

The Auditor's Report



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Accounting Standards Update for Pension Plans

Accounting Standards Update (ASU) No. 2015-12, Plan Accounting: Defined Benefit Plans, Defined Contribution Plans, and Health and Welfare Benefit Plans - (I) Fully Benefit-Responsive Investment Contracts, (II) Plan Investment Disclosures, and (III) Measurement Date Practical should have been applied in their latest pension plan audited financials. The ASU was effective for fiscal years beginning after December 15, 2015. Thus for any audited financials with fiscal years beginning January 1, 2016 and later would include the changes.

Part (I) of the ASU allows fully benefit-responsive investment contracts to be presented at contract value rather than fair value. Accordingly, there is no longer an adjustment from fair value to contract value on the face of the financial statements.

Part (II) eliminates the requirements for plans to disclose (1) individual investments that represents 5% or more of net assets available for benefits and (2) the net appreciation or depreciation for investments by general type for both participant-directed investments and nonparticipant-directed investments. The net appreciation or depreciation in investments for the period are still required to be presented in the aggregate.

Part (III) permits plans to measure investments and investment-related accounts as of month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with month-end.

Parts (I) and (II) are to be applied retrospectively, and Part (III) is to be applied prospectively.

ASU No. 2015-07, Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent), which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient will be applied in pension plan audited financials. ASU No. 2015-07 also limits certain disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. This ASU will be effective for the plan for fiscal years beginning after December 31, 2016. Early adoption is permitted. Upon adoption, the amendments shall be applied retrospectively to all periods presented.

The above ASUs effect the pension plan audited financial statements and have reduced several disclosures and in some cases eliminated some disclosure. Visit the FASB website to read more on these ASUs at <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498#2015>.

If you have any questions, feel free to reach me at rhyre@nearman.com or 305-537-5180.

*Roger Hyre, Jr., MAC, CFE, CICA, Audit Manager
Nearman, Maynard, Vallez, CPAs*



Charity Golf Tournament

On October 6, 2017, Nearman, Maynard, Vallez, CPAs sponsored and participated in LSCU's Broward and Southernmost Chapters' annual charity golf tournament. The tournament benefits the American Cancer Society and other local cancer charities. The Nearman team came in second place, just 2 strokes behind first place!



Left to right: Johnny Netto, William Heard, Nicolas Salow, Gerard Osborne. →

Report/Workpaper Requests

In 2017, we experienced an increase in report requests from the National Credit Union Administration (NCUA). These requests required some strategizing to accommodate the NCUA with their reports while maintaining our contractual independence obligations. A mutual agreement was made with the NCUA to comply with these requests by utilizing RIVIO.com. This system has provided us with a platform to share documents or reports with our clients, in a confidential, untampered matter, while adhering to independence standards. The benefits of using this system are that Credit Unions can use the service to their advantage, which allows them to share their reports with third parties.

The report sharing procedure is different than NCUA or State examiners requests for our firm's audit work papers. That process can still be initiated by sending work paper requests to my attention. Examiners will receive an electronic link. This link gives them unlimited access to work papers for a one-week period. If examiner's need to extend their access, they can contact me to do so.

*Maryann Ruiz-Heard, Administrative Coordinator
Nearman, Maynard, Vallez, CPAs*

AICPA Conference Recap

The AICPA's "2017 Conference on Credit Unions" was held in New Orleans October 23rd - 25th and, once again a big success! The CFOs, practitioners, and credit union volunteers who attended the conference, both in person and on-line, were presented with educational sessions and networking opportunities that exceeded expectations. The objective of this conference is to enhance the technical knowledge of practitioners, internal auditors, supervisory committee members, credit union management and we met this objective.

With the new standard on the "Current Expected Credit Loss" (CECL) mythology, the agenda included several sessions designed to address the subject. The session I enjoyed the most was a session based on a simple approach to implementing CECL. Although a few years away from implementation, CECL will be more difficult than the current model used for estimating credit losses. Other session topics included a review of Accounting Standards Update, a regulatory update, and a great legislative update. Next year's conference will be held in Las Vegas October 23rd - 25th. Hope to see you in-person or on-line.

*Chris Vallez, CPA, MBA, Partner
Nearman, Maynard, Vallez, CPAs P.A.*

Compliance Reminder

Don't forget the due dates for the following required annual compliance audits are fast approaching.



- **ACH and BSA Audits:** Due date December 31st of each year.
- **Safe Act Review:** Due annually. (NCUA defines "annual" as within a calendar year)

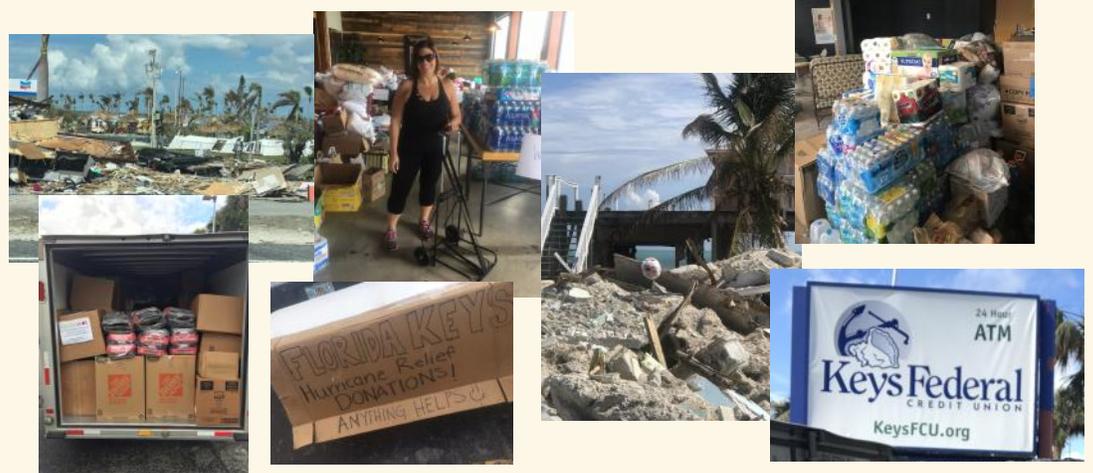
If you haven't planned for these audits, be sure to contact your auditor now to get your reviews scheduled.

Hurricane Relief

What a year it has been....first Hurricane Harvey flooding the city of Houston and then soon after Hurricane Irma on the Caribbean Islands and Florida, and Hurricane Maria followed suit on Puerto Rico. We were glad to hear that our credit union clients' in the Houston area made it through with minimal damage. However, many employees of those credit unions were not so lucky. Nearman, Maynard, Vallez, CPAs made a generous donation to the Red Cross to assist anyone effected. Our Miami office also started collecting needed items when Hurricane Irma set its crosshairs on Florida. Needless to say the collection of items was put on hold.

As Hurricane Irma barreled towards Florida last September, memories of Hurricane Andrew were on everyone's minds. Thankfully the majority of the state was spared any of the devastating damage predicted. Most of our clients, as well as, our firm had minimal damage and service disruptions. Thank you to all of our clients for their well wishes and patience during the storm.

The one exception, however, was the Florida Keys. In the wake of the storm, Nearman, Maynard, Vallez, CPAs, banded together to gather needed items for hurricane relief. Along with the items collected before the storm, the firm collected more items for the two deliveries the Southernmost Chapter' made for Key West and the Keys Federal Credit Union employees. The supplies were delivered by representatives from Dade County FCU, Compass Financial FCU, University CU, Baptist Health South Florida FCU, and Miami Postal Service CU.



Happy Holidays

Warmest wishes for Happy Holidays and a Happy New Year from everyone at Nearman, Maynard, Vallez, CPAs. Please take note of our 2017 holiday hours:

For Thanksgiving our firm's offices will be closed Thursday, November 23rd and Friday, November 24th. In addition, our offices will be closed

Monday, December 25th through Monday, January 1st for the Christmas and New Year holidays.

Our offices will re-open on Tuesday, January 2nd.



ABOUT US

Since 1979, Nearman, Maynard, Vallez, CPAs has provided auditing and consulting services exclusively to credit unions throughout the United States. Our dedication to credit unions has given us the unique ability to provide exceptional service at a reasonable price. Our primary objective is to assist our clients in accomplishing their goals through our experience, service, & commitment. If your Supervisory/Audit Committee or Management is interested in obtaining information on the subjects in this issue or about our many services, call or email us today.

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