9 PENSION AND RETIREMENT BENEFITS (CONTINUED)

	2018		
	Level 1	Level 2	Level 3
Asset Category:			
Cash and Cash Equivalents	\$ -	\$ 50,016	\$ -
Pooled Equity Funds	3,700,414	-	-
Pooled Fixed Income Funds	1,938,240	-	-
Total	<u>\$ 5,638,654</u>	<u>\$ 50,016</u>	<u>\$ -</u>

	2017		
	Level 1	Level 2	Level 3
Asset Category:			
Cash and Cash Equivalents	\$ -	\$ 41,191	\$ -
Pooled Equity Funds	4,187,151	-	-
Pooled Fixed Income Funds	2,255,458	-	-
Total	<u>\$ 6,442,609</u>	<u>\$ 41,191</u>	<u>\$ -</u>

Cash Equivalents

Cash equivalents are units of participation in a money market fund that are not actively traded and are valued at \$1 cost, which approximates fair value based on the fair value of the fund's underlying investments.

Pooled Equity Funds and Pooled Fixed Income Funds

Pooled equity and fixed income funds consist of mutual funds, which have observable Level 1 quoted pricing inputs and are valued at the net asset value (NAV) of the shares held by the Plan at year-end.

In 2009, World Council modified the defined benefit plan to exclude all employees hired on or after July 1, 2009. In 2012, management made the decision to freeze the plan for all other employees, i.e. those hired prior to July 1, 2009. Employees in this group will continue with the benefit earned through December 31, 2011, but will receive no future benefits (years of service) after 2011.

World Council estimates that the required pension plan contribution will be approximately \$96,000 for 2019. The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 479,315
2020	601,822
2021	410,567
2022	1,135,694
2023	872,262
Five Years Thereafter	2,886,765

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NOTE 9 PENSION AND RETIREMENT BENEFITS (CONTINUED)

Pooled Equity Funds and Pooled Fixed Income Funds (Continued)

The Capital Accumulation Plan (the CAP), a defined contribution plan, which covers substantially all U.S. based full-time employees, requires eligible employees to contribute either 4% of their salary, with the option to contribute additional funds at their discretion. World Council contributes 6% to highly compensated eligible employees CAP after one year of service. World Council also contributed 8% to other eligible employees' CAP after one year of service. The total employer contributions to the CAP were \$204,560 and \$136,473 for the years ended December 31, 2018 and 2017, respectively.

The RPP and CAP plans are administered by a related party, CMFG Life Insurance Company, formerly CUNA Mutual Insurance Society (see Note 15).

On January 1, 2014, World Council transferred the CAP to the Credit Union Retirement Plan Association 401(k) Plan. This is a multiple employer plan that is adopted by a group of employers, typically having a common interest, but no common ownership. In the case of this plan, all employers are credit union related. The plan offers portability for the participants, thus allowing employees to carry over their years of service between any of the participating plan employers.

NOTE 10 INVESTMENTS IN JOINT VENTURES

As part of its mission to strengthen national credit union movements, WSG entered into several for profit joint venture investments located within various Latin American countries. The purpose of these investments is to provide remittances, shared branching, ATMs, card services, and technical assistance to the credit union movements within those countries. The following summarizes the joint ventures that have been funded:

UnionCoop Mexico – In April 2007, Union Coop Negocios y Servicios, S.C. (UnionCoop) was established as a Mexican service corporation. WSG committed to a 12.5% investment equaling 600,000 Mexican pesos (USD equivalent at the date of payment, \$56,833).

In 2008, the UnionCoop agreement was modified by the investors and WSG agreed to increase its investment to 49%. WSG committed to contributing 3,990,000 Mexican pesos (USD equivalent at December 31, 2008, \$289,542) between 2009 and 2010.

In 2009, WSG contributed automobiles to UnionCoop with a total value of \$39,104. In 2010, WSG contributed cash of \$226,874 and a computer switch for \$168,000. In 2012, additional investors were added, which reduced WSG's ownership to 46.18%.

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NOTE 10 INVESTMENTS IN JOINT VENTURES (CONTINUED)

UnionCoop Mexico (Continued)

Management of WSG evaluated the investment in UnionCoop as of December 31, 2016. Management had determined that the fair value of the investment was significantly less than WSG's share in the equity of UnionCoop. Management decided that there was an impairment of the investment of \$270,822 which was recorded during 2016. Based on the impairment determination, WSG did not record any proportional net profit from this investment for the year ended December 31, 2017.

In 2018, WSG sold 100% of its investment in UnionCoop for \$100,000.

Ecuador – In November 2006, Red Transaccional Cooperativas S.A. (RTC) was established as an Ecuadorian corporation. WSG committed to a 33.06% investment. As of December 31, 2011, WSG invested \$39,155 in RTC.

In 2014, WSG contributed an additional \$5,000 and increased their ownership to 36.29%. In 2018, additional investors were added, which reduced WSG's ownership to 11.46%. Based on management's assessment of the valuation of WSG's investment, WSG did not record any proportional net profit from this investment for the year ending December 31, 2018. WSG did record their proportional net loss from this investment of \$56,455 for the year ending December 31, 2018.

Peru – In April 2008, Red Peruana de Servicios Compartidos Kuskanet Sociedad Anonima Cerrada (KUSKANET) was established as a Peruvian private corporation.

In 2008, WSG invested 10,000 Peruvian soles (USD equivalent, \$3,640) for a 7.14% interest in the enterprise.

In 2009, the agreement was modified by the investors and WSG invested an additional USD \$52,300 to increase its interest to 32.14%. In 2010, WSG invested an additional USD \$200,000 to increase its interest to 37.87%. Management determined that this investment was impaired in prior years and is carrying the investment at \$1,000 as of December 31, 2017 and 2016. Based on the impairment determination, WSG did not record any proportional net profit from this investment for the years ended December 31, 2018 and 2017.

WOCCU Mexico – WOCCU Mexico was established on September 15, 2011, and began operations in 2012. It is a joint venture between WSG and two World Council employees. The purpose of the joint venture is to provide technical assistance to credit unions in Mexico. In 2016, WSG sold 75% of its investment in WOCCU Mexico for \$25,000. WSG owned 25% of the enterprise as of December 31, 2018 and 2017. Based on management's impairment determination of this investment in prior years, the investment is carried at \$1,000 as of December 31, 2018 and 2017, and no proportional net profit from this investment is being recorded.

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NOTE 10 INVESTMENTS IN JOINT VENTURES (CONTINUED)

As discussed in Note 1, these investments are being accounted for using the equity method of accounting. Total investment in joint ventures is as follows:

	2018	2017
UnionCoop Mexico, Net of Impairment	\$ -	\$ 5,000
Ecuador	140,000	196,455
Peru, Net of Impairment	1,000	1,000
WOCCU Mexico, Net of Impairment	1,000	1,000
Totals	\$ 142,000	\$ 203,455

NOTE 11 POSTRETIREMENT HEALTH BENEFITS

On December 31, 1992, World Council discontinued its postretirement health benefits plan. All employees fully vested at that date receive full benefits. Full benefits include a fixed amount toward their health and life insurance costs, increased annually, based on the medical component of the Consumer Price Index. In addition, World Council also established a plan allowing employees that vested after December 1992 but before December 31, 2006, to receive, upon retirement, fixed annual benefits that were determined based on the year that eligibility requirements were met. The total estimated future liability related to employees receiving benefits is \$107,938 and \$112,680 at December 31, 2018 and 2017, respectively.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions that are subject to expenditure for a specific purpose as of December 31, 2018 and 2017, of \$211,466 and \$211,351, respectively, are as follows:

	2018	2017
Disaster Related:		
Guatemala Volcano	\$ 10,500	\$ -
Caribbean Hurricane	97,817	122,580
General Disaster Relief	37,448	52,916
Total Disaster Related	145,765	175,496
Credit Union Development:		
Retirement Ambassadors	19,704	-
Other:		
Busia Orphanage	25,984	9,118
Global Women's Leadership Network	20,013	26,737
Total Other	45,997	35,855
Total	\$ 211,466	\$ 211,351

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NOTE 13 COMMITMENTS AND CONTINGENCIES

At December 31, 2018, World Council had commitments under various grants as follows:

Cooperative Development Program, CFDA #98.002	\$ 7,839,605
USAID Foreign Assistance for Programs Overseas Pass-Through, CFDA #98.001	<u>14,263,230</u>
Total	<u>\$ 22,102,835</u>

The program period for the various grants range from 1 to 5 years. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

NOTE 14 GRANT FUNDS RECEIVED IN ADVANCE

Grant amounts received in excess of expenses are reflected as grant funds received in advance and are from the following sources:

	<u>2018</u>	<u>2017</u>
CCA Uganda Consulting	\$ -	\$ 5,788
NRECA Haiti MM	-	785
NCBA CDP Madagascar	-	13,151
AFR/Rwanda	<u>13,247</u>	-
Total	<u>\$ 13,247</u>	<u>\$ 19,724</u>

NOTE 15 RELATED PARTIES

Credit Union National Association, Inc. (CUNA) and CMFG Life Insurance Company (CUNA Mutual) are members of World Council. CUNA paid member fees of \$1,310,000 for both the years ended December 31, 2018 and 2017. CUNA Mutual paid associate member fees of \$15,000 for both the years ended December 31, 2018 and 2017, respectively.

The Worldwide Foundation received grant funds from CUNA Mutual totaling \$100,000 and \$115,600 for the years ended December 31, 2018 and 2017, respectively.

World Council has a lease agreement, renewed annually, with CUNA for office space in Washington DC. World Council paid CUNA \$81,000 and \$100,361 for the years ended December 31, 2018 and 2017, respectively, for these leases.

CUNA also provides legislative advocacy, public relations and administrative services, printed materials, supplies, and other services to World Council for which \$122,622 and \$123,878 was recorded as an expense for the years ended December 31, 2018 and 2017, respectively.

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NOTE 15 RELATED PARTIES (CONTINUED)

Under a lease agreement expiring on December 31, 2019, World Council leases office, parking, and food service facilities in Madison, Wisconsin from CUNA Mutual. The rent expense paid to CUNA Mutual for these leases was \$144,321 and \$176,186 for the years ended December 31, 2018 and 2017, respectively.

In addition, \$8,186 and \$4,736 was paid to CUNA Mutual in the years ended December 31, 2018 and 2017, respectively, for postal services.

The facilities and equipment rent expense disclosed in Note 8 included \$225,321 and \$276,547 of combined CUNA and CUNA Mutual Group expenses for the years ended December 31, 2018 and 2017, respectively. Amounts due to CUNA were \$38,249 and \$-0- at December 31, 2018 and 2017. Amounts due to CUNA Mutual were \$2,102 and \$873 at December 31, 2018 and 2017, respectively.

NOTE 16 LIQUIDITY

The Organizations have \$5,521,957 of financial assets available within one year of the balance sheet date consisting of cash of \$3,604,747 and receivables of \$1,917,210. \$1,761,425 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The receivables are subject to time restrictions, but will be collected within one year. The Organizations have a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$800,000. As part of its liquidity management, the Organizations invests cash in excess of daily requirements in various short-term investments including certificates of deposits and short-term treasury instruments. As more fully described in Note 7, World Council also has committed lines of credit in the amount of \$1,250,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 17 SUBSEQUENT EVENTS

Management evaluated subsequent events through July 11, 2019, the date the accompanying consolidated financial statements were available to be issued. Events or transactions occurring after December 31, 2018, but prior to July 11, 2019 that provided additional evidence about conditions that existed at December 31, 2018 have been recognized in the accompanying consolidated financial statements for the year ended December 31, 2018. Events or transactions that provided evidence about conditions that did not exist at December 31, 2018 but arose before the accompanying consolidated financial statements were available to be issued have not been recognized in the accompanying consolidated financial statements for the year ended December 31, 2018.

SUPPLEMENTARY INFORMATION

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION – WOCCU
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	World Council	WSG	Eliminations	Consolidated Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 970,045	\$ 122,530	\$ -	\$ 1,092,575
Restricted Cash - Project Advances	81,410	-	-	81,410
Grants Receivable	1,264,171	-	-	1,264,171
Accounts Receivable	994,950	45,771	(34,881)	1,005,840
Travel Advances	4,754	-	-	4,754
Prepaid Expenses and Other Assets	50,926	-	-	50,926
Total Current Assets	<u>3,366,256</u>	<u>168,301</u>	<u>(34,881)</u>	<u>3,499,676</u>
INVESTMENTS				
Investment in Subsidiary - WSG	281,594	-	(281,594)	-
Capitalized Leased Equipment, Net	-	-	-	-
Equity Method Investments	-	201,853	-	201,853
Impairment of Investments	-	(59,853)	-	(59,853)
Total Investments	<u>281,594</u>	<u>142,000</u>	<u>(281,594)</u>	<u>142,000</u>
NONCURRENT ASSETS				
Property and Equipment, Net	<u>147,259</u>	<u>6,174</u>	<u>-</u>	<u>153,433</u>
Total Assets	<u>\$ 3,795,109</u>	<u>\$ 316,475</u>	<u>\$ (316,475)</u>	<u>\$ 3,795,109</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 308,444	\$ 34,881	\$ (34,881)	\$ 308,444
Accrued Payroll and Related Expenses	138,910	-	-	138,910
Accrued Vacation and Sick	118,034	-	-	118,034
Grant Funds Received in Advance	13,247	-	-	13,247
Deferred Revenue	165,377	-	-	165,377
Capitalized Lease Payable	14,466	-	-	14,466
Total Current Liabilities	<u>758,478</u>	<u>34,881</u>	<u>(34,881)</u>	<u>758,478</u>
LONG-TERM LIABILITIES				
Accrued Pension	2,270,314	-	-	2,270,314
Accrued Postretirement Health Benefits	107,938	-	-	107,938
Capital Lease Payable, Net of Current Portion	30,594	-	-	30,594
Total Long-Term Liabilities	<u>2,408,846</u>	<u>-</u>	<u>-</u>	<u>2,408,846</u>
Total Liabilities	<u>3,167,324</u>	<u>34,881</u>	<u>(34,881)</u>	<u>3,167,324</u>
NET ASSETS				
Without Donor Restrictions	-	-	-	-
Without Donor Restrictions - Board-Designated:				
Minimum	627,785	-	-	627,785
Pension Plan	-	-	-	-
International Credit Union Development	-	-	-	-
Total Net Assets	<u>627,785</u>	<u>-</u>	<u>-</u>	<u>627,785</u>
STOCKHOLDERS' EQUITY				
Common Stock	-	20	(20)	-
Additional Paid-In Capital	-	3,909,980	(3,909,980)	-
Retained Earnings	-	(3,628,406)	3,628,406	-
Total Stockholders' Equity	<u>-</u>	<u>281,594</u>	<u>(281,594)</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 3,795,109</u>	<u>\$ 316,475</u>	<u>\$ (316,475)</u>	<u>\$ 3,795,109</u>

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	World Council (Consolidated)	Worldwide Foundation	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,092,575	\$ 962,213	\$ -	\$ 2,054,788
Restricted Cash - Project Advances	81,410	1,468,549	-	1,549,959
Grants Receivable	1,264,171	-	-	1,264,171
Accounts Receivable	1,005,840	12,746	(365,547)	653,039
Travel Advances	4,754	-	-	4,754
Prepaid Expenses and Other Assets	50,926	-	-	50,926
Total Current Assets	<u>3,499,676</u>	<u>2,443,508</u>	<u>(365,547)</u>	<u>5,577,637</u>
INVESTMENTS				
Equity Method Investments	201,853	-	-	201,853
Impairment of Investments	(59,853)	-	-	(59,853)
Total Investments	<u>142,000</u>	<u>-</u>	<u>-</u>	<u>142,000</u>
NONCURRENT ASSETS				
Property and Equipment, Net	<u>153,433</u>	<u>-</u>	<u>-</u>	<u>153,433</u>
Total Assets	<u>\$ 3,795,109</u>	<u>\$ 2,443,508</u>	<u>\$ (365,547)</u>	<u>\$ 5,873,070</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 308,444	\$ 365,559	\$ (365,547)	\$ 308,456
Accrued Payroll and Related Expenses	138,910	-	-	138,910
Accrued Vacation and Sick	118,034	-	-	118,034
Grant Funds Received in Advance	13,247	-	-	13,247
Deferred Revenue	165,377	1,480,156	-	1,645,533
Current Portion of Capital Lease Payable	14,466	-	-	14,466
Total Current Liabilities	<u>758,478</u>	<u>1,845,715</u>	<u>(365,547)</u>	<u>2,238,646</u>
LONG-TERM LIABILITIES				
Accrued Pension	2,270,314	-	-	2,270,314
Accrued Postretirement Health Benefits	107,938	-	-	107,938
Capital Lease Payable, Net of Current Portion	30,594	-	-	30,594
Total Long-Term Liabilities	<u>2,408,846</u>	<u>-</u>	<u>-</u>	<u>2,408,846</u>
Total Liabilities	3,167,324	1,845,715	(365,547)	4,647,492
NET ASSETS				
Without Donor Restrictions	-	386,327	-	386,327
Without Donor Restrictions - Board-Designated	627,785	-	-	627,785
Net Assets With Donor Restrictions	<u>-</u>	<u>211,466</u>	<u>-</u>	<u>211,466</u>
Total Net Assets	<u>627,785</u>	<u>597,793</u>	<u>-</u>	<u>1,225,578</u>
Total Liabilities and Net Assets	<u>\$ 3,795,109</u>	<u>\$ 2,443,508</u>	<u>\$ (365,547)</u>	<u>\$ 5,873,070</u>

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES – WOCCU
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	World Council	WSG	Eliminations	Consolidated Total
REVENUE				
Grant Revenue:				
Federal Agency Awards	\$ 4,514,339	\$ -	\$ -	\$ 4,514,339
Other Donor Awards	859,622	-	-	859,622
Total Grant Revenue	5,373,961	-	-	5,373,961
Membership Fees	2,512,396	-	-	2,512,396
Meetings	1,931,679	-	-	1,931,679
Other Revenue	446,824	99,519	-	546,343
Total Revenue	10,264,860	99,519	-	10,364,379
EXPENSES				
Program Activities:				
International Trade Organization Activities	3,226,662	-	-	3,226,662
Federal Agency Supported Development Program	3,612,658	-	-	3,612,658
Other Donor-Supported Development Programs	679,066	-	-	679,066
Other Expenses	605,383	135,525	-	740,908
Total Program Activities	8,123,769	135,525	-	8,259,294
Management and General Expense	1,571,714	15,058	-	1,586,772
Total Expenses	9,695,483	150,583	-	9,846,066
Equity in Net Loss of Subsidiary	(51,064)	-	51,064	-
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	518,313	(51,064)	51,064	518,313
NONOPERATING ACTIVITIES				
Pension-Related Changes Other than Net Periodic Pension Cost	(553,744)	-	-	(553,744)
CHANGE IN NET ASSETS	(35,431)	(51,064)	51,064	(35,431)
Net Assets - Beginning of Year	663,216	332,658	(332,658)	663,216
NET ASSETS - END OF YEAR	<u>\$ 627,785</u>	<u>\$ 281,594</u>	<u>\$ (281,594)</u>	<u>\$ 627,785</u>

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	World Council (Consolidated)	Worldwide Foundation		
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE				
Grant Revenue:				
Federal Agency Awards	\$ 4,514,339	\$ 943,737	\$ -	\$ 943,737
Other Donor Awards	859,622	122,644	-	122,644
Total Grant Revenue	<u>5,373,961</u>	<u>1,066,381</u>	<u>-</u>	<u>1,066,381</u>
Membership Fees	2,512,396	-	-	-
Meetings	1,931,679	-	-	-
Other Revenue	546,343	442,223	-	442,223
Contributions	-	923,571	334,850	1,258,421
Net Assets Released from Restriction Through Satisfaction of Restrictions	-	334,735	(334,735)	-
Total Revenue	<u>10,364,379</u>	<u>2,766,910</u>	<u>115</u>	<u>2,767,025</u>
EXPENSES				
Program Activities:				
International Trade Organization Activities	3,226,662	-	-	-
Federal Agency-Supported Development Program	3,612,658	943,737	-	943,737
Other Donor-Supported Development Programs	679,066	122,644	-	122,644
International Foundation Organization Activities	-	1,018,718	-	1,018,718
Other Expenses	740,908	-	-	-
Total Program Activities	<u>8,259,294</u>	<u>2,085,099</u>	<u>-</u>	<u>2,085,099</u>
Management and General Expense	1,586,772	288,060	-	288,060
Fundraising Expenses	-	389,052	-	389,052
Total Expenses	<u>9,846,066</u>	<u>2,762,211</u>	<u>-</u>	<u>2,762,211</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	518,313	4,699	115	4,814
NONOPERATING ACTIVITIES				
Pension-Related Changes Other than Net Periodic Pension Cost	<u>(553,744)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN NET ASSETS	(35,431)	4,699	115	4,814
Net Assets - Beginning of Year	<u>663,216</u>	<u>381,628</u>	<u>211,351</u>	<u>592,979</u>
NET ASSETS - END OF YEAR	<u>\$ 627,785</u>	<u>\$ 386,327</u>	<u>\$ 211,466</u>	<u>\$ 597,793</u>

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	Totals			
	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total
REVENUE				
Grant Revenue:				
Federal Agency Awards	\$ 5,458,076	\$ -	\$ (943,737)	\$ 4,514,339
Other Donor Awards	982,266	-	-	982,266
Total Grant Revenue	6,440,342	-	(943,737)	5,496,605
Membership Fees	2,512,396	-	-	2,512,396
Meetings	1,931,679	-	-	1,931,679
Other Revenue	988,566	-	-	988,566
Contributions	923,571	334,850	(60,000)	1,198,421
Net Assets Released from Restriction Through Satisfaction of Restrictions	334,735	(334,735)	-	-
Total Revenue	13,131,289	115	(1,003,737)	12,127,667
EXPENSES				
Program Activities:				
International Trade Organization Activities	3,226,662	-	-	3,226,662
Federal Agency-Supported Development Program	4,556,395	-	(943,737)	3,612,658
Other Donor-Supported Development Programs	801,710	-	-	801,710
International Foundation Organization Activities	1,018,718	-	-	1,018,718
Other Expenses	740,908	-	(60,000)	680,908
Total Program Activities	10,344,393	-	(1,003,737)	9,340,656
Management and General Expense	1,874,832	-	-	1,874,832
Fundraising Expenses	389,052	-	-	389,052
Total Expenses	12,608,277	-	(1,003,737)	11,604,540
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	523,012	115	-	523,127
NONOPERATING ACTIVITIES				
Pension-Related Changes Other than Net Periodic Pension Cost	(553,744)	-	-	(553,744)
CHANGES IN NET ASSETS	(30,732)	115	-	(30,617)
Net Assets - Beginning of Year	1,044,844	211,351	-	1,256,195
NET ASSETS - END OF YEAR	<u>\$ 1,014,112</u>	<u>\$ 211,466</u>	<u>\$ -</u>	<u>\$ 1,225,578</u>

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
SCHEDULE OF INDIRECT COSTS – WORLD COUNCIL
YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)
(SEE INDEPENDENT AUDITORS' REPORT)**

	Federal Awards	Nonfederal Awards	Nonaward Membership Organization	Unallowable Costs	Total Direct Costs	Indirect Costs	2018 Total Costs	2017 Total Costs
Development Projects:								
Salaries	\$ 746,050	\$ 168,520	\$ -	\$ -	\$ 914,570	\$ -	\$ 914,570	\$ 913,639
Fringe Benefits	275,747	5,230	-	-	280,977	-	280,977	177,773
Other Direct Expenses	2,590,860	505,316	-	-	3,096,176	-	3,096,176	4,124,160
Totals	3,612,657	679,066	-	-	4,291,723	-	4,291,723	5,215,572
Salaries	-	-	849,008	-	849,008	667,526	1,516,534	1,522,136
Fringe Benefits	-	-	315,295	-	315,295	314,929	630,224	662,715
Consultants	-	-	5,742	-	5,742	135,404	141,146	147,121
Travel	-	-	177,763	-	177,763	184,288	362,051	259,002
Rent	-	-	-	-	-	196,076	196,076	247,681
Meetings Expense	-	-	-	-	-	1,057	1,057	26,173
Telecommunications	-	-	-	-	-	43,255	43,255	40,089
Photocopies	-	-	-	-	-	11,248	11,248	14,780
Office Supplies	-	-	-	-	-	15,055	15,055	15,650
Computer Supplies	-	-	-	-	-	5,190	5,190	5,366
Resource Materials	-	-	-	-	-	10,935	10,935	9,613
Equipment Expense	-	-	-	-	-	52,171	52,171	52,499
Translations	-	-	-	-	-	4,494	4,494	9,919
Delivery and Postage	-	-	-	-	-	4,812	4,812	3,664
Temporary Services	-	-	-	-	-	201,322	201,322	40,828
Representation	-	-	-	13,771	13,771	-	13,771	12,988
Depreciation	-	-	-	-	-	52,401	52,401	68,336
Insurance	-	-	-	-	-	63,467	63,467	68,517
Personal Property Taxes	-	-	-	-	-	-	-	10,211
Membership Fees	-	-	-	14,220	14,220	37,988	52,208	46,706
Professional Services	-	-	-	-	-	41,916	41,916	89,684
DC Services	-	-	-	-	-	6,407	6,407	6,289
Recruiting	-	-	-	-	-	1,759	1,759	33,359
Staff Development	-	-	-	-	-	12,412	12,412	5,238
Miscellaneous	-	-	-	7,793	7,793	32,928	40,721	14,390
Publications	-	-	2,896	-	2,896	-	2,896	3,392
Public Relations and Marketing	-	-	2,468	5,000	7,468	2,184	9,652	7,342

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
SCHEDULE OF INDIRECT COSTS – WORLD COUNCIL (CONTINUED)
YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)
(SEE INDEPENDENT AUDITORS' REPORT)**

	Federal Awards	Nonfederal Awards	Nonaward Membership Organization	Unallowable Costs	Total Direct Costs	Indirect Costs	2018 Total Costs	2017 Total Costs
Board of Directors/Annual Meeting	\$ -	\$ -	\$ 256,543	\$ -	\$ 256,543	\$ -	\$ 256,543	\$ 260,653
Leadership Initiatives	-	-	11,547	-	11,547	-	11,547	2,928
WYCUP Initiative	-	-	33,764	-	33,764	-	33,764	26,241
Member Relations	-	-	69,854	95,000	164,854	-	164,854	126,801
World Credit Union Conference	-	-	1,473,204	-	1,473,204	-	1,473,204	1,812,166
Total Expenses	3,612,657	679,066	3,198,084	135,784	7,625,591	2,099,224	9,724,815	10,868,049
Indirect Costs Allocation	901,682	180,556	1,016,986	-	2,099,224	(2,099,224)	-	-
TOTAL DIRECT AND INDIRECT EXPENSES BY ACTIVITY	<u>\$ 4,514,339</u>	<u>\$ 859,622</u>	<u>\$ 4,215,070</u>	<u>\$ 135,784</u>	<u>\$ 9,724,815</u>	<u>\$ -</u>	<u>\$ 9,724,815</u>	<u>\$ 10,868,049</u>
Calculation of Rate:								
Total Direct Costs		\$ 7,625,591						
Less: Amounts Above Institutional Support and Subcontractor Thresholds		<u>(743,402)</u>						
Total Modified Direct Costs		<u>\$ 6,882,189</u>						
Total Indirect Costs		<u>\$ 2,099,224</u>						
Rate		<u>30.50 %</u>						

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
SCHEDULE OF EXPENDITURES OF NONFEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

Awarding Agency and Award Description	Program Period	Awarding Agency Contract Number	Authorized Program or Award Amount	2018 Expenditures	Expenditures to Date
Bancoldex/Colombia IV	08/24/16 - 08/23/19	2016 069	\$ 1,591,670	\$ 633,078	\$ 1,539,327
CCA Uganda Consulting	07/1/15 - 12/31/18	N/A	90,500	57,252	57,252
NRECA Haiti MM	12/13/16 - 07/31/17	N/A	45,517	-	21,974
NCBA CDP Madagascar	12/13/16 - 07/31/17	N/A	92,500	50,043	56,892
WB FISF Women's Financial Inclusion	4/4/2018-6/15/2018	7186753	20,000	3,308	3,308
RMC Republican Microfinance Cntr. Belarus	4/1/2018-11/20/2018	2/2018	35,630	34,540	34,540
Nat'l Treasury Kenya	08/14/17 - 2/13/18	N/A	210,000	81,401	101,990
Total Nonfederal Expenditures, World Council of Credit Unions, Inc.			<u>\$ 2,085,817</u>	<u>\$ 859,622</u>	<u>\$ 1,815,283</u>
BMGF DFS Bill & Melinda Gates Foundation	9/29/2018-11/15/2019	OPP119 6865	<u>\$ 1,487,961</u>	<u>\$ 122,644</u>	<u>\$ 122,644</u>
Total Nonfederal Expenditures, Worldwide Foundation for Credit Unions, Inc.			<u>\$ 1,487,961</u>	<u>\$ 122,644</u>	<u>\$ 122,644</u>
Total Nonfederal Expenditures			<u>\$ 3,573,778</u>	<u>\$ 982,266</u>	<u>\$ 1,937,927</u>

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

<u>Awarding Agency and Award Description</u>	<u>Program Period</u>	<u>Awarding Agency Contract Number</u>	<u>Authorized Program or Award Amount</u>	<u>2018 Expenditures</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures to Date</u>
U.S. Agency for International Development USAID CFDA #98.002 Cooperative Development Agreement	09/15/2010-12/31/2018	AID-OAA-A-10-00019	\$ 6,756,136	\$ 944,543	\$ 180,239	\$ 6,690,684
U.S. Agency for International Development USAID CFDA #98.002 Cooperative Development Agreement TIFI	8/15/2018-8/14/2023	720-018-CA-00017	7,794,089	19,936	-	19,936
U.S. Agency for International Development USAID CFDA #98.001 Haiti HOME	7/1/2015-6/30/2020	AID-521-A-15-00011	10,299,683	1,220,564	283,303	5,506,335
U.S. Agency for International Development USAID CFDA #98.001 Haiti AFI	01/30/2017 - 01/29/20	AID-521-A-17-00003	5,000,000	1,184,252	254,135	2,783,532
U.S. Agency for International Development USAID CFDA #98.001 VEGA/Ukraine CAP	08/25/2016-08/24/2020	AID-121-LA-16-00002	4,998,995	201,307	31,574	201,306
Total Awards CFDA #98.001			<u>28,092,767</u>	<u>2,626,059</u>	<u>569,012</u>	<u>8,511,109</u>
Total Federal Expenditures, World Council of Credit Unions, Inc.			<u>\$ 34,848,903</u>	<u>\$ 3,570,602</u>	<u>\$ 749,251</u>	<u>\$ 15,201,793</u>
U.S. Agency for International Development USAID CFDA #98.001 Pass-Through Award VEGA/Ukraine CAP	08/25/2016-08/24/2020	N/A	<u>\$ 4,756,416</u>	<u>\$ 943,737</u>	<u>\$ 82,000</u>	<u>\$ 2,300,691</u>
Total Federal Expenditures, Worldwide Foundation for Credit Unions, Inc.			<u>\$ 4,756,416</u>	<u>\$ 943,737</u>	<u>\$ 82,000</u>	<u>\$ 2,300,691</u>
Total Federal Expenditures			<u>\$ 39,605,319</u>	<u>\$ 4,514,339</u>	<u>\$ 831,251</u>	<u>\$ 17,502,484</u>

See Notes to Schedule of Expenditures of Federal Awards.

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of World Council of Credit Unions, Inc. and Worldwide Foundation for Credit Unions, Inc. (the Organizations) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organizations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organizations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organizations have not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
World Council of Credit Unions, Inc. and Subsidiary and
Worldwide Foundation for Credit Unions, Inc.
Madison, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of World Council of Credit Unions, Inc., which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 11, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered World Council of Credit Unions, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of World Council of Credit Unions, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of World Council of Credit Unions, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
World Council of Credit Unions, Inc. and Subsidiary and
Worldwide Foundation for Credit Unions, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether World Council of Credit Unions, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Middleton, Wisconsin
July 11, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
World Council of Credit Unions, Inc. and Subsidiary and
Worldwide Foundation for Credit Unions, Inc.
Madison, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited World Council of Credit Unions, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of World Council of Credit Unions, Inc.'s major federal programs for the year ended December 31, 2018. World Council of Credit Unions, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of World Council of Credit Unions, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about World Council of Credit Unions, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on World Council of Credit Unions, Inc.'s compliance.

Board of Directors
World Council of Credit Unions, Inc. and Subsidiary and
Worldwide Foundation for Credit Unions, Inc.

Opinion on Each Major Federal Program

In our opinion, World Council of Credit Unions, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of World Council of Credit Unions, Inc. is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered World Council of Credit Unions, Inc.'s internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of World Council of Credit Unions, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Middleton, Wisconsin
July 11, 2019

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued?	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditors’ report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	No

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
98.001	U.S. Agency for International Development USAID
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**WORLD COUNCIL OF CREDIT UNIONS, INC. AND SUBSIDIARY
AND WORLDWIDE FOUNDATION FOR CREDIT UNIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018**

Section II – Financial Statement Findings

Our audit did not identify any financial statement findings.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).