Corporate America
CREDIT UNION
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2023 ANNUAL REPORT

CorporateAmerica
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ANNUAL REPORT 2023

Section I: Financial Reports

CONTENTS

REPORT OF THE CHAIRMAN AND PRESIDENT

2023 started with liquidity needs as a point of emphasis for many. With the national savings rate dropping below 4% by year-end (compared to the long term trend of over 8%) combined with consumer debt and money market fund balances at record high levels, the need for liquidity was evident in the financial system. To intensify matters, we had a mini banking system crisis in March, compelling the Federal Reserve Bank to roll out the Bank Term Funding Program (BTFP). CACU responded to the needs of members across the nation:

- Increased and provided new lines of credit
- Issued record volume loans
- Assisted with access to additional liquidity sources including:
  - BTFP
  - Federal Home Loan Bank
  - Central Liquidity Facility
  - Federal Reserve Bank (FRB) Discount Window
- Provided opportunities for credit unions to issue CDs to receive nonmember deposits

As the second quarter of 2023 came to an end, we witnessed aggregate demand for liquidity subside as the Fed and regulatory bodies quickly and effectively managed the mini banking crisis.

In July, CACU became certified to send and receive FedNow instant payments. This strengthened our suite of instant payment products which already included Real-Time Payments through the RTP network. CACU is an active player in the instant payment space and an important component of the instant payment ecosystem. We can process instant payment transactions from beginning to end, including settlement, 24/7/365.

2023 marched on and we continued taking action to support your success – here a few highlights:

- 5.6% applied to our Super 30 account – 20 bps above the Fed
- 6.5% effective rate paid on capital (capital not required for membership)
- CD offerings well above the yield curve during the year
- $0.00 charged for services provided four months of 2023
- $33 million in transactions processed by our RISE product compared to $4.5 million during 2022
- $2.2 billion in cash delivered around the nation during 2023 – a record amount

2024 is upon us and we want to do our part supporting your success:

<u>Advancing Technology</u>

- CACU will continue being very active in the instant payment space, participating in both FedNow and RTP payment solutions
- Our loan and collection payment product RISE continues to increase in transaction count and payment amounts for credit unions across the nation.
- We are hearing, reading, and seeing much around artificial intelligence, and at CACU we are proceeding carefully as we seek to understand how implementation helps to serve you better. Initial action steps include:
    - Implementing policies across the organization to utilize generative AI within the organization in a safe and sound manner, consciously protecting member information and allowing us to gain insights into emerging trends
    - Exploring the capabilities of large language models to seamlessly integrate data from key applications to foster productivity, creativity, and skills
    - Applying machine learning to predict and analyze various account balances, optimizing our ability to access and place funds

<u>Investments and Liquidity Solutions</u>

- Super 30 rate currently 20 bps above the Fed's interest on reserve balances rate
- CDs – rates above the yield curve
- SimpliCD – issue and purchase CDs
- Marketable Securities – licensed representatives at your service for purchases and sales
- CACU loans customized for your needs
- Assistance with access to other liquidity sources

Soft landing, hard landing, "Goldilocks" economy – opinions cover the spectrum as to what the future holds. Will geopolitical events drive macroeconomic shocks to economies? As always, uncertainty lies ahead. As always, we leaders must be prepared. It will be incumbent on us to exhibit agility, defined in a business context from Author Leo M. Tillman as:

"The organizational capacity to effectively detect, assess and respond to environmental changes in ways that are purposeful, decisive and grounded in the will to win."

We wish you the best during 2024, and our prayers and thoughts go to those around the world protecting our rights and freedoms.

WE WANT YOU TO THRIVE!

Bradley A. Long, Chairman

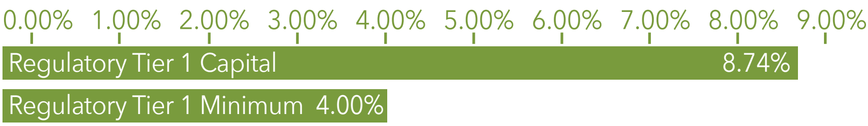
Pete Pritts, President/CEO

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 2023:

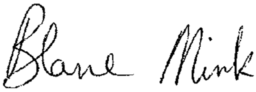
Capital Ratios - December 2023



Description	Regulatory Minimum	CACU's Ratio
Retained Earnings	0.45%	4.63%
Tier 1 RBC Ratio	4.00%	28.53%
Total RBC Ratio	8.00%	28.68%
Base NEV Ratio	3.00%	7.15%
NEV Ratio – Shock Scenario	2.00%	6.13%

CACU ended 2023 with $3.5 billion in assets, 533 members, 170 credit unions using item processing, 137 using ACH origination and/or receipt and 152 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, Secretary/Treasurer

REPORT OF THE LOAN OFFICER

The Loan Officer granted 5,586 loans totaling $14,736,613,886 during 2023. Aggregate Member Advised Lines of Credit to 320 members were $3,563,159,547 and one Committed Line of Credit for $25 million. Cash held on balance sheet, liquid marketable securities, and tested sources of funds provide for approximately $3.2 billion of liquidity to be raised at Corporate

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 2023, the Supervisory Committee engaged the accounting firm of Doeren Mayhew to assist in the fulfillment of these objectives.

The accounting firm performed an opinion audit as of December 31, 2023, 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, Doeren Mayhew examined internal controls over financial reporting as of December 31, 2023, and determined Corporate America maintained effective internal controls over financial reporting. Corporate America also has an internal audit function 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 2023.

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, Chairman

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

America Credit Union. Having the ability to quickly cover 89% of our position, we are poised to be responsive to member needs should a severe liquidity event occur.

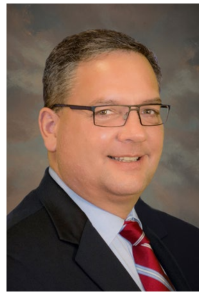
Respectfully submitted,

Pete Pritts, Loan Officer

BOARD OF DIRECTORS

Bradley A. Long
Chairman
First Florida CU

Joey Hand
First Vice Chairman
eCO CU



George Glasser
Second Vice Chairman
Memorial Employees FCU

Blane Mink
Secretary/Treasurer
APCO Employees CU

Heath Harrell
Director
Guardian CU

Mark Johnson
Director
Naheola CU

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 MANAGEMENT

Pete Pritts
President/CEO

Lisa Coffey
Chief Innovation Officer

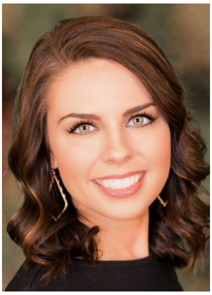
Alison Dagnan
Chief Operations Officer

Rachel Dodson
Chief Financial Officer

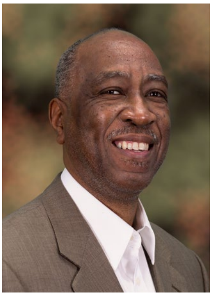
Donald Eagen
Chief Technology Officer

Dave Filby
Chief Investment Officer

Lauren Howle
Chief Strategy Officer



Kayla Barnett
VP Human Resources & Culture



Michael Kennedy
VP Electronic Payments

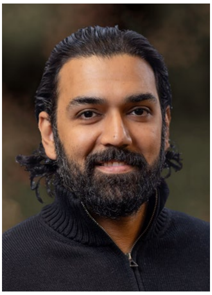
Trey Rudder
VP Strategic Balance Sheet Management

Shane St. John
VP Information Technology

CORPORATE AMERICA STAFF

Olivia Anderson
ACH Specialist

Taylor Anselmo
Electronic Payments Specialist



Danyal Banure
Salesforce Administrator

John Basco
Network Administrator

Kellanee Beavers
Accountant

Carrie Besse
Senior Accountant

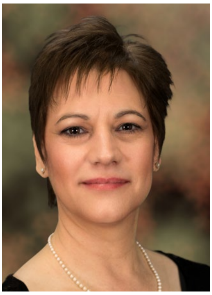
Tameka Bray
Operations Director

Steven Bunn
BSA / AML Officer

Anita Burke
Electronic Payments Specialist

Carolyn Byner
Operations Specialist II

Sharon Childs
Cash Vault Specialist I



Lisa Chimento
Electronic Payments Specialist

CORPORATE AMERICA STAFF

Mallory Clayton
ERM Director

Allison Cobb
Investment Credit Director

Danny Crosby
Physical Assets / Security Specialist

Jessica Cummo
Member Advisor

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

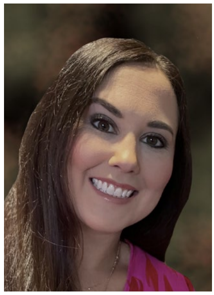
Jill Felton
Operations Specialist II

Laura Filasek
Board Liaison / Executive Assistant

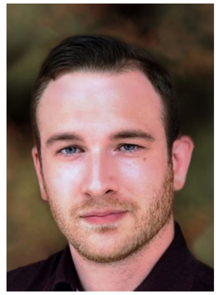
Kevin Ford
Member Advisor

CORPORATE AMERICA STAFF

Allyson Gilbert
Investment Portfolio Manager



Victoria Hamm
Product Implementation Leader

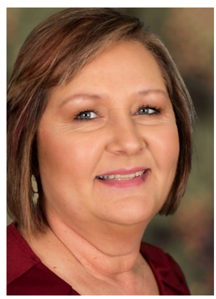


Nathan Hicks
Member Advisor

Natassha Hogan
Operations Specialist I

Tim Hurd
Software Administrator

Tonya Jackson
Operations Specialist II



Lisa Johnson
Operations Specialist III

Raven Johnson
ACH Leader

Trent Kirk
Electronic Payments Specialist

John Lorenzo
Member Advisor

Gisli Magnusson
National Sales Director

James Mask
Information Security Director

CORPORATE AMERICA STAFF

Victoria Mason
Cash Vault Specialist II

Lynn Middleton
Contracts & Product Implementation Specialist

Alonda Montgomery
IT Analyst II

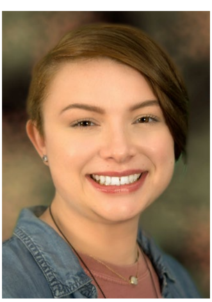
Lorenzo Moore
Member Credit Analyst

Gina Murray
Human Resources Leader

Harold Nelson
Systems Administrator

Brandy Norvell
Investment Credit Analyst

Elizabeth Ogle
Administrative Specialist



Hali Oliver
Electronic Payments Specialist

Dan Olley
Member Advisor

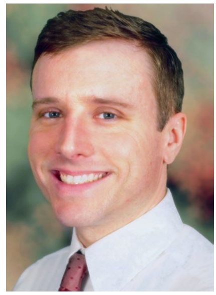
Kaytlin Parker
Operations Specialist

Trey Ragland
Product Development Director

CORPORATE AMERICA STAFF

Melissa Reeves
Operations Specialist I

Joe Rodgers
ALM Director / Senior Analyst



Kevin Sample
Systems Analyst

Brit Shelton
Member Investment Director

David Short
Electronic Payments Specialist

Paul Simpson
Software Administrator

Mary Ann Spiegel
Project Management Director

Erika Swain
Operations Specialist I

Jackie Walker
Liquidity Director

Brittany Walters
Accounting Director

Alston Walton
ALM Analyst II

Mallory Wear
Product Implementation Director

CORPORATE AMERICA STAFF

Ashley White
Investment Analyst

Sheryll Wilson
Electronic Payments Specialist

Brandon Yarbrough
IT Analyst

MINUTES

FORTY-FIRST ANNUAL MEETING - APRIL 27, 2023

Call to Order

Chairman Brad Long called the forty-first annual meeting of Corporate America Credit Union to order at 2:30 p.m. Central. The meeting was held virtually.

Invocation

Director Second Vice Chairman George Glasser gave the invocation.

Pledge of Allegiance

Director Steve Nix requested everyone stand for the Pledge of Allegiance.

Recording Secretary

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

Parliamentarian

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

Attendance

Chairman Brad Long determined that a quorum was present.

Introduction of Board

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

Introduction of Supervisory Committee

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

Approval of Consent Agenda

Chairman Brad Long referred to the Consent Agenda, containing the Report of the Chairman and President, the Report of the Treasurer, the Report of the Supervisory Committee, the Report of the Loan Officer, and the Minutes of the Annual Meeting held on April 28, 2022.

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

Comments from the Chairman

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

Comments from the President

Chairman Brad Long called upon President/CEO Pete Pritts for his comments. President/CEO Pritts welcomed attendees and thanked them for participating virtually.

President/CEO Pritts provided an overview of CACU's accomplishments and offered appreciation to member credit unions for their continued support.

In closing, President Pritts stated that CACU remains committed to collaborating with and adding value to member credit unions.

Unfinished Business

None.

New Business

Chairman Brad Long called upon the Nominating Committee Chairman Mike Miller to give the report. Nominating Committee Chairman Miller introduced the members of the Nominating Committee: First Vice Chairman Joey Hand, and Director Kendall Speed. He thanked the Committee for assisting in the nominations.

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

MINUTES
FORTY-FIRST ANNUAL MEETING - APRIL 27, 2023

BOARD OF DIRECTORS

Position	Term	Nominee	Credit Union
Director	3 Years	George Glasser	Memorial Employees Federal Credit Union
Director	3 Years	Heath Harrell	Guardian Credit Union
Director	3 Years	Blane Mink	APCO Credit Union
Director	2 Years	Eric Renaud	Pima Federal Credit Union

SUPERVISORY COMMITTEE

Position	Term	Nominee	Credit Union
SC Member	3 Years	Tangela Souders	All In Credit Union

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

Nominating Committee Chairman Miller congratulated the elected Directors and the Supervisory Committee Members.

Adjournment
Chairman Brad Long asked for a motion to adjourn. The meeting was duly adjourned at 2:44 p.m. Central.

Bradley A. Long
Chairman

Blane Mink
Secretary/Treasurer

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

For The Years Ended
December 31, 2023 and 2022

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, 2023. 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, 2023.

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

MANAGEMENT REPORT

America Credit Union and Subsidiary; 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 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, 2023, 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, 2023, 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, 2023, has been audited by Doeren Mayhew, an independent public accounting firm, as stated in their report dated March 19, 2024.

Corporate America Credit Union and Subsidiary

March 19, 2024

Pete Pritts

Pete Pritts, President/CEO

Rachel Dodson

Rachel Dodson, CFO

DoerenMayhew

8785 SW 165th Ave., Suite 303
Miami, Florida 33193
305.232.8272 | doeren.com

To the Supervisory Committee, Board of Directors and Management
Corporate America Credit Union

Opinions on the Financial Statements and Internal Control Over Financial Reporting

We have audited the consolidated financial statements of Corporate America Credit Union and its subsidiary, which comprise the consolidated statement of financial condition as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive operations, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated statements present fairly, in all material respects, the consolidated financial position of Corporate America Credit Union and its subsidiary as of December 31, 2023 and 2022, 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.

We also have audited Corporate America Credit Union and its subsidiary internal control over financial reporting as of December 31, 2023, based on including controls over the preparation of regulatory consolidated financial statements in accordance with the instructions for the National Credit Union Administration's (NCUA) 5310 Call Report, as of December 31, 2023, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). In our opinion, Corporate America Credit Union and its subsidiary maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the Internal Control–Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Basis for Opinions

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 Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control Over Financial Reporting section of our report. We are required to be independent of Corporate America Credit Union and its 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 opinions.

Basis for Opinion Responsibilities of Management for the Consolidated Statements and Internal Control Over Consolidated Reporting

Management is responsible for the preparation and fair presentation of the consolidated statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of effective internal control over consolidated reporting relevant to the preparation and fair presentation of consolidated statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over consolidated reporting, included in the accompanying 2023 Management Report.

In preparing the consolidated 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 its subsidiary' ability to continue as a going concern for one year after the date that the consolidated statements are issued.

Auditor's Responsibilities for the Audits of the Consolidated Statements and Internal Control Over Consolidated Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over consolidated reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of consolidated statements or an audit of internal control over consolidated reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness 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 to be 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 statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 statements.
- Obtain an understanding of internal control relevant to the consolidated statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over consolidated reporting relevant to the audit of internal control over consolidated reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over consolidated reporting based on the assessed risk.
- 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 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 its 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 consolidated statement audit.

Definition and Inherent Limitations of Internal Control Over Consolidated Reporting

An entity's internal control over consolidated reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated 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 Section 704.15 of the NCUA Regulations, our audit of Corporate America Credit Union and its subsidiary's internal control over consolidated reporting included controls over the preparation of consolidated statements in accordance with accounting principles generally accepted in the United States of America and with the NCUA 5310 Call Report instructions. An entity's internal control over consolidated reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated statements.

Because of its inherent limitations, internal control over consolidated 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 or procedures may deteriorate.

Doeren Mayhew

Doeren Mayhew
Miami, Florida
March 19, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 917,885,053	$ 670,969,229
Securities – Principal Receivable	13,079,225	19,985,811
Securities - Available-for-Sale	2,405,222,149	2,195,729,755
Loans, Net	103,406,424	152,051,461
Accrued Interest Receivable	12,524,309	10,939,920
Premises and Equipment, Net	5,754,812	5,047,926
National Credit Union Share Insurance Fund (NCUSIF) Deposit	1,006,772	1,030,877
Federal Home Loan Bank (FHLB) Stock	2,146,600	6,480,500
Other Assets	4,569,607	4,234,087
Total Assets	$ 3,465,594,951	$ 3,066,469,566
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' Shares and Certificates	$ 3,247,006,480	$ 2,799,249,135
Borrowed Funds	-	100,000,000
Accrued Interest Payable	4,534,600	3,882,393
Accrued Expenses and Other Liabilities	9,046,613	5,651,740
Total Liabilities	3,260,587,693	2,908,783,268
MEMBERS' EQUITY		
Perpetual Contributed and Paid-In Capital	122,281,405	121,754,415
Undivided Earnings	136,098,840	125,541,276
Accumulated Other Comprehensive Loss	(53,372,987)	(89,609,393)
Total Members' Equity	205,007,258	157,686,298
Total Liabilities and Members' Equity	$ 3,465,594,951	$ 3,066,469,566

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
INTEREST INCOME		
Securities, Interest Bearing Deposits, and Cash Equivalents	$ 126,904,923	$ 58,793,984
Loans	7,837,854	3,352,993
Total Interest Income	134,742,777	62,146,977
INTEREST EXPENSE		
Members' Share and Nonperpetual Capital Accounts	98,102,579	35,055,408
Borrowed Funds	2,195,011	6,405,796
Total Interest Expense	100,297,590	41,461,204
NET INTEREST INCOME	34,445,187	20,685,773
NONINTEREST INCOME		
Service Charges and Fees	6,546,711	7,139,690
U.S. Central Distribution	3,627,109	10,172,235
Other	1,420,611	-
Total Noninterest Income	11,594,431	17,311,925
NONINTEREST EXPENSE		
Employee Compensation and Benefits	15,153,802	13,282,206
Net Loss on Sale of Investments	3,177,507	4,739,690
Other Operating Expenses	2,650,747	2,234,646
Occupancy and Operations	2,037,779	1,989,410
Professional and Outside Services	1,486,157	1,380,162
Educational and Promotional	1,304,877	654,611
Operations	672,200	624,010
Other Pension Expense	540,865	606,662
Travel and Conference Expense	535,557	316,853
Total Noninterest Expense	27,559,491	25,828,250
NET INCOME	$ 18,480,127	$ 12,169,448

CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
NET INCOME	$ 18,480,127	$ 12,169,448
OTHER COMPREHENSIVE INCOME (LOSS):		
Securities - Available-for-Sale		
Unrealized Holding Gain (Loss) Arising During the Period	34,618,429	(84,357,005)
Reclassification for Net Losses included in Net Income	3,177,507	4,739,690
Subtotal	37,795,936	(79,617,315)
Defined Benefit Plan		
Net (Loss) Gain Arising During the Period	(2,153,285)	4,387,079
Amortization of Net Loss	-	273,284
Amortization of Prior Service Cost	593,755	593,755
Subtotal	(1,559,530)	5,254,118
Total Other Comprehensive Income (Loss)	36,236,406	(74,363,197)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 54,716,533	$ (62,193,749)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Perpetual Contributed and Paid-In Capital
BALANCE - DECEMBER 31, 2021	$ 100,095,520
Net Income	-
Other Comprehensive Loss	-
Issuance of Perpetual Contributed Capital	21,658,895
Perpetual Capital Dividends	-
BALANCE - DECEMBER 31, 2022	121,754,415
Net Income	-
Other Comprehensive Income	-
Issuance of Perpetual Contributed Capital	526,990
Perpetual Capital Dividends	-
BALANCE - DECEMBER 31, 2023	$ 122,281,405

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
	$116,523,329	$ (15,246,196)	$ 201,372,653
	12,169,448	-	12,169,448
	-	(74,363,197)	(74,363,197)
	-	-	21,658,895
	(3,151,501)	-	(3,151,501)
	125,541,276	(89,609,393)	157,686,298
	18,480,127	-	18,480,127
	-	36,236,406	36,236,406
	-	-	526,990
	(7,922,563)	-	(7,922,563)
	$ 136,098,840	$ (53,372,987)	$ 205,007,258

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 18,480,127	$ 12,169,448
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	527,043	452,956
Amortization of Security Premiums/Discounts, Net	15,173,969	23,716,784
Net Loss on Sale of Investments	3,177,507	4,739,690
Loss on Disposal of Assets, Net	44,632	-
Changes in:		
Increase in Accrued Interest Receivable	(1,584,389)	(5,068,990)
Decrease (Increase) in Securities - Principal Receivable	6,906,586	(1,846,355)
(Increase) Decrease in Other Assets	(156,949)	5,090,664
Decrease in Other Investments	-	430,272
Increase in Accrued Interest Payable	652,207	2,071,226
Increase (Decrease) in Accrued Expenses and Other Liabilities	1,835,343	(2,536,831)
Net Cash Provided by Operating Activities	45,056,076	39,218,864
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Securities:		
Available-for-Sale Securities	(930,617,941)	(1,048,565,390)
Proceeds from Maturities and Principal Paydowns of Available-for-Sale Securities	671,170,983	1,363,216,703
Proceeds from Sales of Available-for-Sale Securities	69,399,024	909,199,919
Redemptions (Purchases) of FHLB Stock	4,333,900	(4,031,500)
Redemption of CLF Stock	-	32,518,324
Loan Originations Net of Principal Collected on Loans to Members	48,645,037	(136,115,648)
Decrease (Increase) in NCUSIF Deposit	24,105	(52,866)
Purchase of Other Investments	(178,571)	(2,550,000)
Proceeds from Sales of Premises and Equipment	30,000	-
Expenditures for Premises and Equipment	(1,308,561)	(372,437)
Net Cash (Used In) Provided by Investing Activities	(138,502,024)	1,113,247,105
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Members' Shares and Certificates	447,757,345	(1,450,268,198)
(Repayment) Borrowings on FHLB Line of Credit	(100,000,000)	100,000,000
Net Increase in Member Perpetual Contributed and Paid-In Capital	526,990	21,658,895
Dividends on Member Perpetual Contributed and Paid-In Capital	(7,922,563)	(3,151,501)
Net Cash Provided by (Used In) in Financing Activities	340,361,772	(1,331,760,804)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	246,915,824	(179,294,835)
Cash and Cash Equivalents - Beginning of Year	670,969,229	850,264,064
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 917,885,053	$ 670,969,229
SUPPLEMENTAL DISCLOSURE:		
Borrowed Funds Interest Paid	$ 3,459,855	$ 5,038,870
Members' Share and Nonperpetual Capital Accounts Interest Paid	$ 96,185,528	$ 32,984,182

See accompanying notes to consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Corporate credit unions are non-profit 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.

Credit Union Service Organization (CUSO) Investments

The Credit Union's CUSO investments are accounted for either using the equity method of accounting, or, if there is no readily determinable market value, then the investment is accounted for at its original cost less impairment, if any, are as follows:

	As of December 31,	
	2023	2022
Equity-method investments:		
Aptys Solutions, LLC	$934,000	$959,000
Primary Financial, LLC	227,000	221,000
Credit Union Investment Services	215,000	374,000
PRI Holdings, LTD	151,000	-
	$1,527,000	$1,554,000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assets in the defined benefit plan, the financial investments, in the assessment of credit 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 21% and 18% of total member deposits at December 31, 2023 and 2022.

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 Bank (FRB) 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 statement of financial condition classification and the 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.

Securities – Available-for-Sale

Investment accounting practices have been adopted as follows:

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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities – Available-for-Sale (Continued)

Unrealized gains and losses on securities available-for-sale are recognized as direct increases or decreases in accumulated other comprehensive income (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.

The Credit Union evaluates its available-for-sale investment securities portfolio on a quarterly basis for indicators of impairment. The Credit Union assesses whether an impairment has occurred when the fair value of a debt security is less than the amortized cost at the balance sheet date. Management reviews the amount of unrealized loss, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. For those debt securities classified as available-for-sale, the difference between fair value and amortized cost that is not attributable to movements in interest rates is considered to be credit impaired and would be recognized in provision for credit losses under the current expected credit loss accounting.

Securities – Principal Receivable

Delayed principal payments related to asset-backed securities are recorded as a receivable.

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 credit 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.

The allowance for credit 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, 2023 and 2022, management determined that all loans were collectible and, therefore, no allowance for credit losses was recorded.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are calculated over the estimated useful lives of the assets (typically ranging from 3 to 40 years) using the straight-line method.

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.

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 its ownership is restricted. Management evaluates the FHLB stock annually for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

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.

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

PIC III, PCC I, PCC II and PCC III are non-voting classes of membership in Corporate America that is perpetual non-maturing and non-cumulative.

As of December 31, 2023 and 2022, Corporate America had the following PIC and PCC outstanding:

	2023	2022
PIC III	$ 85,320,000	$ 85,320,000
PCC I	$ 8,180,817	$ 8,180,817
PCC II	$ 6,594,703	$ 6,594,703
PCC III	$ 22,185,885	$ 21,658,895

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For the consolidated financial statement presentation at December 31, 2023 and 2022, PIC III, PCC I, PCC II and PCC III accounts are classified as substantially restricted equity and dividend payments are recorded as a reduction of equity.

PCC and PIC are subordinate, uninsured, non-voting classes of membership equity investment in Corporate America that are perpetual, non-maturing, non-cumulative, and available to cover losses that exceed retained earnings. PCC and PIC have no scheduled maturity date and are 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 or PIC, Corporate America would be required to have prior permission from both the NCUA and the ACUA.

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 8 - 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 wholly owned subsidiary is treated as a disregarded entity for tax reporting purposes.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Corporate has evaluated its tax positions and determined no uncertain tax positions exist as of December 31, 2023 and 2022.

Years 2020 through 2022 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.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available-for-sale and changes in the funded status of defined benefit plan assets. At December 31, 2023 and 2022, accumulated other comprehensive loss was comprised of the following:

	Securities - Available-for-Sale	Defined Benefit Plan	Total
BALANCE - DECEMBER 31, 2021	$ (6,990,931)	$ (8,255,265)	$ (15,246,196)
Other Comprehensive (Loss) Gain Before Reclassifications	(84,357,005)	4,387,079	(79,969,926)
Amounts Reclassified from Accumulated Other Comprehensive Loss	4,739,690	867,039	5,606,729
Net Current Period Other Comprehensive (Loss) Income	(79,617,315)	5,254,118	(74,363,197)
BALANCE - DECEMBER 31, 2022	$ (86,608,246)	$ (3,001,147)	$ (89,609,393)
Other Comprehensive Gain (Loss) Before Reclassifications	$ 34,618,429	$ (2,153,285)	$ 32,465,144
Amounts Reclassified from Accumulated Other Comprehensive Loss	3,177,507	593,755	3,771,262
Net Current Period Other Comprehensive Income (Loss)	37,795,936	(1,559,530)	36,236,406
BALANCE - DECEMBER 31, 2023	$ (48,812,310)	$ (4,560,677)	$ (53,372,987)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are any matters that will have a material effect on the consolidated financial statements.

FRB – Excess Balance Account (EBA) Program

Corporate America, as agent, entered into an EBA agreement with participating member credit unions and the FRB, whereby the FRB opened EBA accounts for the benefit of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in Corporate America's consolidated financial statements. These balances totaled approximately $34,000,000 and $42,000,000 as of December 31, 2023 and 2022, respectively. Neither the participating member credit unions nor the agent may use the EBA for general payments or other activities. The aggregate balance in the EBA represents a deposit liability of the FRB solely to the participants. The agent is solely responsible for calculating and distributing the interest payable to each participant on the participant's excess balance and for damages owed to participants for any inaccuracy in calculating the participant's excess balance and interest.

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.

Revenue Recognition

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

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 19, 2024, the date the financial statements were available to be issued.

Reclassification

Certain items in 2022 have been reclassified to conform with current year classifications.

NOTE 2 U.S. CENTRAL ESTATE SETTLEMENT

On October 1, 2010, U.S. Central Federal Credit Union (U.S. Central) was placed into liquidation status. A 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. Corporate America received approximately $3,627,000 and $10,172,000 in distributions recorded as a component of Noninterest Income in 2023 and 2022, respectively.

NOTE 3 SECURITIES AND OTHER INVESTMENTS

AVAILABLE-FOR-SALE

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

As of December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency Securities	$ 136,846,040	$ -	$ (3,943,413)	$ 132,902,627
SBA Loan Pools	672,390,572	1,993,469	(9,144,047)	665,239,994
Agency Collateralized Mortgage Obligation Securities	332,153,026	-	(14,349,763)	317,803,263
Asset-Backed Securities:				
FFELP Student Loans	199,767,993	355,467	(2,203,259)	197,920,201
Non FFELP Student Loans	247,381,595	170,795	(14,848,112)	232,704,278
Other Secured	865,495,233	4,238,959	(11,082,406)	858,651,786
Total	$ 2,454,034,459	$ 6,758,690	$ (55,571,000)	$ 2,405,222,149

As of December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency Securities	$ 164,937,647	$ -	$ (5,817,803)	$ 159,119,844
SBA Loan Pools	887,403,994	1,152,332	(13,553,595)	875,002,731
Agency Collateralized Mortgage Obligation Securities	403,624,436	-	(18,597,616)	385,026,820
Asset-Backed Securities:				
FFELP Student Loans	232,234,305	127,793	(5,509,530)	226,852,568
Non FFELP Student Loans	277,602,383	-	(22,916,209)	254,686,174
Other Secured	316,535,236	-	(21,493,618)	295,041,618
Total	$ 2,282,338,001	$ 1,280,125	$ (87,888,371)	$ 2,195,729,755

Sales of securities available-for-sale resulted in gross gains of approximately $0 and $536,000 and gross losses of approximately $3,178,000 and $5,275,000 during the years ended December 31, 2023 and 2022, respectively.

NOTE 3 SECURITIES AND OTHER INVESTMENTS (CONTINUED)

AVAILABLE-FOR-SALE (CONTINUED)

Corporate America's available-for-sale portfolio includes federal agency mortgage-backed securities, small business administration securities, agency collateralized mortgage obligation securities, and asset-backed securities. These securities return principal based on payments received on the underlying assets. These securities have expected weighted average lives of one to ten years. However, return of principal may differ from expectation based on fluctuations in the market interest rates, delinquency, and foreclosure. Additionally, expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

The following tables represent concentration limits on investments based on parameters established by NCUA Regulation 704.5. Per NCUA regulation, agency and government sponsored enterprise debt securities are not subject to capital or asset-based limits.

	As of December 31, 2023		
	Fair Value	Capital Based Limit	Asset Based Limit
By Security Type:			
Auto Loan/lease Asset-Backed Securities	$ 658,286,572	$ 1,291,228,495	$ 866,398,738
Credit Card Asset-Backed Securities	102,317,450	1,291,228,495	866,398,738
Commercial Mortgage-Backed Securities	118,832,876	774,737,097	519,839,243
FFELP Student Loan Asset-Backed Securities	452,480,056	2,582,456,990	1,732,797,476
Mortgage-Backed Securities	331,873,015	2,582,456,990	1,732,797,476
Other Asset-Backed Securities	76,192,188	1,291,228,495	866,398,738

	As of December 31, 2023	
	Fair Value	Regulatory Limit
By Issuer:		
AMCAR 2023-2 A2	$ 63,252,759	$ 64,561,425
CRVNA 2021-P3 A3	54,721,023	64,561,425
FNMNT 2023-2 A	46,552,636	129,122,849
OMFIT 2021-1A A1	46,024,255	64,561,425
CCCIT 2023-A2 A2	40,042,806	129,122,849

AVAILABLE-FOR-SALE (CONTINUED)

Continuous Loss Positions

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:

As of December 31, 2023	Less Than 12 Months		Greater than 12 Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency Securities	$ -	$ -	$ (3,943,413)	$ 132,902,627	$ (3,943,413)	$ 132,902,627
SBA Pools	(255,255)	33,509,312	(8,888,792)	422,073,971	(9,144,047)	455,583,283
Agency Collateralized Mortgage Obligation Securities	-	-	(14,349,763)	317,803,263	(14,349,763)	317,803,263
Asset-Backed Securities:						
FFELP Student Loans	-	-	(2,203,259)	158,866,321	(2,203,259)	158,866,321
Non FFELP Student Loans	(16,026)	4,121,445	(14,832,086)	183,096,968	(14,848,112)	187,218,413
Other Secured	(100,133)	74,877,873	(10,982,273)	167,189,580	(11,082,406)	242,067,453
Total	$ (371,414)	$ 112,508,630	$ (55,199,586)	$ 1,381,932,730	$ (55,571,000)	$ 1,494,441,360

As of December 31, 2022	Less Than 12 Months		Greater than 12 Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency Securities	$ (218,413)	$ 6,366,522	$ (5,599,390)	$ 152,753,322	$ (5,817,803)	$ 159,119,844
SBA Pools	(3,005,719)	251,145,683	(10,547,876)	427,741,414	(13,553,595)	678,887,097
Agency Collateralized Mortgage Obligation Securities	(7,644,796)	305,078,426	(10,952,820)	79,948,394	(18,597,616)	385,026,820
Asset-Backed Securities:						
FFELP Student Loans	(2,783,130)	122,479,634	(2,726,400)	89,882,306	(5,509,530)	212,361,940
Non FFELP Student Loans	(9,308,000)	118,213,298	(13,608,209)	136,472,876	(22,916,209)	254,686,174
Other Secured	(6,349,390)	133,976,645	(15,144,228)	161,064,973	(21,493,618)	295,041,618
Total	$ (29,309,448)	$ 937,260,208	$ (58,578,923)	$ 1,047,863,285	$ (87,888,371)	$ 1,985,123,493

NOTE 3 SECURITIES AND OTHER INVESTMENTS (CONTINUED)

AVAILABLE-FOR-SALE (CONTINUED)

Continuous Loss Positions (Continued)

At December 31, 2023, the 384 securities with unrealized losses have depreciated 3.59% from the Credit Union's amortized cost basis. The U.S. Government and Agency securities as well as the SBA Pools and Agency Collateralized Mortgage Obligations were guaranteed by the U.S. Government. Unrealized losses on these securities relate to movements in interest rates for similar types of securities.

Asset-backed FFELP Student Loan securities are 97% guaranteed by the U.S. Government while the remaining 3% is supported by credit enhancements. All other Asset-backed securities are not guaranteed. Management performs an analysis of the Asset-backed and Non-FELP Student Loan securities portfolio to determine whether there has been credit impairment of these securities. Corporate America evaluates each security for impairment by considering the credit quality of each security as well as the tranche and underlying collateral in evaluating each security for impairment. In analyzing these securities, Management considers whether downgrades by bond rating agencies have occurred and the results of reviews of the issuer's financial condition. Management has the intent and ability to hold these securities to recovery of fair value, which may be maturity. There was no impairment recognized on securities during the years ended December 31, 2023 and 2022.

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.

NOTE 4 LOANS, NET

The composition of loans is as follows:

	December 31,	
	2023	2022
Loans to Members:		
Fixed-Rate Term Loans	$ 41,000,000	$ 75,844,360
Overnight Loans	22,084,238	53,310,946
Settlement Lines of Credit	40,322,186	22,896,155
Loans, Net	$ 103,406,424	$ 152,051,461

NOTE 4 LOANS, NET (CONTINUED)

There were no past due, impaired, modified or nonaccrual loans and management determined that all loans to member credit unions were collectible in full and therefore no allowance for credit losses was deemed necessary as of December 31, 2023 and 2022. Management considers loan balances to a single member greater than 20% of loans to be a concentration. At December 31, 2023, there were no loan balances to a single member greater than 20% of loans. 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, 2023	December 31, 2022
Land	$ 459,127	$ 459,127
Buildings	4,410,865	4,550,266
Furniture and Equipment	3,890,328	4,608,063
Subtotal	8,760,320	9,617,456
Less: Accumulated Depreciation	(3,005,508)	(4,569,530)
Total	$ 5,754,812	$ 5,047,926

NOTE 6 MEMBERS' SHARE AND CAPITAL ACCOUNTS

Members' share and capital accounts are as follows:

	As of December 31, 2023	As of December 31, 2022
Share Accounts	$ 2,619,382,432	$ 1,924,789,270
Nonperpetual Contributed Capital Account (NCA)	1,672,642	1,672,642
Share Certificates	625,951,406	872,787,223
Total	$ 3,247,006,480	$ 2,799,249,135

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.

NOTE 6 MEMBERS' SHARE AND CAPITAL ACCOUNTS (CONTINUED)

Scheduled contractual maturities of share certificates as of December 31, 2023 are as follows:

Year Ending December 31,	Amount
2024	$ 246,607,405
2025	131,565,018
2026	236,621,983
2027	4,396,000
2028	6,761,000
Total	$ 625,951,406

The aggregate balance of members' certificates in denominations that meet or exceed $250,000 was approximately $620,658,000 as of December 31, 2023.

Member Contributed Capital under 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. 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.

Member accounts, with the exception of the NCAs, are insured to $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. As of December 31, 2023 and 2022, the Corporate has total outstanding advances of $0 and $100,000,000, respectively. Credit availability is capped at 25% of total assets outstanding and is reevaluated periodically; however, borrowing capacity is limited to the amount of investments pledged as collateral. The maximum credit availability as of December 31, 2023 and 2022 was $853,306,000 and $831,475,750, respectively. As of December 31, 2023 and 2022, the line of credit was collateralized by investments with market values totaling approximately $685,427,000 and $990,968,000, respectively.

NOTE 7 BORROWED FUNDS (CONTINUED)

Corporate America maintains a line of credit with U.S. Bank from which it has access to obtain structured collateralized advances. As of December 31, 2023 and 2022, the Corporate did not have any outstanding advances. The maximum credit available as of December 31, 2023 and 2022 was $100,000,000 and $100,000,000, respectively. As of December 31, 2023 and 2022, the line of credit was collateralized by investments with market values totaling approximately $129,580,000 and $111,864,000, respectively.

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 (undivided earnings, PCC, or NCA to 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 the MDANA, to exceed 2% when a corporate credit union's retained earnings ratio is less than 2.5%. As of September 2018, Corporate America is not required to reallocate from Tier 1 to Tier 2 capital as a result of the calculation.

NOTE 8 REGULATORY CAPITAL (CONTINUED)

As of December 31, 2023, the most recent NCUA Call Reporting period, the Corporate was categorized as “well 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.

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

	Actual		To be Considered Adequately Capitalized		To be Considered Well Capitalized	
December 31, 2023	Amount	Rate	Amount	Rate	Amount	Rate
Leverage Capital (Tier 1 Core Capital to MDANA)	$ 256,853,410	8.74%	$ 117,486,191	>4.0%	$ 146,857,739	>5.0%
Tier 1 Risk-Based Capital (Tier 1 Core Capital to MMANRA)	$ 256,853,410	28.53%	$ 36,014,975	>4.0%	$ 54,022,462	>6.0%
Total Risk-Based Capital (Total Capital to MMANRA)	$ 258,245,699	28.68%	$ 72,029,949	>8.0%	$ 90,037,437	>10.0%
Retained Earnings (Retained Earnings to MDANA)	$ 136,098,840	4.63%	$ 13,217,197	>0.45%	N/A	N/A

	Actual		To be Considered Adequately Capitalized		To be Considered Well Capitalized	
December 31, 2022	Amount	Rate	Amount	Rate	Amount	Rate
Leverage Capital (Tier 1 Core Capital to MDANA)	$ 245,741,883	6.54%	$ 150,374,729	>4.0%	$ 187,968,411	>5.0%
Tier 1 Risk-Based Capital (Tier 1 Core Capital to MMANRA)	$ 245,741,883	21.00%	$ 46,813,223	>4.0%	$ 70,219,834	>6.0%
Total Risk-Based Capital (Total Capital to MMANRA)	$ 247,349,832	21.14%	$ 93,626,446	>8.0%	$ 117,033,057	>10.0%
Retained Earnings (Retained Earnings to MDANA)	$ 125,541,276	3.34%	$ 16,917,157	>0.45%	N/A	N/A

Additional Regulatory Capital Information	2023	2022
MDANA	$ 2,937,154,782	$ 3,759,368,219
MMANRA	$ 900,374,369	$ 1,170,330,571
PCC/PIC III Perpetual	$ 122,281,405	$ 121,754,415
NCA (Unamortized)	1,392,288	1,607,949
Total	$ 123,673,693	$ 123,362,364

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, 2023 and 2022, 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, 2023 and 2022, there were two loans outstanding to these member credit unions in the amount of $30,980,810 and $4,113,840, respectively. Deposits from these member credit unions at December 31, 2023 and 2022 amounted to $388,267,168, and $191,197,495, 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, 2023 and 2022, unfunded commitments under advised lines of credit approximated $3,509,886,414 and $2,959,687,934, 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 creditworthiness on a case-by-case basis. Advances are secured by substantially all of the member's assets excluding residential real estate loans.

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, 2023				
U.S. Government and Federal Agency Securities	$ 132,902,627	$ -	$ 132,902,627	$ -
SBA Loan Pools	665,239,994	-	665,239,994	-
Agency Collateralized Mortgage Obligation Securities	317,803,263	-	317,803,263	-
Asset-Backed Securities:				
FFELP Student Loans	197,920,201	-	197,920,201	-
Non FFELP Student Loans	232,704,278	-	232,704,278	-
Other Secured	858,651,786	-	858,651,786	-
Total	$ 2,405,222,149	$ -	$ 2,405,222,149	$ -

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
U.S. Government and Federal Agency Securities	$ 159,119,843	$ -	$ 159,119,843	$ -
SBA Loan Pools	875,002,731	-	875,002,731	-
Agency Collateralized Mortgage Obligation Securities	385,026,820	-	385,026,820	-
Asset-Backed Securities:				
FFELP Student Loans	226,852,569	-	226,852,569	-
Non FFELP Student Loans	254,686,174	-	254,686,174	-
Other Secured	295,041,618	-	295,041,618	-
Total	$ 2,195,729,755	$ -	$ 2,195,729,755	$ -

NOTE 12 RETIREMENT PLANS

Defined Benefit

The Corporate's defined benefit pension plan as of December 31, 2023, 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:

	2023	2022
Change in Projected Benefit Obligation		
Benefit Obligation - Beginning of Year	$ 12,721,771	$ 17,841,249
Service Cost	1,020,819	1,581,043
Interest Cost	668,254	527,770
Actuarial Loss (Gain)	2,817,438	(7,189,448)
Benefits Paid	(80,709)	(38,843)
Benefit Obligation - End of Year	$ 17,147,573	$ 12,721,771
Accumulated Benefit Obligation - End of Year	$ 13,922,037	$ 10,962,782
Change in Plan Assets		
Fair Value of Plan Assets - Beginning of Year	$ 12,108,434	$ 13,146,972
Actual Return on Plan Assets	1,385,297	(2,014,222)
Employer Contribution	310,031	1,014,527
Benefits Paid, including Expenses	(80,709)	(38,843)
Fair Value of Plan Assets - End of Year	$ 13,723,053	$ 12,108,434
Funded Status	$ (3,424,520)	$ (613,337)
Amounts Recognized in Statement of Financial Position		
Noncurrent Liabilities	$ (3,424,520)	$ (613,337)
Amounts Recognized in Accumulated Other Comprehensive Income		
Net Loss (Gain)	$ 2,037,218	$ (116,067)
Prior Service Cost	2,523,459	3,117,214
Total Amount Recognized	$ 4,560,677	$ 3,001,147

NOTE 12 RETIREMENT PLANS (CONTINUED)

	2023	2022
Components of Net Periodic Pension Cost		
Service Cost	$ 1,020,819	$ 1,581,043
Interest Cost	668,254	527,770
Expected Return on Plan Assets	(721,144)	(788,147)
Amortization of Net Loss	-	273,284
Amortization of Prior Service Costs	593,755	593,755
Net Periodic Pension Cost	$ 1,561,684	$ 2,187,705
Other Amounts Recognized in Other Comprehensive Income		
Net Loss (Gain)	$ 2,153,285	$ (4,387,079)
Amortization of Net Loss	-	(273,284)
Amortization of Prior Service Costs	(593,755)	(593,755)
Total Recognized in Other Comprehensive Income	$ 1,559,530	$ (5,254,118)
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	$ 3,121,214	$ (3,066,413)
Assumptions at Year-End		
Weighted Average Discount Rate (Pension Benefit Obligations)	5.06%	5.29%
Weighted Average Discount Rate (Net Periodic Pension Cost)	5.29%	2.96%
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, 2024	$ -	
Expected Benefit Payments for Period Beginning:		
2024	$ 205,000	
2025	$ 245,000	
2026	$ 432,000	
2027	$ 660,000	
2028	$ 658,000	
Five Years Thereafter	$ 5,301,000	

The estimated net loss, transition asset, and prior service cost 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 approximately $625,000.

NOTE 12 RETIREMENT PLANS (CONTINUED)

Basis Used to Determine Discount Rate – The discount rate is determined using the FTSE Above Median Pension Liability Index as of December 31, 2023.

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, 2023				
JH LS Moderate Active Strategy	$ 13,018,879	$ 13,018,879	$ -	$ -
JH LS Balance Active Strategy	704,174	704,174	-	-
Total	$ 13,723,053	$ 13,723,053	$ -	$ -

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
JH LS Moderate Active Strategy	$ 10,891,868	$ 10,891,868	$ -	$ -
JH LS Conservative Active Strategy	1,216,566	1,216,566	-	-
Total	$ 12,108,434	$ 12,108,434	$ -	$ -

Level 1 Inputs

The JH LS Balance Active Strategy, JH LS Moderate Active Strategy, and JH LS Conservative Active Strategy 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.

NOTE 12 RETIREMENT PLANS (CONTINUED)

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, 2023 and 2022, approximated $472,000 and $381,000, 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, 2023 and 2022:

	2023	2022
In scope of ASC 606		
Service Charge and Member Account Fees	$ 5,376,182	$ 6,121,534
Other	287,049	296,423
Noninterest Income in scope of ASC 606	5,663,231	6,417,957
Noninterest Income not within the scope of ASC 606	5,931,200	10,893,968
Total Noninterest Income	$ 11,594,431	$ 17,311,925

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, 2023 and 2022, the Corporate did not have any significant contract balances. As of December 31, 2023, the Corporate did not capitalize any contract acquisition costs.

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