



State of Wisconsin  
Department of Financial Institutions

Jim Doyle, Governor

Lorrie Keating Heinemann, Secretary

May 15, 2007

LETTER CU 2-07

FINAL CONSOLIDATED IRS FORM 990

TO ALL CREDIT UNIONS:

The Office of Credit Unions (OCU) has filed a consolidated Internal Revenue Service (IRS) Form 990 – *Return of Organization Exempt from Income Tax* on behalf of all Wisconsin state chartered credit unions for many years. Included with this letter is the consolidated return for the 2006 tax year. Since state chartered credit unions must make a copy of the Form 990 available in their offices, I am providing a copy of the 2006 consolidated Form 990.

The Internal Revenue Code, Subsection (e) to Section 6104 (26 W.S.C. 6104C)) as amended, states in part:

*During the three-year period beginning on the filing date, a copy of the annual return filed under Section 6033 (relating to returns by exempt organizations) by any organization to which this paragraph applies shall be made available by such organization for inspection during the regular business hours by any individual at the principal office of the organization, and if such organization regularly maintains one or more regional or district offices having three or more employees, at each such regional or district office.*

To comply with this law, we are providing all Wisconsin-chartered credit unions copies of the 2006 consolidated Form 990 filed by our Office.

**Effective with the 2007 tax year (due in May 2008), the OCU will discontinue filing an IRS Form 990 (Organization Exempt from Income Tax) consolidated group return.** Credit unions will be required to file individual 990 returns for the 2007 tax year and each tax year thereafter. In addition, if a credit union determines they have unrelated business income tax, those credit unions must also file IRS Form 990-T (Exempt Organization Business Income Tax Return).

The decision to discontinue filing the consolidated group return for all Wisconsin state chartered credit unions was based on the following:

- ❖ The information used to prepare the 990 form is taken from the NCUA 5300 Call Reports. This information does not include a segregation of income or expenses to the degree needed to properly determine taxable income and related expenses. It is not expected that the 5300 Call Report will be modified to collect the more detailed data in the future.



Office of Credit Unions

Mail: PO Box 14137 Madison, WI 53708-0137

Courier: 345 W. Washington Ave. 3<sup>rd</sup> Floor Madison WI 53703

Voice: (608) 261-9543

Fax: (608) 267-0479

TTY: (608) 266-8818

Internet: [www.wdfi.org](http://www.wdfi.org)

- ❖ In the event of a tax dispute, the OCU could be placed in the role as advocate between the credit union and the IRS. Thus, it may not be appropriate for the OCU to continue to complete the reports on behalf of the credit unions.
- ❖ Filing the group return could taint the filing of all Wisconsin state chartered credit unions. In the event that one institution submits inaccurate information, filing a group return increases the potential tax liability and legal and reputation risks for all entities.

Credit union officials must ensure that internal reporting systems are in place to collect and report relevant data to properly complete these important reports. Directors must ensure that appropriate personnel are either trained or contracted to accurately complete the tax returns. Credit unions should consult knowledgeable professionals, such as certified public accountants, tax consultants or attorney's skilled in this area.

The OCU will consider prompt and accurate filing of the annual 990 tax return, and the applicable monitoring of their tax liability position, as part of the management component of the state examination. It is expected that credit unions start evaluating their processes now to ensure they have controls in place to gather and report the information to the IRS for the 2007 tax year.

Additional information and forms are available at [www.irs.gov](http://www.irs.gov) Questions can be directed to the Wisconsin Credit Union League or this office.

Sincerely,



Suzanne T. Cowan  
Director  
OFFICE OF CREDIT UNIONS

Enclosure

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2006

Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2006 calendar year, or tax year beginning January 1, 2006, and ending December 31, 2006

B Check if applicable:

- Address change
Name change
Initial return
Final return
Amended return
Application pending

200612 1400G2157 29 IA
CREDIT UNIONS CHARTERED IN THE
STATE OF WISCONSIN
345 W WASHINGTON AVE STE 3
MADISON WI 53703-2701

IRS

D Employer identification number

39 6078706

E Telephone number

(608) 261-9543

F Accounting method: Cash Accrual

Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? Yes No

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: www.wdfi.org

J Organization type (check only one) 501(c)(14) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000.

I Group Exemption Number 2157

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 1,142,364,747

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with 21 rows and 4 columns: Description, Sub-description, Revenue/Expense/Net Assets, and Amount. Includes sections for Revenue (lines 1-12), Expenses (lines 13-17), and Net Assets (lines 18-21).

**Part II Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b>	Grants paid from donor advised funds (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22a</b>			
<b>22b</b>	Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22b</b>			
<b>23</b>	Specific assistance to individuals (attach schedule)	<b>23</b>			
<b>24</b>	Benefits paid to or for members (attach schedule)	<b>24</b>			
<b>25a</b>	Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule)	<b>25a</b>			
<b>b</b>	Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)	<b>25b</b>			
<b>c</b>	Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	<b>25c</b>			
<b>26</b>	Salaries and wages of employees not included on lines 25a, b, and c	<b>26</b> 293,031,350			
<b>27</b>	Pension plan contributions not included on lines 25a, b, and c	<b>27</b>			
<b>28</b>	Employee benefits not included on lines 25a - 27	<b>28</b>			
<b>29</b>	Payroll taxes	<b>29</b>			
<b>30</b>	Professional fundraising fees	<b>30</b>			
<b>31</b>	Accounting fees	<b>31</b> 2,408,333			
<b>32</b>	Legal fees	<b>32</b>			
<b>33</b>	Supplies	<b>33</b>			
<b>34</b>	Telephone	<b>34</b>			
<b>35</b>	Postage and shipping	<b>35</b>			
<b>36</b>	Occupancy	<b>36</b> 36,479,546			
<b>37</b>	Equipment rental and maintenance	<b>37</b>			
<b>38</b>	Printing and publications	<b>38</b>			
<b>39</b>	Travel	<b>39</b>			
<b>40</b>	Conferences, conventions, and meetings	<b>40</b> 7,276,996			
<b>41</b>	Interest	<b>41</b> 45,442,055			
<b>42</b>	Depreciation, depletion, etc. (attach schedule)	<b>42</b>			
<b>43</b>	Other expenses not covered above (itemize):				
<b>a</b>	Misc. _____	<b>43a</b> 84,261,186			
<b>b</b>	Education/Promotion _____	<b>43b</b> 23,223,570			
<b>c</b>	Office Operations _____	<b>43c</b> 111,458,270			
<b>d</b>	Provisions For Loan Loss _____	<b>43d</b> 43,345,669			
<b>e</b>	Dividends _____	<b>43e</b> 386,235,800			
<b>f</b>	_____	<b>43f</b>			
<b>g</b>	_____	<b>43g</b>			
<b>44</b>	<b>Total functional expenses.</b> Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	<b>44</b> 1,033,162,775			

**Joint Costs.** Check  if you are following SOP 98-2.  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_;  
 (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_



**Part IV Balance Sheets** (See the instructions.)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>45</b> Cash—non-interest-bearing . . . . .	760,043,568	<b>45</b>	1,060,467,358
	<b>46</b> Savings and temporary cash investments . . . . .		<b>46</b>	
	<b>47a</b> Accounts receivable . . . . .		<b>47a</b>	
	<b>b</b> Less: allowance for doubtful accounts . . . . .		<b>47b</b>	
	<b>47c</b>		<b>47c</b>	
	<b>48a</b> Pledges receivable . . . . .		<b>48a</b>	
	<b>b</b> Less: allowance for doubtful accounts . . . . .		<b>48b</b>	
	<b>48c</b>		<b>48c</b>	
	<b>49</b> Grants receivable . . . . .		<b>49</b>	
	<b>50a</b> Receivables from current and former officers, directors, trustees, and key employees (attach schedule) . . . . .		<b>50a</b>	
	<b>b</b> Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule) . . . . .		<b>50b</b>	
	<b>51a</b> Other notes and loans receivable (attach schedule) . . . . .		<b>51a</b>	
	<b>b</b> Less: allowance for doubtful accounts . . . . .	12,410,951,781	<b>51b</b>	12,962,906,292
	<b>51c</b>		<b>51c</b>	
	<b>52</b> Inventories for sale or use . . . . .		<b>52</b>	
	<b>53</b> Prepaid expenses and deferred charges . . . . .		<b>53</b>	
	<b>54a</b> Investments—publicly-traded securities . . . . . <input type="checkbox"/> Cost <input type="checkbox"/> FMV		<b>54a</b>	
	<b>b</b> Investments—other securities (attach schedule) . . . . . <input type="checkbox"/> Cost <input type="checkbox"/> FMV		<b>54b</b>	
	<b>55a</b> Investments—land, buildings, and equipment: basis . . . . .		<b>55a</b>	
<b>b</b> Less: accumulated depreciation (attach schedule) . . . . .		<b>55b</b>		
<b>55c</b>		<b>55c</b>		
<b>56</b> Investments—other (attach schedule) . . . . .	2,252,725,394	<b>56</b>	2,371,992,322	
<b>57a</b> Land, buildings, and equipment: basis . . . . .		<b>57a</b>		
<b>b</b> Less: accumulated depreciation (attach schedule) . . . . .	440,681,592	<b>57b</b>	455,900,841	
<b>57c</b>		<b>57c</b>		
<b>58</b> Other assets, including program-related investments (describe <input type="checkbox"/> A/R, <input type="checkbox"/> prepaids, <input type="checkbox"/> accrued income, etc. . . . .)	390,570,065	<b>58</b>	460,362,216	
<b>59 Total assets</b> (must equal line 74). Add lines 45 through 58 . . . . .	16,254,972,400	<b>59</b>	17,311,629,029	
<b>Liabilities</b>	<b>60</b> Accounts payable and accrued expenses . . . . .	250,271,884	<b>60</b>	260,664,374
	<b>61</b> Grants payable . . . . .		<b>61</b>	
	<b>62</b> Deferred revenue . . . . .		<b>62</b>	
	<b>63</b> Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .		<b>63</b>	
	<b>64a</b> Tax-exempt bond liabilities (attach schedule) . . . . .		<b>64a</b>	
	<b>b</b> Mortgages and other notes payable (attach schedule) . . . . .	995,540,222	<b>64b</b>	853,929,371
	<b>65</b> Other liabilities (describe <input type="checkbox"/> Shares & Deposits . . . . .)	13,311,563,243	<b>65</b>	14,391,785,822
	<b>66 Total liabilities.</b> Add lines 60 through 65 . . . . .	14,557,375,349	<b>66</b>	15,506,379,567
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		<b>67</b>	
	<b>67</b> Unrestricted . . . . .		<b>67</b>	
	<b>68</b> Temporarily restricted . . . . .		<b>68</b>	
	<b>69</b> Permanently restricted . . . . .		<b>69</b>	
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> and complete lines 70 through 74.		<b>70</b>	
	<b>70</b> Capital stock, trust principal, or current funds . . . . .	673,851,775	<b>70</b>	701,583,219
	<b>71</b> Paid-in or capital surplus, or land, building, and equipment fund . . . . .	1,023,745,276	<b>71</b>	1,103,666,243
	<b>72</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>72</b>	
<b>73 Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21) . . . . .	1,697,597,051	<b>73</b>	1,805,249,462	
<b>74 Total liabilities and net assets/fund balances.</b> Add lines 66 and 73 . . . . .	16,254,972,400	<b>74</b>	17,311,629,029	





Part VI Other Information (continued)

Yes No

82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 82a [ ] [x]
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) 82b [ ]
83a Did the organization comply with the public inspection requirements for returns and exemption applications? 83a [ ]
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? 83b [ ]
84a Did the organization solicit any contributions or gifts that were not tax deductible? 84a [ ] [x]
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 84b [ ]
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? 85a [ ]
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year. 85b [ ]
c Dues, assessments, and similar amounts from members 85c [ ]
d Section 162(e) lobbying and political expenditures 85d [ ]
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e [ ]
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f [ ]
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 85g [ ]
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? 85h [ ]
86 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86a [ ]
b Gross receipts, included on line 12, for public use of club facilities 86b [ ]
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a [ ]
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b [ ]
88a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX. 88a [ ]
b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI. 88b [ ]
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 [ ]; section 4912 [ ]; section 4955 [ ]
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction. 89b [ ]
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 [ ]
d Enter: Amount of tax on line 89c, above, reimbursed by the organization [ ]
e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? 89e [ ]
f All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract? 89f [ ]
g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? 89g [ ]
90a List the states with which a copy of this return is filed [ ]
b Number of employees employed in the pay period that includes March 12, 2006 (See instructions.) 90b [ ]
91a The books are in care of [ ] Telephone no. [ ]
Located at [ ] ZIP + 4 [ ]
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 91b [ ] [ ]
If "Yes," enter the name of the foreign country [ ]
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

**Part VI Other Information** (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c**  Yes  No  
 If "Yes," enter the name of the foreign country ▶ .....

**92** Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here  and enter the amount of tax-exempt interest received or accrued during the tax year ▶ | **92** |

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

**Note:** Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
<b>93</b> Program service revenue:					
<b>a</b> Interest on Loans					<b>819,897,660</b>
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>f</b> Medicare/Medicaid payments . . . . .					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments . . . . .					
<b>95</b> Interest on savings and temporary cash investments					
<b>96</b> Dividends and interest from securities . . . . .					
<b>97</b> Net rental income or (loss) from real estate:					
<b>a</b> debt-financed property . . . . .					
<b>b</b> not debt-financed property . . . . .					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income . . . . .					<b>120,560,599</b>
<b>100</b> Gain or (loss) from sales of assets other than inventory					
<b>101</b> Net income or (loss) from special events . . . . .					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue: <b>a</b> Misc. Income					<b>196,445,075</b>
<b>b</b> Non-Operating Income					<b>5,461,413</b>
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>104</b> Subtotal (add columns (B), (D), and (E))					<b>1,142,364,747</b>
<b>105</b> Total (add line 104, columns (B), (D), and (E))					<b>1,142,364,747</b>

**Note:** Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

**Note:** If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

**106** Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
<b>Totals</b>				

**107** Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
<b>Totals</b>				

**108** Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Please Sign Here**

Signature of officer: Suzanne T. Cowan Date: May 15, 2007

Type or print name and title: Suzanne T. Cowan, Director - Wisconsin Office of Credit Unions

**Paid Preparer's Use Only**

Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: \_\_\_\_\_ Preparer's SSN or PTIN (See Gen. Inst. X): \_\_\_\_\_

EIN: \_\_\_\_\_ Phone no.: \_\_\_\_\_