Corporate America
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2021
ANNUAL REPORT

CorporateAmerica
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ANNUAL REPORT 2021

Section I: Financial Reports

CONTENTS

REPORT OF THE CHAIRMAN AND PRESIDENT

Advancing Technology

Contactless, digitized, and faster – this is the future of payments. This transition was underway for both consumers and businesses even before the pandemic impacted our payment options and habits; COVID merely sped up the transformation process. As we move forward into an era where the virus is manageable, the payments arena is one of many that is forever changed.

We at CACU have been working on behalf of credit unions to "stay in the game" as payment system platforms and delivery channels are modernized:

- CACU has connected credit unions to the Real-Time Payments (RTP) network, giving them and their members the ability to receive and post core-to-core transactions in seconds
- CACU is a funding agent for credit unions participating in the RTP network
- CACU's RISE product is being used by multiple credit unions, providing multiple channels for loan and collection payments to be initiated by their members
- CACU is participating in the Federal Reserve's FedNow Pilot Program, another channel for core-to-core payments transacting in real time

We have momentum, are conducting transactions, and possess a long list of credit unions committed to modernizing payment system platforms and delivery channels consumers are demanding.

Product Highlight

Our cash services program continues to grow with approximately $2 billion delivered around the nation from our thirteen cash vaults established from coast to coast. Even though paper payment options are on the decline globally, we continue to hear from credit union decision makers that consumer demand for cash remains strong. This mindset is what drove CACU to collaborate and initiate this program that has grown nationally each year since its inception in 2019.

Financial Soundness

Asset quality remains strong with our risk-weighted capital levels remaining in the "Well Capitalized" category as defined by NCUA Rules and Regulations part 704 for Corporate Credit Unions. This was the case before and during the pandemic, despite nearly doubling in assets at our peak. As money flowed into CACU and our credit unions at unprecedented pace and levels, our investment and credit analysis teams effectively placed the funds maintaining safety, soundness and liquidity in our investment portfolio.

A capital offering as requested by members is underway. Our membership options remain the same and are simple:

- $5 and pay an annual LOC fee
- Capitalize and be exempt from the LOC fee

All receive access to the same competitive rates on investment and liquidity products, and all receive the same low fees on products and services – there are no differences. Whichever membership option is chosen, we exist to **Collaborate and Ease Burdens so You Thrive!** This is our "WHY" statement, or why we go to work each day, as determined by the CACU Board of Directors.

Corporate Culture

We believe that the foundation for being effective for our members is a positive culture that permeates the organization from top to bottom. Leadership must relentlessly reinforce the desired culture by exhibiting the desired behaviors and providing ongoing training and reinforcement – a simple declaration will not suffice. Each year every CACU employee, regardless of title or role, engages in multiple training events from both internal and external sources and experts. We spend much time, energy, and financial resources on leadership, service, and many other courses related to dealing with professional and personal life.

When reviewing various definitions of culture, we see phrases such as "customs and traditions," "norms within a group," and "the accepted actions and responses to an event." At CACU, we define our desired culture in the following way:

- We want all to feel safe to question decisions and suggest improvements
- We emphasize that no one is the smartest in the room and encourage collaboration to get to a better decision point
- We establish purpose with a board approved organizational incentive plan aligned with strategic initiatives established for the year
- We work hard to hire good apples, remove bad apples quickly, and fight against mediocrity striving for excellence

As this report was being crafted, tensions in Eastern Europe were increasing as the Russian invasion of Ukraine continued. Talks between the two countries were underway and thoughts and prayers to those suffering as a result of Russia's hostile and unprovoked actions. It is our hope that by the time you are reading this report the conflict has been resolved with minimal death and destruction so the world can move forward with countries coexisting and focusing on positive global initiatives.

As always, thank you for the support, thank you for being a member, and thank you for the opportunity to work for you. We want you to thrive!

Bradley A. Long, Chairman

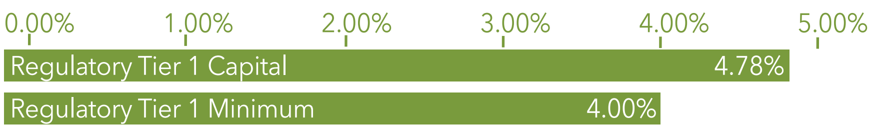
Pete Pritts, President/CEO

REPORT OF THE TREASURER

Thank you to each and every member for allowing Corporate America Credit Union to serve your institution. CACU continues to succeed working with our members to deliver timely and pertinent services. We are continuously adapting to your needs. The staff and management remain dedicated to serving you well!

Below are some key financial ratios for 2021:

Capital Ratios - December 2021



Description	Regulatory Minimum	CACU's Ratio
Retained Earnings	0.45%	2.58%
Tier 1 RBC Ratio	4.00%	13.91%
Total RBC Ratio	8.00%	14.22%
Base NEV Ratio	3.00%	5.00%
NEV Ratio – Shock Scenario	2.00%	4.87%

CACU ended 2021 with $4.5 billion in assets, 509 members, 175 credit unions using item processing, 136 using ACH origination and/or receipt and 156 credit unions using remote deposit capture services. The Board of Directors is appreciative for the confidence you continuously put into CACU. On behalf of the management and staff we extend our sincerest gratitude for the trust exhibited. Thank you for the opportunity to serve you!

Respectfully submitted,

Blane Mink

Blane Mink, Secretary/Treasurer

REPORT OF THE SUPERVISORY COMMITTEE

It has been a pleasure to chair the Supervisory Committee at Corporate America Credit Union and serve alongside Ed Turk from Heritage Community Credit Union, Whitney Oswalt from Alabama One Credit Union and Tangela Souders from All In Credit Union.

The two primary objectives of the Supervisory Committee are to ensure that financial reporting requirements are met and that the practices, procedures, and internal controls safeguard members' assets.

For the year 2021, the Supervisory Committee engaged the accounting firm of CliftonLarsonAllen LLP to assist in the fulfillment of these objectives.

The accounting firm performed an opinion audit as of December 31, 2021, and rendered an unqualified opinion on Corporate America's financial statements as of that date. This opinion is included in the Annual Report.

In addition to the annual opinion audit, CliftonLarsonAllen LLP examined internal controls over financial reporting as of December 31, 2021, and determined Corporate America maintained effective internal controls over financial reporting. Corporate America also has an internal auditor that follows an audit plan based on an annual risk assessment which is approved by the Committee. The NCUA and ACUA jointly performed their examination in July of 2021.

The Supervisory Committee would like to take the opportunity to thank management and staff for their full cooperation during the year.

Respectfully submitted,

Miles Strickland

Miles Strickland, Chairman

Ed Turk, Vice Chairman
Whitney Oswalt, Member
Tangela Souders, Member

REPORT OF THE LOAN OFFICER

The Loan Officer granted 664 loans totaling $510,863,501 during 2021. Aggregate Member Advised Lines of Credit to 317 members were $2,446,846,647 and one Committed Line of Credit was established for $21 million. Cash held on balance sheet, liquid marketable securities, and tested sources of funds provide for approximately $4 billion of liquidity to be raised at Corporate America Credit Union. Having the ability to quickly cover well over 100% of our position, we are positioned to be responsive to member needs should a severe liquidity event occur.

Respectfully submitted,

Pete Pritts

Pete Pritts, Loan Officer

BOARD OF DIRECTORS

Bradley A. Long
Chairman
First Florida CU

Gary Fairley
1st Vice Chairman
Jackson Area FCU

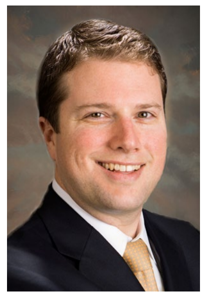
Joey Hand
2nd Vice Chairman
eCO CU

Blane Mink
Secretary/Treasurer
APCO Employees CU

George Glasser
Director
Memorial Employees FCU

Heath Harrell
Director
Guardian CU

Joyce Harrison
Director
Mobile Postal Employees CU

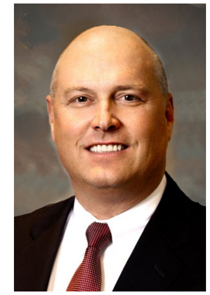


Brad Houle
Director
CAHP CU

BOARD OF DIRECTORS

Mark Johnson
Director
Naheola CU

Nancy Kline
Director
Fire Police City County FCU



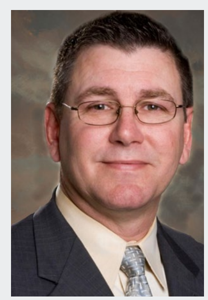
Mike Miller
Director
iTHINK Financial CU

Steve Nix
Director
AlaTrust CU

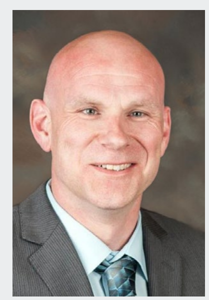
Eric Renaud
Director
Pima FCU

Kendall Speed
Director
Mutual Savings CU

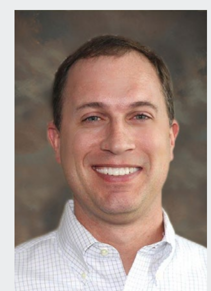
SUPERVISORY COMMITTEE



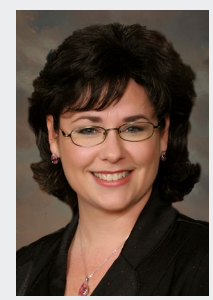
Miles Strickland
Chairman
USF FCU



Ed Turk
Vice Chairman
Heritage Community CU



Whitney Oswalt
Member
Alabama One CU



Tangela Souders
Member
All In CU

CORPORATE AMERICA STAFF

Pete Pritts
President/CEO

Lisa Coffey
Chief Innovation Officer

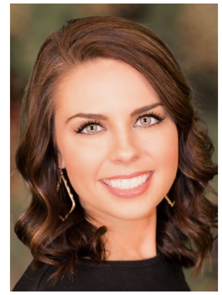
Rachel Dodson
Chief Financial Officer

Donald Eagen
Chief Technology Officer

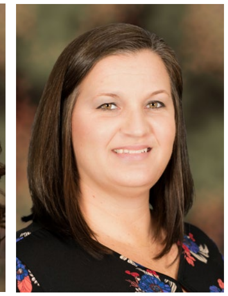
Dave Filby
Chief Investment Officer

Lauren Howle
Chief Strategy Officer

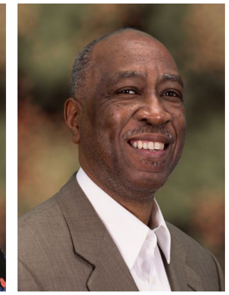
CORPORATE AMERICA STAFF



Kayla Barnett
VP Human Resources & Culture



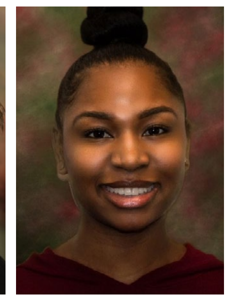
Alison Dagnan
VP Operations



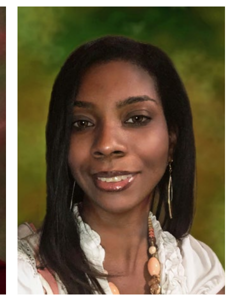
Michael Kennedy
VP Electronic Payments

Trey Rudder
VP Strategic Balance Sheet Management

Penny Swindle
BSA/AML Officer

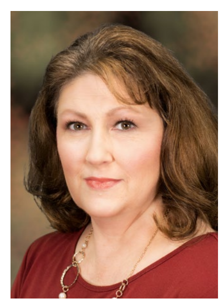


Jasmine Aaron
Operations Specialist



Olivia Anderson
Electronic Payments Specialist

John Basco
IT Leader



Kellanee Beavers
Accountant

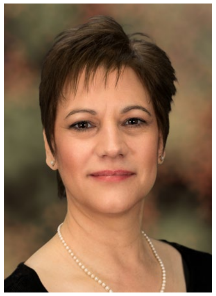
Tameka Bray
Operations Leader

Anita Burke
Electronic Payments Specialist

Brett Carpenter
ERM Director

CORPORATE AMERICA STAFF

Sharon Childs
Cash Vault Specialist

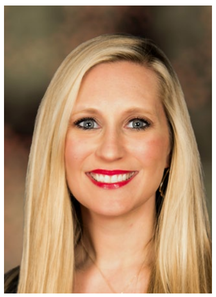


Lisa Chimento
Electronic Payments Specialist

Mallory Clayton
Internal Audit Director

Allison Cobb
Investment Credit Director

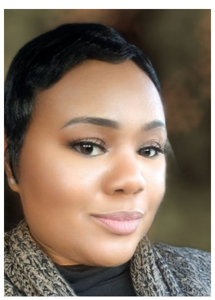
Danny Crosby
Physical Assets/ Security Specialist



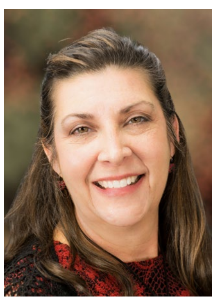
Ashley Daniels
Marketing & Communications Director

Jennifer Davis
Project Management Leader

Tanya DeVlieger
Member Investment Director



Neicey Dukes
BSA/AML Analyst



Jenny Edgeworth
Electronic Payments Director

Jill Felton
Operations Specialist

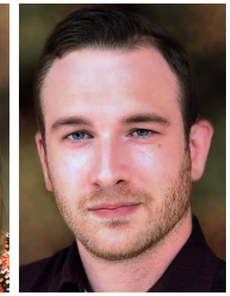
Laura Filasek
Board Liaison/ Executive Assistant

CORPORATE AMERICA STAFF

Kevin Ford
Member Advisor

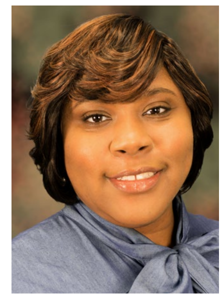
Allyson Gilbert
Investment Portfolio Manager

Victoria Hamm
Product Implementation Leader

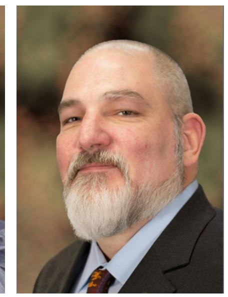


Nathan Hicks
Member Advisor

Denise Hill
Member Investment Director



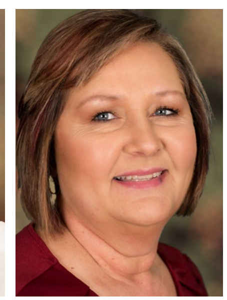
Natassha Hogan
ACH Specialist



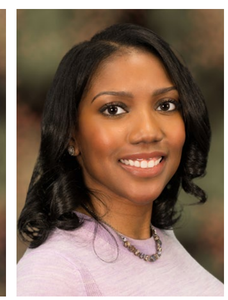
Russ Holmes
Information Security Director

Tonya Jackson
Operations Specialist

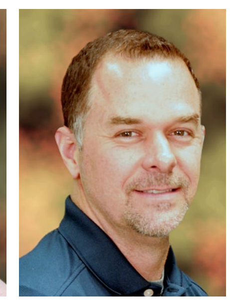
Mori Jammeh
IT Specialist



Lisa Johnson
Operations Specialist



Raven Johnson
ACH Leader



Trent Kirk
Electronic Payments Specialist

CORPORATE AMERICA STAFF

John Lorenzo
Member Advisor

Gisli Magnusson
Member Advisor Leader

Victoria Mason
Cash Vault Specialist

Taylor McBride
Electronic Payments Specialist

George McGeehan
IT Implementation Specialist

Lynn Middleton
Operations Specialist

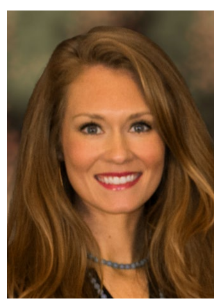
Alonda Montgomery
IT Specialist

Lorenzo Moore
Member Credit Specialist

Gina Murray
Human Resources Leader

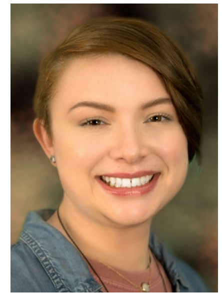
Harold Nelson
Systems Administrator

Brandy Norvell
Investment Credit Specialist



Elizabeth Ogle
Administrative Specialist

CORPORATE AMERICA STAFF



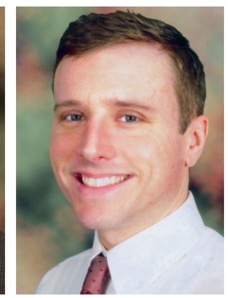
Hali Oliver
Electronic Payment Specialist

Dan Olley
Member Advisor

Trey Ragland
Product Development Director

Melissa Reeves
Operations Specialist

Joe Rodgers
ALM Director/Senior Analyst



Kevin Sample
Systems Security Specialist

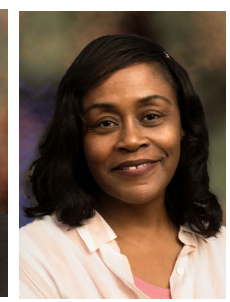
David Short
Electronic Payments Specialist

Paul Simpson
Software Administrator

Mary Ann Spiegel
Project Management Director

Kaytlin Swart
Operations Specialist

Shane St. John
IT Director

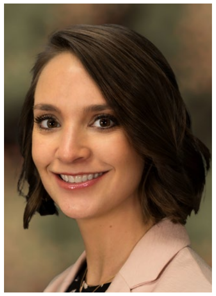


Carolyn Thornton
Electronic Payments Specialist

CORPORATE AMERICA STAFF

Jackie Walker
Liquidity Director

Brittany Walters
Accounting Director



Mallory Wear
Corporate Events & Implementation Director

Ashley White
Investment Analyst

Sheryll Wilson
Electronic Payments Specialist

MINUTES

THIRTY-NINTH ANNUAL MEETING - AUGUST 26, 2021

Call to Order

Chairman Brad Long called the thirty-ninth annual meeting of Corporate America Credit Union to order at 1:30 p.m. Central. The meeting was held virtually.

Invocation

First Vice Chairman Gary Fairley gave the invocation.

Pledge of Allegiance

First Vice Chairman Fairley requested everyone stand for the Pledge of Allegiance.

Recording Secretary

Chairman Long appointed Ms. Laura Filasek, Board Liaison/Executive Assistant, as Recording Secretary.

Parliamentarian

Chairman Long appointed Second Vice Chairman Joey Hand with eCO Credit Union as Parliamentarian.

Attendance

Chairman Long determined that a quorum was present.

Introduction of Board

Chairman Long introduced the Board of Directors of Corporate America Credit Union.

Introduction of Supervisory Committee

Chairman Long introduced the Supervisory Committee of Corporate America Credit Union.

Approval of Consent Agenda

Chairman Long referred to the Consent Agenda, containing the Report of the Chairman and President on pages 2 and 3, Report of the Treasurer on page 4, Report of the Supervisory Committee on page 5, Report of the Loan Officer on pages 4 and 5, and the Minutes of the Annual Meeting held on August 17, 2020, on pages 15-17.

MINUTES

THIRTY-NINTH ANNUAL MEETING - AUGUST 26, 2021

It was unanimously VOTED: that the Consent Agenda, including the minutes of the previous meeting, be accepted as presented.

Comments from the Chairman

Chairman Long thanked the attendees for participating in the virtual meeting and all of the membership for their continued support of CACU. Chairman Long congratulated CACU management and staff for another successful year.

Comments from the President

Chairman Long called upon President/CEO Pete Pritts for his comments. President/CEO Pritts welcomed attendees and thanked them for participating virtually. President/CEO Pritts stated that with tremendous support of the membership in 2020, CACU grew in assets and nearly doubled in size.

President/CEO Pritts stated that CACU advanced its payment technology, specifically with real-time payments by successfully connecting to the Real-Time Payments network. He noted CACU's payment philosophy, "Contactless, Digitized, and Faster," and encouraged members to keep CACU's services in mind when serving their members.

In closing, President Pritts offered appreciation to member credit unions for their support and stated that CACU remains committed to the membership and focused on adding value to member credit unions. We emphasize a culture driven by our "why" statement – "to collaborate and ease burdens so credit unions thrive."

Unfinished Business

None.

New Business

Chairman Long called upon the Nominating Committee Chairman Gary Fairley to give the report. Nominating Committee Chairman Gary Fairley introduced the members of the Nominating Committee: Directors Brad Hould and Nancy Kline, and thanked them for assisting with the nomination process.

MINUTES

THIRTY-NINTH ANNUAL MEETING - AUGUST 26, 2021

He then presented the slate of candidates as chosen by the Committee:

BOARD OF DIRECTORS

Position	Term	Nominee	Credit Union
Director	3 Years	Joey Hand	eCO Credit Union
Director	3 Years	Mark Johnson	Naheola Credit Union
Director	3 Years	Brad Long	First Florida Credit Union
Director	3 Years	Mike Miller	iThink Financial Credit Union
Director	3 Years	Kendall Speed	Mutual Savings Credit Union

SUPERVISORY COMMITTEE

Position	Term	Nominee	Credit Union
SC Member	3 Years	Miles Strickland	USF Federal Credit Union

Nominating Committee Chairman Fairley stated no nominations by petition had been received and as such, the nominees announced were elected by acclamation.

Nominating Committee Chairman Fairley congratulated the elected Directors and the Supervisory Committee Member.

Adjournment

Chairman Long asked for a motion to adjourn. The meeting was duly adjourned at 1:42 p.m. Central.

Bradley A. Long

Bradley A. Long
Chairman

Blane Mink

Blane Mink
Secretary/Treasurer

CorporateAmerica CREDIT UNION

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Section II: Corporate America Credit Union and Subsidiaries Consolidated Financial Statements

For The Years Ended December 31, 2021 and 2020

MANAGEMENT REPORT REGARDING STATEMENT OF MANAGEMENT'S RESPONSIBILITIES, COMPLIANCE WITH DESIGNATED LAWS AND REGULATIONS, AND MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Statement of Management's Responsibilities

Management of Corporate America Credit Union and Subsidiary is responsible for preparing Corporate America Credit Union and Subsidiary's annual consolidated 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 instructions in National Credit Union Administration (NCUA) Form 5310 (call report instructions); and for complying with the federal laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends.

Management's Assessment of Compliance with Designated Laws and Regulations

Management of Corporate America Credit Union and Subsidiary has assessed its compliance with the federal laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends during the fiscal year that ended on December 31, 2021. Based upon its assessment, management has concluded that the Corporate America Credit Union and Subsidiary complied with the federal laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends during the fiscal year that ended on December 31, 2021.

Management's Assessment of Internal Control Over Financial Reporting

Corporate America Credit Union and Subsidiary'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 of America and financial statements for regulatory reporting purposes, i.e., call reports. Corporate America Credit Union and Subsidiary'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 Corporate America Credit Union and Subsidiary; (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 reporting purposes, and that receipts and expenditures of Corporate America Credit Union and Subsidiary are being made only in accordance with authorizations of management and directors of Corporate America Credit Union and Subsidiary; and (3) provide reasonable assurance

MANAGEMENT REPORT

regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of Corporate America Credit Union and Subsidiary's assets that could have a material effect on the financial statements.

Internal Control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgement and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any assessment 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 Bank's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for NCUA Form 5310, as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based upon its assessment, management has concluded that, as of December 31, 2021, Corporate America Credit Union and Subsidiary's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for NCUA Form 5310, is effective based on criteria established in *Internal Control – Integrated Framework (2013),* issued by COSO.

Management's assessment of the effectiveness of internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for NCUA Form 5310, as of December 31, 2021, has been audited by CliftonLarsonAllen LLP, an independent public accounting firm, as stated in their report dated March 16, 2022.

Corporate America Credit Union and Subsidiary

March 16, 2022

Pete Pritts, President/CEO

Rachel Dodson, CFO

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Supervisory Committee
Corporate America Credit Union and Subsidiary
Irondale, Alabama

Opinion on Internal Control Over Financial Reporting

We have audited Corporate America Credit Union and Subsidiary's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013),* issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO). In our opinion, Corporate America Credit Union and Subsidiary maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

We also have audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows of Corporate America Credit Union and Subsidiary, as of and for the year ended December 31, 2021, and our report dated March 16, 2022, expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of Corporate America Credit Union and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for 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 Regarding Statement of Management's Responsibilities, Compliance with Designated Laws and Regulations, and Management's Assessment of Internal Control Over Financial Reporting.*

Auditors' Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditors' report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

A company'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 of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Part 704 of the National Credit Union Administration's rule on corporate credit unions, our audit of Corporate America Credit Union and Subsidiary's internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the call report instructions. Corporate America Credit Union and Subsidiary'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 Corporate America Credit Union and Subsidiary; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of Corporate America Credit Union and Subsidiary 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 Corporate America Credit Union and Subsidiary's assets that could have a material effect on the consolidated financial statements.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 16, 2022

CliftonLarsonAllen

CliftonLarsonAllen LLP
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Supervisory Committee and Board of Directors
Corporate America Credit Union and Subsidiary
Irondale, Alabama

Report on the Audit of the Consolidated Financial Statements Opinion

We have audited the accompanying consolidated financial statements of Corporate America Credit Union and Subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corporate America Credit Union and Subsidiary as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

We also have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants, Corporate America Credit Union and Subsidiary's internal control over financial reporting as of December 31, 2021 and 2020, based on *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report, dated March 16, 2022, expressed an unmodified opinion.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Corporate America Credit Union and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Corporate America Credit Union and Subsidiary's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Corporate America Credit Union and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the treasurer's report and the report of the loan officer but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 16, 2022

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STATEMENTS OF FINANCIAL CONDITION

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 850,264,064	$ 1,209,784,657
Securities - Available-for-Sale	3,527,654,776	3,621,192,567
Other Investments	751,112	617,143
Loans, Net	15,935,813	3,012,087
Accrued Interest Receivable	5,858,635	5,314,775
Premises and Equipment, Net	5,128,445	5,347,987
National Credit Union Share Insurance Fund (NCUSIF) Deposit	978,011	933,216
Federal Home Loan Bank (FHLB) Stock	2,449,000	2,651,100
Central Liquidity Facility (CLF) Stock	32,530,619	32,530,619
Other Assets	19,339,249	16,438,882
Total Assets	$ 4,460,889,724	$ 4,897,823,033
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' Share and Certificate Deposits	$ 4,249,517,333	$ 4,709,383,332
Accrued Interest Payable	444,241	433,868
Accrued Expenses and Other Liabilities	9,555,497	5,881,736
Total Liabilities	4,259,517,071	4,715,698,936
MEMBERS' EQUITY		
Perpetual Paid-In Capital	100,095,520	100,095,520
Undivided Earnings	116,523,329	88,888,110
Accumulated Other Comprehensive Loss	(15,246,196)	(6,859,533)
Total Members' Equity	201,372,653	182,124,097
Total Liabilities and Members' Equity	$ 4,460,889,724	$ 4,897,823,033

See accompanying notes to consolidated financial statements.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
INTEREST INCOME		
Loans	$ 97,706	$ 99,585
Securities, Interest Bearing Deposits, and Cash Equivalents	29,882,219	49,325,597
Total Interest Income	29,979,925	49,425,182
INTEREST EXPENSE		
Members' Share and Nonperpetual Capital Accounts	5,087,042	15,010,753
Borrowed Funds	18,796	126,168
Total Interest Expense	5,105,838	15,136,921
NET INTEREST INCOME	24,874,087	34,288,261
NONINTEREST INCOME		
Service Charges and Fees	7,643,603	7,161,801
Other Noninterest Income	18,850	154,269
Net Gain on Sale of Assets	3,065,851	2,410,835
U.S. Central Distribution	13,891,933	-
Total Noninterest Income	24,620,237	9,726,905
NONINTEREST EXPENSE		
General and Administrative:		
Employee Compensation and Benefits	12,939,757	11,139,249
Occupancy and Operations	2,150,743	1,676,491
Operations	451,119	776,895
Professional and Outside Services	1,287,670	1,136,237
Educational and Promotional	645,682	509,841
Travel and Conference Expense	205,326	315,475
Other Pension Expense	466,148	580,168
Other Operating Expenses	2,211,222	1,848,285
Total Noninterest Expense	20,357,667	17,982,641
NET INCOME	$ 29,136,657	$ 26,032,525

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
NET INCOME	$ 29,136,657	$ 26,032,525
OTHER COMPREHENSIVE (LOSS) INCOME		
Securities - Available-for-Sale		
Unrealized Holding (Loss) Gain Arising During the Period	(4,264,509)	19,499,578
Reclassification for Net Gains included in Net Income	(3,065,851)	(2,367,314)
Subtotal	(7,330,360)	17,132,264
Defined Benefit Plan		
Net Loss Arising During the Period	(1,794,415)	(1,142,276)
Amortization of Net Loss	144,357	66,160
Amortization of Prior Service Cost	593,755	593,755
Subtotal	(1,056,303)	(482,361)
Total Other Comprehensive (Loss) Income	(8,386,663)	16,649,903
TOTAL COMPREHENSIVE INCOME	$ 20,749,994	$ 42,682,428

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Perpetual Paid-In Capital	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE - DECEMBER 31, 2019	$ 100,095,520	$ 64,361,131	$ (23,509,436)	$ 140,947,215
Net Income	-	26,032,525	-	26,032,525
Other Comprehensive Income	-	-	16,649,903	16,649,903
Perpetual Contributed Capital Dividends	-	(1,505,546)	-	(1,505,546)
BALANCE - DECEMBER 31, 2020	100,095,520	88,888,110	(6,859,533)	182,124,097
Net Income	-	29,136,657	-	29,136,657
Other Comprehensive Loss	-	-	(8,386,663)	(8,386,663)
Perpetual Contributed Capital Dividends	-	(1,501,438)	-	(1,501,438)
BALANCE - DECEMBER 31, 2021	$ 100,095,520	$ 116,523,329	$ (15,246,196)	$ 201,372,653

See accompanying notes to consolidated financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 29,136,657	$ 26,032,525
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	411,878	301,245
Amortization of Security Premiums/Discounts, Net	25,683,210	19,595,079
Gain on Sale of Securities, Net	(3,065,851)	(2,410,835)
Gain on Disposal of Assets, Net	(9,000)	-
Changes in:		
Accrued Interest Receivable	(543,860)	2,679,414
Other Assets	(3,956,670)	5,693,511
Other Investments	(133,969)	(115,957)
Accrued Interest Payable	10,373	8,274
Accrued Expenses and Other Liabilities	3,673,761	(1,172,662)
Net Cash Provided by Operating Activities	51,206,529	50,610,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Securities:		
Available-for-Sale	(2,085,343,031)	(3,027,680,340)
Proceeds from Maturities and Principal Paydowns of Securities:		
Available-for-Sale	1,518,201,523	1,179,805,033
Proceeds from Sales of Securities - Available-for-Sale	630,731,580	606,571,141
Redemptions (Purchases) of FHLB Stock	202,100	(505,900)
Purchases of CLF Stock	-	(32,530,619)
Loan Originations Net of Principal Collected on Loans to Members	(12,923,726)	9,577,610
Increase in NCUSIF Deposit	(44,795)	(20,981)
Purchase of Other Investments	-	(180,470)
Proceeds from Sales of Premises and Equipment	9,000	-
Expenditures for Premises and Equipment	(192,336)	(2,350,029)
Net Cash Provided (Used) by Investing Activities	50,640,315	(1,267,314,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Decrease) Increase in Members' Share and Certificate Deposits	(459,865,999)	1,912,179,578
Dividends on Member Perpetual Contributed Capital	(1,501,438)	(1,505,546)
Net Cash Provided (Used) by Financing Activities	(461,367,437)	1,910,674,032
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(359,520,593)	693,970,071
Cash and Cash Equivalents - Beginning of Year	1,209,784,657	515,814,586
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 850,264,064	$ 1,209,784,657
SUPPLEMENTAL DISCLOSURE OF NONCASH AND CASH FLOW INFORMATION		
Borrowed Funds Interest Paid	$ 18,796	$ 135,918
Members' Share and Nonperpetual Capital Accounts Interest Paid	$ 5,076,669	$ 14,992,729

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management Review

Management has evaluated subsequent events through March 16, 2022, the date on which the consolidated financial statements were available to be issued.

Nature of Business

Corporate credit unions are nonprofit cooperatives that make up the corporate credit union system. The primary purpose of corporate credit unions is to assist their natural-person credit union members in the financial services market. Corporate America Credit Union (Corporate America or the Corporate), an Alabama state chartered credit union, was established to operate as a corporate credit union for the purpose of meeting its members' liquidity and investment needs as well as providing settlement and other financial services. Corporate America's members consist of credit unions located across the nation. Corporate America's board of directors is composed of current executive management from the Corporate's member credit unions. Corporate America is regulated by the Alabama Credit Union Administration (ACUA) and insured by the National Credit Union Administration (NCUA).

Corporate America's wholly owned subsidiary, SmartSource Solutions, LLC, was formed for the purpose of providing web development, hosting, and content management services and offering online solutions for members and the credit union industry.

Principles of Consolidation

The consolidated financial statements include the accounts of Corporate America Credit Union and its wholly owned subsidiary, SmartSource Solutions, LLC. All significant intercompany accounts and transactions have been eliminated.

Financial Statement 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 and expenses during the reporting period. Specifically, management has made assumptions in estimating the fair values of the defined benefit plan, financial investments, in the assessment of other-than-temporary impairment of investments and in the amortization and accretion of premiums and discounts on investments subject to prepayment risks. Actual results could differ from those estimates.

Concentration of Credit Risk

Corporate America may be exposed to credit risk since the majority of the Corporate's business activity is with its members who are primarily credit unions located across the nation. Corporate America makes loans to these member credit unions; substantially all of the borrowing credit unions' assets, excluding residential real estate loans, are secured as collateral. Periodic credit reviews are made in order to assist the Corporate in determining the appropriate levels of allowance for doubtful accounts. Corporate America has certain member credit unions which maintain significant deposit balances. Deposits of the top five members aggregated 13% and 14% of total member deposits at December 31, 2021 and 2020.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk (Continued)

Financial instruments which potentially subject the Corporate to concentrations of credit risk include cash and cash equivalents, investments, and loans to members. Cash and cash equivalents are placed with the Federal Reserve and the Federal Home Loan Bank (FHLB) and, at times, deposits may exceed federally insured limits. Investments consist primarily of debt obligations of the U.S. Government or its agencies or other asset-backed securities and FHLB stock.

Cash and Cash Equivalents

For purposes of consolidated statement of financial condition classification and the consolidated statement of cash flows, cash and cash equivalents include cash on deposit, cash items in the process of collection and amounts due from correspondent depository institutions with maturities less than 90 days. Cash flows from loans and FHLB investments, members' accounts and borrowed funds are reported net in the statement of cash flows.

Investment Securities

Investment accounting practices have been adopted as follows:

Available-for-Sale: Government and government agency bonds, government sponsored enterprises, mortgage-backed securities, private label commercial mortgage pass-through securities and other asset-backed securities are classified as available-for-sale when the Corporate anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on securities available-for-sale are recognized as direct increases or decreases in accumulated other comprehensive loss. Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities, except for mortgage-backed securities where prepayments are anticipated. In addition, for callable debt securities purchased at a premium, the amortization period is shortened to the earliest call date.

Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

Corporate America follows the accounting guidance related to recognition and presentation of other than temporary impairment (OTTI), which is primarily codified in FASB ASC 320-10. This guidance specifies that (a) if a company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other than temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security and it is more likely than not the entity will not have to sell the security before recovery of its cost basis, it will recognize the credit component of an OTTI of a debt security in earnings and the remaining portion in other comprehensive income. There was no OTTI as of December 31, 2021 and 2020.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Securities (Continued)

In accordance with this OTTI guidance, for debt securities that the Corporate intends to sell or would more likely than not be required to sell before the expected recovery of the amortized cost basis, OTTI is recognized in earnings as the difference between the security's amortized cost basis and fair value. For debt securities that management has no intent to sell and believes that it more likely than not will not be required to sell prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the fair value loss is recognized in accumulated other comprehensive loss. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security as projected based on cash flow projections. See Note 2 to the consolidated financial statements for disclosures related to Corporate America's investment in securities and other than temporary impairments.

Other Investments

Other investments are recorded at cost and evaluated for credit events resulting in impairment.

Federal Home Loan Bank Stock

Corporate America's investment in stock of the FHLB is accounted for at cost because it does not have a readily determinable market value and because its ownership is restricted. At December 31, 2021 and 2020, the Corporate maintains the minimum investment required by the FHLB, which amounted to $2,449,000 and $2,651,100, respectively. Management evaluates the FHLB stock annually for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

Central Liquidity Facility Stock

Corporate America is an agent member of the Central Liquidity Facility (CLF). The Coronavirus Aid, Relief and Economic Security Act (CARES Act) allowed Corporate America to become an agent member of the CLF and purchase CLF capital stock on behalf of a select group of member credit unions, with this obligation expiring on December 31, 2020. The Consolidated Appropriations Act, 2021 extended this obligation to December 31, 2021. The NCUA has requested corporate credit unions further extend this obligation to December 31, 2022. The stock has no quoted market value and is carried at cost.

Loans to Members

Loans to members consist of settlement loans, demand loans, and term loans. Loans to members are stated at the unpaid principal amount outstanding, net of any related allowance for loan losses. Interest rates charged on settlement and demand loans are at a variable rate. Term loans are advanced at fixed rates. Interest income is accrued on the daily balance outstanding at the rate in effect. Loans to members are secured by substantially all of the member's assets excluding residential real-estate loans.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans to Members (Continued)

The allowance for loan losses is based on management's evaluation of the collectability of the loans. The evaluation of management includes consideration of prior loan loss experience, the results of internal review procedures, the current financial condition of the borrower, and the quality of the collateral and current economic conditions affecting the inherent collection risks of the loan portfolio. The accrual of interest is discontinued when management believes that the collection of interest is doubtful. Corporate America has not historically incurred loan losses. At December 31, 2021 and 2020, management determined that all loans were collectible and, therefore, no allowance for loan losses was recorded.

Property and Equipment

Land is carried at cost. Building, furniture, fixtures, and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated over the estimated useful lives of the assets (typically ranging from 2 to 30 years) using the straight-line method.

Credit Union Service Organization (CUSOs) Equity Investments

CUSOs are entities created to serve credit unions and are subject to review by the NCUA. The Corporate is a less than 20% owner in Primary Financial Company, LLC and CU Investment Solutions, LLC, which are CUSOs. As of December 31, 2021 and 2020, the stock in Primary Financial Company, LLC is reported in other investments at the equity value of $289,282 and $284,995, respectively. As of December 31, 2021 and 2020, the stock in CU Investment Solutions, LLC is reported in other investments at the equity value of $461,830 and $332,148, respectively. Management evaluates CUSO stock annually for impairment. The Corporate's consolidated wholly owned subsidiary, SmartSource Solutions, LLC is a CUSO.

National Credit Union Share Insurance Fund

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to 1% of its insured shares. 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 NCUA Board.

Deferred Settlement Balances

Deferred settlement balances primarily consist of uncollected cash items such as uncollected cash letters and net ACH transactions that have not cleared the Federal Reserve Bank, and are not deemed material at December 31, 2021 and 2020.

Members' Accounts

Members' shares are subordinated to all other liabilities of the Corporate upon liquidation. Interest on members' accounts is based on available earnings at the end of an interest period and is not guaranteed by the Corporate. Interest rates on members' accounts are set by management, as authorized by Corporate America's board of directors, based on an evaluation of current and future market conditions.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members' Equity - Perpetual Contributed Capital (PCC) and Perpetual Paid-in Capital (PIC)

As of December 31, 2021 and 2020, Corporate America had the following perpetual contributed capital and perpetual paid-in capital outstanding:

- PIC III is a nonvoting class of membership equity investment in Corporate America that is perpetual nonmaturing and noncumulative. As of December 31, 2021 and 2020, $85,320,000 in PIC III was outstanding with no stated maturity.
- PCC I is a nonvoting class of membership equity investment in Corporate America that is perpetual nonmaturing and noncumulative. As of December 31, 2021 and 2020, $8,180,817 in PCC I was outstanding with no stated maturity.
- PCC II is a nonvoting class of membership equity investment in Corporate America that is perpetual nonmaturing and noncumulative. As of December 31, 2021 and 2020, $6,594,703 in PCC II was outstanding with no stated maturity.

Effective October 20, 2011, the Revised Corporate Part 704 Rule established new capital types. The term "perpetual contributed capital" (PCC) replaced "paid-in capital" (PIC) for any new issuances. The shares that were issued prior to the rule revision will remain classified as paid-in capital.

For consolidated financial statement presentation at December 31, 2021 and 2020, PIC III, PCC I and PCC II accounts are classified as substantially restricted equity and dividend payments are recorded as a reduction of equity.

Perpetual paid-in capital (PIC III) is a separate subordinate, nonvoting class of membership equity investment in Corporate America that is perpetual nonmaturing and noncumulative. Payment of dividends and repayment of principal is subordinate to all share certificate accounts and all previous issues of paid-in capital accounts (PIC I and PIC II). PIC III accounts are wholly at-risk and are not subject to share insurance coverage by the NCUSIF, were offered at the discretion of Corporate America, are callable only at the option of Corporate America with prior permission from both the NCUA and the ACUA, may not be pledged in whole or in part, and are available to cover losses that exceed the Corporate's retained earnings. In the event of liquidation, funds in the PIC III accounts are payable only after satisfaction of all liabilities including perpetual contributed capital and all previously issued paid–in capital.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members' Equity - Perpetual Contributed Capital and Perpetual Paid-in Capital (Continued)

Perpetual contributed capital (PCC I) is a subordinate, nonvoting class of membership equity investment in Corporate America that is perpetual nonmaturing and noncumulative. Payment of dividends and repayment of principal is subordinate to all liabilities of the liquidation estate including uninsured obligations to shareholders and the NCUSIF but not including contributed capital accounts issued before January 18, 2011. However, paid-in capital that is used to cover losses in a calendar year previous to the year of liquidation has no claim against the liquidation estate. PCC I accounts are not subject to share insurance coverage by the NCUSIF or other share or deposit insurance, were offered at the discretion of Corporate America, are callable only at the option of Corporate America with prior permission from both the NCUA and ACUA, may not be pledged against borrowings, and are available to cover losses that exceed the Corporate's retained earnings. In the event of liquidation, any claims made by the holders of PCC I will be subordinate to all other claims, including uninsured obligations to shareholders and the NCUSIF, but not including contributed capital accounts issued before January 18, 2011.

Perpetual contributed capital (PCC II) is a subordinate, nonvoting class of membership equity investment in Corporate America. Payment of dividends and repayment of principal with respect to Corporate America Perpetual Contributed Capital II is subordinate to all liabilities of the liquidation estate including uninsured obligations to shareholders and the NCUSIF except contributed capital accounts issued before January 18, 2011. However, paid-in capital that is used to cover losses in a calendar year previous to the year of liquidation has no claim against the liquidation estate. PCC II has no scheduled maturity date and is not redeemable except upon call by Corporate America and subject to maintenance of capital levels mandated by the NCUA, the ACUA, and the capital plan as set forth by the board of directors of Corporate America Credit Union from time to time. In order to call PCC II, Corporate America would have to have prior permission from both the NCUA and the ACUA. PCC II accounts are callable on a pro-rata basis across an issuance class.

Members' Equity - Undivided Earnings

Undivided Earnings represents the balance of retained earnings which is available for dividends.

Members' Equity – Reserves

Corporate America is required by the NCUA and ACUA to maintain corporate and special reserves which are calculated in accordance with applicable federal and state regulations. The amounts in these reserves are not available for dividends (see Note 7 - Regulatory Capital).

Income Taxes

Corporate America is exempt from federal income taxes under provisions of the Internal Revenue Code, Section 501. The state of Alabama imposes a 6.5% excise tax on the taxable income of state-chartered credit unions. The Corporate's subsidiaries are also exempt from federal and state income taxes.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Corporate America has assessed its activities and any potential federal income tax liability. Corporate America believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. In the opinion of management, any liability arising from federal taxation of activities deemed to be unrelated to its exempt purposes is not expected to have a material effect on the Corporate's financial position or results of operation. Corporate America has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits requiring recognition in the consolidated financial statements.

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, the potential tax liability, and any potential additional liability resulting from the taxing authorities imposing taxes, penalties, and interest on the taxes due is not expected to have a material effect on the Corporate's financial position or results of operations.

The Corporate has evaluated its tax positions and determined no uncertain tax positions exist as of December 31, 2021 and 2020.

Years 2018 through 2020 are subject to audit by Federal and State tax authorities.

Retirement Plans

Pension expense is the service costs of the plan. The net of interest cost, return on plan assets and amortization of gains and losses not immediately recognized are recorded as other operating expense. Employee 401(k) and profit-sharing plan expense is the amount of matching contributions.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comprehensive Income

Comprehensive income consists of net income and other comprehensive (loss) income. Other comprehensive (loss) income includes unrealized gains and losses on securities available-for-sale and changes in the funded status of defined benefit plan assets. At December 31, accumulated other comprehensive loss was comprised of the following:

	Securities - Available-for-Sale	Defined Benefit Plan	Total
BALANCE - DECEMBER 31, 2019	$ (16,792,835)	$ (6,716,601)	$ (23,509,436)
Other Comprehensive Gain (Loss) Before Reclassifications	19,499,578	(1,142,276)	18,357,302
Amounts Reclassified from Accumulated Other Comprehensive Loss	(2,367,314)	659,915	(1,707,399)
Net Prior Period Other Comprehensive Income (Loss)	17,132,264	(482,361)	16,649,903
BALANCE - DECEMBER 31, 2020	339,429	(7,198,962)	(6,859,533)
Other Comprehensive Loss Before Reclassifications	(4,264,509)	(1,794,415)	(6,058,924)
Amounts Reclassified from Accumulated Other Comprehensive Loss	(3,065,851)	738,112	(2,327,739)
Net Current Period Other Comprehensive Loss	(7,330,360)	(1,056,303)	(8,386,663)
BALANCE - DECEMBER 31, 2021	$ (6,990,931)	$ (8,255,265)	$ (15,246,196)

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the consolidated financial statements.

Off-Statement of Financial Condition Credit Related Financial Instruments

In the ordinary course of business, the Corporate has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Corporate recognizes revenue in accordance with Revenue from Contract with Customers (Topic 606). Refer to Note 13, Revenue from Contracts with Customers, for further details of disaggregated revenue.

The Corporate applies the following optional exemptions that are permitted under the Topic 606, which have been applied consistently to all contracts within all reporting periods presented:

- The Corporate recognizes the incremental cost of obtaining a contract as an expense, when incurred, if the amortization period of the asset that the Credit Union would have recognized is one year or less.
- For performance obligations satisfied over time, if the Corporate has a right to consideration from a member in an amount that corresponds directly with the value to the member of the Corporate's performance completed to date, the Corporate will generally recognize revenue in the amount to which the Corporate has a right to invoice.
- The Corporate does not generally disclose information about its remaining performance obligations for those performance obligations that have an original expected duration of one year or less, or where the Corporate recognizes revenue in the amount to which the Corporate has a right to invoice.

Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. Topic 606 is applicable to Noninterest Income such as service charges and member account fees. Significant components of Noninterest Income considered to be within the scope of Topic 606 is discussed below.

Service Charges and Member Account Fees

The Corporate earns fees from its members for transaction-based, account maintenance, and web hosting/development services. Transaction-based fees, which include services such as share draft processing, branch capture processing, wire transfers, ACH origination and receipt, and web development, are recognized at the time the transaction is executed as that is the point in time the Corporate fulfills the member's request. Account maintenance fees and web hosting fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporate satisfies the performance obligation.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Other Income

The Corporate acts as an agent for third-party vendors that provide investment services and products. Upon completion of a sale of investment services or products to a member, the Corporate receives a commission from the third-party vendor. The performance obligation to the third-party vendor is satisfied and the commission income is recognized at that point in time.

Additionally, other income is earned as referral fees from third-party vendors. Upon completion of the sale by third-party vendors of products or services to a member, the Corporate receives referral fee income. The performance obligation to the third-party vendor is satisfied and the referral fee income is recognized at that point in time.

Subsequent Events

In preparing these financial statements, the Corporate has evaluated events and transactions for potential recognition or disclosure through March 16, 2022, the date the financial statements were available to be issued.

Reclassification of 2020 Data

Data in the 2020 consolidated financial statements has been reclassified to conform with the presentation of the 2021 consolidated financial statements. This classification did not result in any change to net income or members' equity.

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2

DEPOSITS WITH OTHER FINANCIAL INSTITUTION

On October 1, 2010, U.S. Central Federal Credit Union (U.S. Central) was placed into liquidation status. At that time, Corporate America was issued a claim certificate for the membership capital and paid-in capital balances previously depleted through the recognition of losses. This claim certificate enables Corporate America to share in any proceeds correspondent to the payout priority of the claim recovered during the liquidation of U.S. Central. During 2021, evaluations conducted by the NCUA Board determined that sufficient funds were available for U.S. Central membership capital shareholders to receive distributions from the estate. In 2021, Corporate America received approximately $13,892,000 in distributions recorded as a component of Noninterest Income.

NOTE 3

SECURITIES AND OTHER INVESTMENTS

AVAILABLE-FOR-SALE

The amortized cost and fair value of securities available-for-sale are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Carrying Value)
December 31, 2021				
U.S. Government and Federal Agency Securities	$ 217,365,019	$ 46,224	$ (1,271,300)	$ 216,139,943
SBA Loan Pools	1,038,910,125	2,507,015	(7,991,634)	1,033,425,506
Collateralized Mortgage Obligation Securities	684,109,094	2,460,351	(2,354,670)	684,214,775
Asset-Backed Securities:				
FFELP Backed Student Loans	308,583,162	2,572,366	(483,199)	310,672,329
Non FFELP Student Loans	282,213,605	304,139	(2,020,982)	280,496,762
Non FFELP Other Assets Loans	1,003,464,702	2,074,321	(2,833,562)	1,002,705,461
Total	$ 3,534,645,707	$ 9,964,416	$ (16,955,347)	$ 3,527,654,776
December 31, 2020				
U.S. Government and Federal Agency Securities	$ 302,404,449	$ 162,000	$ (1,387,014)	$ 301,179,435
SBA Loan Pools	833,918,617	1,298,706	(9,396,159)	825,821,164
Collateralized Mortgage Obligation Securities	847,224,185	4,402,809	(45,730)	851,581,264
Asset-Backed Securities:				
FFELP Backed Student Loans	452,960,087	1,738,073	(3,492,034)	451,206,126
Non FFELP Student Loans	122,224,326	627,751	(807,419)	122,044,658
Non FFELP Other Assets Loans	1,062,121,474	7,307,138	(68,692)	1,069,359,920
Total	$ 3,620,853,138	$ 15,536,477	$ (15,197,048)	$ 3,621,192,567

Sales of securities available-for-sale resulted in gross gains of approximately $3,370,000 and $2,393,000 and gross losses of approximately $304,000 and $25,000 during the years ended December 31, 2021 and 2020, respectively.

NOTE 3

SECURITIES AND OTHER INVESTMENTS (CONTINUED)

AVAILABLE-FOR-SALE (CONTINUED)

The amortized cost and fair value of securities, at December 31, 2021, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-Sale	
	Amortized Cost	Fair Value (Carrying Value)
U.S. Government and Federal Agency Securities:		
One to Five Years	$ 2,146,593	$ 2,119,887
After Ten Years	215,218,426	214,020,056
Subtotal	217,365,019	216,139,943
SBA Loan Pools:		
Less Than One Year	717,004	716,382
One to Five Years	44,246,765	43,050,519
Five to Ten Years	334,200,163	331,538,942
After Ten Years	659,746,193	658,119,663
Subtotal	1,038,910,125	1,033,425,506
Collateralized Mortgage Obligation Securities:		
One to Five Years	186,695,809	186,927,053
Five to Ten Years	211,568,529	212,326,695
After Ten Years	285,844,756	284,961,027
Subtotal	684,109,094	684,214,775
Asset-Backed Securities:		
Less Than One Year	4,958,925	4,961,791
One to Five Years	857,237,271	858,058,247
Five to Ten Years	130,030,501	129,153,162
After Ten Years	602,034,772	601,701,352
Subtotal	1,594,261,469	1,593,874,552
Total	$ 3,534,645,707	$ 3,527,654,776

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3

SECURITIES AND OTHER INVESTMENTS (CONTINUED)

AVAILABLE-FOR-SALE (CONTINUED)

Temporarily Impaired Securities

Information pertaining to securities with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than Twelve Months		Greater Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
December 31, 2021				
U.S. Government and Federal Agency Securities	$ (138,133)	$ 14,335,727	$ (1,133,167)	$ 193,187,936
SBA Pools	(1,150,698)	305,205,946	(6,840,936)	313,614,654
Collateralized Mortgage Obligation Securities	(2,354,670)	129,541,370	-	-
Asset-Backed Securities:				
FFELP Student Loans	(9,038)	9,587,145	(474,161)	115,404,250
Non FFELP Student Loans	(1,788,572)	170,295,216	(232,410)	35,212,060
Non FFELP Other Asset Loans	(2,820,558)	671,872,165	(13,004)	13,515,577
Total	$ (8,261,669)	$ 1,300,837,569	$ (8,693,678)	$ 670,934,477

	Less Than Twelve Months		Greater Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
December 31, 2020				
U.S. Government and Federal Agency Securities	$ (1,364,890)	$ 267,353,641	$ (22,124)	$ 3,613,355
SBA Pools	(110,669)	51,517,759	(9,285,490)	447,069,820
Collateralized Mortgage Obligation Securities	(38,527)	19,889,256	(7,203)	4,396,967
Asset-Backed Securities:				
FFELP Student Loans	(327,187)	37,345,837	(3,164,847)	317,701,935
Non FFELP Student Loans	(2,622)	7,239,211	(804,797)	48,638,086
Non FFELP Other Asset Loans	(68,692)	111,971,741	-	-
Total	$ (1,912,587)	$ 495,317,445	$ (13,284,461)	$ 821,420,163

NOTE 3

SECURITIES AND OTHER INVESTMENTS (CONTINUED)

AVAILABLE-FOR-SALE (CONTINUED)

Temporarily Impaired Securities (Continued)

At December 31, 2021, the 350 securities with unrealized losses have depreciated 0.85% from the Credit Union's amortized cost basis. All of these securities are either guaranteed by federal insurance, the U.S. Government, and/or secured by mortgage loans. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold securities until maturity or for the foreseeable future for those classified as available-for-sale, no declines are deemed to be other than temporary.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material.

OTHER INVESTMENTS

Other investments are summarized as follows:

	December 31,	
	2021	2020
Loans to, and Investments in, CUSOs	$ 751,112	$ 617,143

Loans to, and Investments in, CUSOs

The Credit Union has minor ownership interests CUSOs providing services to the credit union market. Such investments, as a practical expedient, are recorded at cost, less impairment, plus or minus observable price changes.

NOTE 4

LOANS, NET

The composition of loans is as follows:

	December 31,	
	2021	2020
Loans to Members:		
Fixed-Rate Term Loans	$ 15,095,000	$ 2,230,000
Settlement Lines of Credit	840,813	782,087
Loans, Net	$ 15,935,813	$ 3,012,087

There were no past due, impaired, restructured or nonaccrual loans and management determined that all loans to member credit unions were collectible in full and, therefore, no allowance for loan losses was deemed necessary as of December 31, 2021 and 2020. Management considers loan balances to a single member greater than 20% of loans to be a concentration. At December 31, 2021, the Corporate had four loans to two members totaling $9,522,847 (60% of total loans) at interest rates of 0.53% to 1.05%. Despite the limited lending volume, the Corporate has established an internal risk rating system for loans to monitor member's financial health.

NOTE 5

PREMISES AND EQUIPMENT, NET

The Corporate's premises and equipment is summarized as follows:

	December 31,	
	2021	2020
Land	$ 459,127	$ 459,127
Buildings	4,541,104	4,597,187
Furniture and Equipment	4,305,566	4,082,146
Subtotal	9,305,797	9,138,460
Less: Accumulated Depreciation	(4,177,352)	(3,790,473)
Total	$ 5,128,445	$ 5,347,987

NOTE 6

MEMBERS' SHARE AND CAPITAL ACCOUNTS

Members' share and capital accounts are as follows:

December 31, 2021	Balance	Dividend and Interest Expense
Share Accounts	$ 3,638,211,771	$ 3,113,086
Nonperpetual Contributed Capital Account (NCA)	4,760,681	4,827
Nonperpetual Paid-in-Capital Accounts (PIC I and II)	-	198
Share Certificates	606,544,881	1,968,931
Total	$ 4,249,517,333	$ 5,087,042

December 31, 2020	Balance	Dividend and Interest Expense
Share Accounts	$ 4,345,751,212	$ 11,251,199
Nonperpetual Contributed Capital Account (NCA)	4,760,681	4,840
Nonperpetual Paid-in-Capital Accounts (PIC I and II)	404,696	406
Share Certificates	358,466,743	3,754,308
Total	$ 4,709,383,332	$ 15,010,753

Share accounts are comprised of settlement and overnight shares that are available on demand and other short-term liquidity accounts that require 30-day notice for withdrawal. Typically share account dividends accrue daily and are paid monthly. Share certificates typically have specific maturities and dividend rates. Dividend payments on share certificates vary depending on type and the length of maturity. Share certificates can be redeemed by members prior to maturity at fair value, as determined by Corporate America. Dividend rates are set by management, as authorized by Corporate America's board of directors, based on an evaluation of current and future market conditions.

Scheduled contractual maturities of share certificates as of December 31, 2021 are as follows:

Year Ending December 31,	Amount
2022	$ 102,621,432
2023	116,174,476
2024	106,418,174
2025	66,305,000
2026	215,025,799
Total	$ 606,544,881

The aggregate amount of members' share and savings accounts in excess of $250,000 at December 31, 2021 and 2020 was $4,147,799,254 and $4,610,671,843, respectively.

NOTE 6

MEMBERS' SHARE AND CAPITAL ACCOUNTS (CONTINUED)

Member Contributed Capital under Revised Corporate Rule 704

Effective October 20, 2011, the Revised Corporate Part 704 Rule established new capital types. The term "perpetual contributed capital" (PCC) replaced "paid-in capital" (PIC) and the term "nonperpetual capital account" (NCA) replaced the term "membership capital account" (MCA). Under the revised rule, MCAs that were not converted to NCAs or PCC by October 20, 2011, were put on notice by the Corporate and, to the extent not needed to cover operational losses, returned to the member at the end of the notice period. (See also Note 7 – Regulatory Capital and Revised Corporate Rule 704.)

Nonperpetual Capital Accounts (NCA) – have an indefinite term with a minimum withdrawal notice of five years; are not insured by the NCUSIF or other share or deposit insurers; cannot be pledged against borrowings; and are available to cover losses that exceed the Corporate's retained earnings, all capital accounts issued before January 18, 2011 and perpetual capital accounts issued on or after January 18, 2011. Any such losses would be distributed pro rata, at the time the loss is realized, among NCA account holders. To the extent that NCA funds are used to cover losses, the Corporate is prohibited from restoring or replenishing the affected accounts under any circumstance. In the event of liquidation, the holders of NCAs will claim equally; these claims will be subordinate to all other claims (including uninsured obligations to shareholders and NCUSIF claims), but not including contributed capital accounts issued before January 18, 2011 or perpetual capital accounts issued on or after January 18, 2011. However, NCAs that are used to cover losses in a calendar year previous to the year of liquidation have no claim against the liquidation estate.

Nonperpetual Paid-In Capital Accounts (PIC II) – Nonperpetual PIC accounts were offered at the discretion of Corporate America, are not subject to share insurance coverage by the NCUSIF, are callable only at the option of the Corporate with prior permission from both the NCUA and the ACUA and may not be pledged in whole or in part. Paid-in capital share deposits are available to cover losses that exceed retained earnings and, in the event of liquidation, funds in the PIC II accounts are payable only after satisfaction of all liabilities including NCAs and perpetual contributed capital (PCC), but not including perpetual paid-in capital (PIC III). Corporate America's nonperpetual paid-in capital (PIC II) consisted of one separate issuance on June 29, 2001 with a maturity date of June 28, 2021, with $-0- and $404,696 outstanding as of December 31, 2021 and 2020, respectively.

NOTE 6

MEMBERS' SHARE AND SAVINGS ACCOUNTS (CONTINUED)

Member Contributed Capital under Revised Corporate Rule 704 (Continued)
For financial statement presentation, PIC II is classified as a member deposit account liability due to the fact that it is nonperpetual.

Member accounts are insured to at least $250,000 by the NCUSIF. The NCUSIF is a federal insurance fund backed by the full faith and credit of the U.S. government.

NOTE 7

BORROWED FUNDS

The Corporate maintains a line of credit with the Federal Home Loan Bank (FHLB) of Atlanta from which it obtains structured collateralized advances. There were no outstanding advances as of December 31, 2021 and 2020. The maximum credit available at December 31, 2021 and 2020 was $1,089,784,500 and $1,297,569,250, respectively; this amount is evaluated and adjusted monthly based on the size of the Corporate's assets. At December 31, 2021 and 2020, the advances are collateralized by investments with market values totaling $811,934,830 and $1,060,719,947, respectively. The Corporate has no loan balances outstanding as of December 31, 2021 and 2020 under this borrowing arrangement.

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8

REGULATORY CAPITAL

Corporate America is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional, discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporate's consolidated financial statements. The regulatory capital standards are set forth by the NCUA in Part 704 of the NCUA Rules and Regulations. The revised corporate rule Part 704 became effective on October 21, 2011. Among other things, the revised final rule modified the corporate credit union capital requirements to make them more consistent with the Basel 1 capital requirements imposed by banking regulators on banks. The revised final rule 704 establishes a new capital structure, including risk-based capital requirements and established prompt corrective action (PCA) requirements for corporate credit unions.

The revised final rule 704 replaced the 4% minimum total capital ratio with three minimum capital ratios:

- *Leverage Ratio* (4% to be adequately capitalized) (5% to be well capitalized) – The 4% leverage ratio became effective on October 21, 2013 and is defined as the ratio of Tier 1 core capital to moving daily average net assets (MDANA).
- *Tier 1 Risk-Based Capital Ratio* (4% to be adequately capitalized) (6% to be well capitalized) – Tier 1 core capital is defined as the sum of retained earnings and perpetual contributed capital. The Tier 1 risked-based capital ratio is defined as the ratio of Tier 1 capital to the moving monthly average net risk-weighted assets (MMANRA).
- *Total Risk-Based Capital Ratio* (8% to be adequately capitalized) (10% to be well capitalized) – The total risk-based capital ratio is defined as the ratio of total capital (retained earnings, perpetual contributed capital (PCC) or nonperpetual capital (NCA) to moving monthly average net risk-weighted assets (MMANRA)).

Failure to meet any of these three minimum ratios triggers a capital restoration plan requirement and potentially other new PCA provisions. The 704 regulatory definition of Tier 1 capital changed November 2017. Corporates are required to deduct any amount of PCC received from federally insured credit unions that causes PCC minus retained earnings, all divided by moving daily average net assets, to exceed 2% when a corporate credit union's retained earnings ratio is less than 2.5%. As of September 2018, CACU is not required to reallocate from Tier 1 to Tier 2 capital as a result of the calculation.

As of December 31, 2021, the most recent NCUA Call Reporting period, the Corporate was categorized as "adequately capitalized" based on the Leverage, Tier 1 and Total risk-based capital ratios under the regulatory framework for prompt corrective action. To remain categorized as "adequately capitalized" or "well capitalized", the Corporate will have to maintain minimum Total risk-based, Tier 1 risk-based, and Leverage ratios as disclosed in the tables below. There are no conditions or events since the most recent notification that management believes have changed the Corporate's prompt corrective action category.

NOTE 8

The Corporate's actual and required capital amounts and ratios are as follows:

December 31, 2021	Actual Amount	Actual Rate	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Rate	To be Considered Well Capitalized Amount	To be Considered Well Capitalized Rate
Leverage Capital (Tier 1 Core Capital to MDANA)	$ 215,867,740	4.78%	$ 180,659,775	>4.0%	$ 225,824,719	>5.0%
Tier 1 Risk-Based Capital (Tier 1 Core Capital to MMANRA)	215,867,740	13.91%	62,076,317	>4.0%	93,114,476	>6.0%
Total Risk-Based Capital (Total Capital to MMANRA)	220,628,415	14.22%	124,152,634	>8.0%	155,190,793	>10.0%
Retained Earnings (Retained Earnings to MDANA)	116,523,329	2.58%	20,324,225	>0.45%	N/A	N/A

December 31, 2020	Actual Amount	Actual Rate	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Rate	To be Considered Well Capitalized Amount	To be Considered Well Capitalized Rate
Leverage Capital (Tier 1 Core Capital to MDANA)	$ 188,366,484	4.09%	$ 184,252,751	≥4.0%	$ 230,315,938	≥5.0%
Tier 1 Risk-Based Capital (Tier 1 Core Capital to MMANRA)	188,366,484	11.79%	63,895,762	≥4.0%	95,843,643	≥6.0%
Total Risk-Based Capital (Total Capital to MMANRA)	193,167,634	12.09%	127,791,523	≥8.0%	159,739,404	≥10.0%
Retained Earnings (Retained Earnings to MDANA)	88,888,110	1.93%	20,728,434	>0.45%	N/A	N/A

Additional Regulatory Capital Information	2021	2020
Moving Daily Average Net Assets (MDANA)	$ 4,516,494,375	$ 4,606,318,767
Moving Monthly Average Net Risk-Weighted Assets (MMANRA)	$ 1,551,907,929	$ 1,597,394,042
PCC/PIC III Perpetual	$ 100,095,520	$ 100,095,520
PIC I and II Nonperpetual (Unamortized)	-	40,470
NCA (Unamortized)	4,760,681	4,760,681
Total	$ 104,856,201	$ 104,896,671

NOTE 9

RELATED PARTY TRANSACTIONS

The board of directors of the Corporate is comprised of employees of member credit unions. During the years ended December 31, 2021 and 2020, the Corporate entered into numerous transactions with these member credit unions. The transactions were based on the individual credit union's investment and liquidity needs and their approved line-of-credit agreements. Management is of the opinion these transactions were made in accordance with existing regulations and were consummated on terms equivalent to those that prevail in arm's length transactions.

As of December 31, 2021 and 2020, there were two loans outstanding to these member credit unions in the amount of $6,500,000 and $2,000,000, respectively. Deposits from these member credit unions at December 31, 2021 and 2020 amounted to $303,535,822 and $522,423,249, respectively.

NOTE 10

COMMITMENTS AND CONTINGENT LIABILITIES

Financial Instruments with Off-Balance-Sheet-Risk

The Corporate, in the normal course of business, is party to conditional commitments to meet the investment and liquidity needs of member credit unions and to reduce its overall exposure to fluctuations in interest rates. These commitments represent financial instruments to extend credit which are primarily advised lines of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statement of financial condition. The contract or notional amounts of those instruments reflect the extent of involvement the Corporate has in particular classes of financial instruments. The Corporate's exposure to credit loss is represented by the notional amount of those instruments. The Corporate uses the same credit policies in making commitments as it does for on-balance-sheet instruments. The Corporate requires collateral or other security to support financial instruments with credit risk. As of December 31, 2021 and 2020, unfunded commitments under advised lines of credit approximated $2,430,910,834 and $2,363,108,660, respectively.

Commitments under revolving lines of credit are subject to the member credit unions meeting certain requirements set by the Corporate at the time advances are required. Since many commitments are never fully drawn, the total committed amount does not necessarily represent future cash requirements. Management evaluates each member's credit-worthiness on a case-by-case basis. Advances are secured by substantially all of the member's assets excluding residential real estate loans.

Lawsuits

The Corporate was not party to any legal actions as of December 31, 2021 that are required to be accrued or disclosed in the consolidated financial statements in accordance with

NOTE 11

FAIR VALUE

Recurring Basis

Fair values of available-for-sale securities that are measured on a recurring basis at December 31 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
U.S. Government and Federal				
Agency Securities	$ 216,139,943	$ -	$ 216,139,943	$ -
SBA Loan Pools	1,033,425,506	-	1,033,425,506	-
Collateralizes Mortgage				
Obligation Securities	684,214,775	-	684,214,775	-
Asset-backed Securities:				
FFELP Backed Student Loans	310,672,329	-	310,672,329	-
Non FFELP Student Loans	280,496,762	-	280,496,762	-
Non FFELP Other Asset Loans	1,002,705,461	-	1,002,705,461	-
Total	$ 3,527,654,776	$ -	$ 3,527,654,776	$ -

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
U.S. Government and Federal				
Agency Securities	$ 301,179,435	$ -	$ 301,179,435	$ -
SBA Loan Pools	825,821,164	-	825,821,164	-
Collateralizes Mortgage				
Obligation Securities	851,581,264	-	851,581,264	-
Asset-backed Securities:				
FFELP Backed Student Loans	451,206,126	-	451,206,126	-
Non FFELP Student Loans	122,044,658	-	122,044,658	-
Non FFELP Other Asset Loans	1,069,359,920	-	1,069,359,920	-
Total	$ 3,621,192,567	$ -	$ 3,621,192,567	$ -

NOTE 12

RETIREMENT PLANS

Defined Benefit

The Corporate's defined benefit pension plan as of December 31, 2021 covers substantially all of its full-time employees. The plan provides payment to participants at varying retirement dates. The plan benefits payable are generally determined based on length of service and employee compensation.

Information about the plan's funded status and amounts recognized in the Corporate's consolidated financial statements for the years ended December 31 are as follows:

	2021	2020
Change in Projected Benefit Obligation		
Benefit Obligation - Beginning of Year	$ 14,391,233	$ 11,293,916
Service Cost	1,426,071	1,040,254
Interest Cost	389,699	381,734
Actuarial Loss	1,783,292	1,677,821
Benefits Paid	(149,046)	(2,492)
Benefit Obligation - End of Year	$ 17,841,249	$ 14,391,233
Accumulated Benefit Obligation - End of Year	$ 12,838,421	$ 10,352,066
Change in Plan Assets		
Fair Value of Plan Assets - Beginning of Year	$ 11,038,891	$ 7,691,357
Actual Return on Plan Assets	650,540	997,026
Employer Contribution	1,606,587	2,353,000
Benefits Paid, including Expenses	(149,046)	(2,492)
Fair Value of Plan Assets - End of Year	$ 13,146,972	$ 11,038,891
Funded Status	$ (4,694,277)	$ (3,352,342)
Amounts Recognized in Statement of Financial Position		
Noncurrent Assets (Liabilities)	$ (4,694,277)	$ (3,352,342)
Amounts Recognized in Accumulated Other Comprehensive Income		
Net Loss	$ 4,544,296	$ 2,894,238
Prior Service Cost	3,710,969	4,304,724
Total Amount Recognized	$ 8,255,265	$ 7,198,962

NOTE 12

RETIREMENT PLANS (CONTINUED)

	2021	2020
Components of Net Periodic Pension Cost		
Service Cost	$ 1,426,071	$ 1,040,254
Interest Cost	389,699	381,734
Expected (Return) on Plan Assets	(661,663)	(461,481)
Amortization of Net Loss	144,357	66,160
Amortization of Prior Service Costs	593,755	593,755
Net Periodic Pension Cost	$ 1,892,219	$ 1,620,422
Other Amounts Recognized in Other Comprehensive Income		
Net (Gain) Loss	$ 1,794,415	$ 1,142,276
Amortization of Net Loss	(144,357)	(66,160)
Amortization of Prior Service Costs	(593,755)	(593,755)
Total Recognized in Other Comprehensive Income	$ 1,056,303	$ 482,361
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	$ 2,948,522	$ 2,102,783
Assumptions at Year-End		
Weighted Average Discount Rate (Pension Benefit Obligations)	2.96%	2.71%
Weighted Average Discount Rate (Net Periodic Pension Cost)	2.71%	3.38%
Expected Long-Term Return on Plan Assets	6.00%	6.00%
Rate of Increase in Future Compensation Levels	3.00%	3.00%
Cash Flows		
Expected Contributions for Period Beginning January 1, 2021	$ 840,000	
Expected Benefit Payments for Period Beginning:		
2022	$ 1,748,000	
2023	26,000	
2024	26,000	
2025	693,000	
2026	3,116,000	
Five Years Thereafter	11,014,000	

The estimated net loss and transition asset for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $273,284.

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12

RETIREMENT PLANS (CONTINUED)

Basis Used to Determine Discount Rate – The discount rate is determined using the FTSE Above Median Pension Liability Index (formerly Citigroup Pension Curve) as of December 31, 2021.

Basis Used to Determine Long-Term Rate of Return on Assets – 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.

Description of Investment Policies and Strategies – The Corporate's overall investment strategy is to safeguard the benefits they are obligated to pay to the employees. The pension fund is invested in broadly diversified funds to attempt to achieve a long-term annual average rate of return equal to approximately 6% while maintaining a reasonable volatility level.

The fair values of the Corporate's pension plan assets at December 31, by asset category, are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
JH LS Balance Active Strategy	$ 424,381	$ 424,381	$ -	$ -
JH LS Moderate Active Strategy	7,117,527	7,117,527	-	-
JH LS Conservative Active Strategy	5,605,064	5,605,064	-	-
Total	$ 13,146,972	$ 13,146,972	$ -	$ -

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
JH LS Balance Active Strategy	$ 381,801	$ 381,801	$ -	$ -
JH LS Moderate Active Strategy	5,860,902	5,860,902	-	-
JH LS Conservative Active Strategy	4,796,188	4,796,188	-	-
Total	$ 11,038,891	$ 11,038,891	$ -	$ -

NOTE 12

RETIREMENT PLANS (CONTINUED)

Level 1 Inputs

The JH LS Balance Active Strategy, JH LS Moderate Active Strategy, and JH LS Conservative Active Strategy growth are mutual funds in which the valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

401(k) Plan

The Corporate sponsors a profit sharing 401(k) retirement plan covering substantially all employees. Under the plan, the Corporate matches the first 5% of the participant's deferral. The Corporate's expenses related to this plan for the years ended December 31, 2021 and 2020 totaled $367,376 and $348,987, respectively.

NOTE 13

REVENUE FROM CONTRACTS WITH MEMBERS

The following presents Noninterest Income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended December 31:

	2021	2020
In scope of ASC 606		
Service Charge and Member Account Fees	$ 6,609,754	$ 6,110,591
Other	355,462	380,351
Noninterest Income in Scope of ASC 606	6,965,216	6,490,942
Noninterest Income not within the Scope of ASC 606	17,655,021	3,235,963
Total Noninterest Income	$ 24,620,237	$ 9,726,905

The Corporate does not typically enter into long-term revenue contracts with members, and therefore, does not experience significant contract balances. As of December 31, 2021 and 2020, the Corporate did not have any significant contract balances. As of December 31, 2021 and 2020, the Corporate did not capitalize any contract acquisition costs.