



**DIVISION OF CREDIT UNIONS
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WASHINGTON**

IN THE MATTER OF:

**GLOBAL CREDIT UNION
SPOKANE, WASHINGTON**

**CU – 2011-06-21 CO
CONSENT ORDER TERMINATION**

Pursuant to Chapter 31.12 of the Revised Code of Washington (“RCW”), the Assistant Director of the Division of Credit Unions of the Washington State Department of Financial Institutions hereby terminates the Consent Order originated against Global Credit Union of Spokane, Washington on July 17th, 2009.

This Consent Order is terminated effective this 15 day of June 2011.

**DIVISION OF CREDIT UNIONS
DEPT. OF FINANCIAL INSTITUTIONS
STATE OF WASHINGTON**



Linda Jekel
Assistant Director



DIVISION OF CREDIT UNIONS
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WASHINGTON

IN THE MATTER OF:

**GLOBAL CREDIT UNION
SPOKANE, WASHINGTON**

**CU – 2009-07-16 CO
CONSENT ORDER**

The Assistant Director (Assistant Director) of the Division of Credit Unions (Division) of the Washington State Department of Financial Institutions (DFI), and Global Credit Union of Spokane, Washington (Credit Union), finding that the issues raised in this captioned matter may be economically and efficiently settled, agree to the provisions of this Consent Order. The Credit Union, having been advised of its right to a written notice of charges and intent to issue a cease and desist order under RCW 31.12.585 and its right to a hearing on the alleged charges under RCW 31.12.625, and having waived those rights, enter into this Consent Order with the Assistant Director, solely for the purpose of this proceeding and without admitting or denying [REDACTED]

[REDACTED] This Consent Order is issued pursuant to Chapter 31.12 of the Revised Code of Washington (“RCW”), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

I. BACKGROUND

- A. The Credit Union is a Washington-State chartered credit union organized February 14, 1997 and operating under Chapter 31.12 RCW, the Washington State Credit Union Act. The Credit Union is subject to examination, supervision, and enforcement actions by the Director of DFI and the Director’s delegate, the Assistant Director, pursuant to Chapter 31.12 RCW.
- B. The Division last examined the Credit Union as of [REDACTED]. The resulting Report of Examination is referred to below as the “Exam Report.” In the opinion of the Assistant Director, the Credit Union has [REDACTED] [REDACTED] are described in the Exam Report. In addition, the Division representatives have discussed [REDACTED] with the CEO and directors and certain employees of the Credit Union.

- C. The Credit Union's shares and deposits are insured by the National Credit Union Share Insurance Fund (NCUSIF) administered by the National Credit Union Administration (NCUA), under Title II of the Federal Credit Union Act, 12 U.S.C. 1781 et seq. The Credit Union is subject to examination and supervision by the NCUA, and is subject to NCUA rules and regulations at 12 C.F.R. Part 741.
- D. The directors and senior managers of a credit union have fiduciary duties to the credit union. RCW 31.12.267; see also Division Opinion Number 98-4. A material violation of law (including a violation of fiduciary duty), or unsafe or unsound practices constitute grounds for the issuance of a Notice of Charges and intent to issue a Cease and Desist Order against a credit union. RCW 31.12.585; 31.12.005(15), (24).
- E. [REDACTED]
- F. [REDACTED]

II. ORDER

- A. IT IS HEREBY AGREED AND ORDERED that the Credit Union cease and desist from [REDACTED] (as more fully set forth in the Exam Report):
 - 1. [REDACTED];
 - 2. [REDACTED];
 - 3. [REDACTED];
 - 4. [REDACTED];
 - 5. [REDACTED];
 - 6. [REDACTED];
 - 7. [REDACTED];
 - 8. [REDACTED].
- B. IT IS FURTHER AGREED AND ORDERED that the Credit Union take affirmative action, as follows:
 - 1. **MANAGEMENT**
 - a. **Within 60 days of this order**, the Credit Union's Board will: retain a qualified independent management and human resource consultant to evaluate the abilities of (and barriers to) the Global management team's compliance with the requirements of

this Order: operate the Credit Union in a safe and sound manner; comply with applicable laws and regulations; [REDACTED]

- 1) The consultant must be approved by the Assistant Director prior to engagement and **must deliver copies of their report within 60 days of engagement** directly to the Board and the Assistant Director. At a minimum, the deliverables must include:
 - i) Assessment of the knowledge, skills, and abilities (KSAs) of the professional management team and a comparison to the depth of KSAs needed in financial institutions of similar size, complexity, and issues.
 - ii) Assessment of the reporting lines of authorities and responsibilities with a determination as to whether these are balanced in the best interest of the credit union.
 - iii) Evaluation of the salary, benefits, reimbursable expenses, and contract provisions available to senior management and compare them to the salary, benefits, reimbursable expenses and contract provisions paid at credit unions of similar size and complexity.
 - iv) Review all contracts and expense arrangements to determine if they are in the best interest of the credit union, and if not, whether prudent actions can be taken to remedy or lessen the imbalance of those obligations.
 - v) [REDACTED]
 - vi) [REDACTED]
 - vii) Suggest appropriate controls to ensure future decisions and contractual obligations are made in the best interest of the credit union's membership and do not favor personal interests.
 - viii) Provide advice as to how to strengthen the corporate credit card policy to assigning reasonable limits on entertainment and employee gift amounts to each executive to avoid over-spending and best practices to review expense reimbursements so that the approving official will complying with the policy requirements
- 2) **Within 30 days** of when the consultant results, [REDACTED], are obtained per II.B.1 of this Order, steps must be implemented to correct all of the deficiencies noted.

SUMMARY – 60 days to hire a consultant; 60 days to receive the consultants report; 30 days for action to implement corrections for any deficiencies – 150 days total.

- b. **Immediately**, the Board must comply with Part 701.14 of the NCUA’s Rules and Regulations and give NCUA and the Division written notice at least 30 days before the effective date of any addition or replacement of a member of the board of directors or committee member, or the employment or change in responsibilities of any individual to a position of senior executive officer. “Senior executive officer” means a credit union’s chief executive officer (typically this individual holds the title of president or treasurer/manager), any assistant chief executive officer (e.g., any assistant president, any vice president or any assistant treasurer/manager) and the chief financial officer (controller). The term “senior executive officer” also includes employees of an entity, such as a consulting firm, hired to perform the functions of positions covered by the regulation. When making notice, we recommend you use NCUA Form 4063a found at <http://www.ncua.gov/GuidesManuals/roofficials/forms/IDA.pdf>
- c. **Immediately**, [REDACTED].
- d. **Prior to signing**, the Board must submit any proposed future contracts with any affiliated persons (present or past employees or volunteers) to the Assistant Director for approval.

2. ASSET QUALITY

- a. **Within 30 days of entering this Order**, the Credit Union’s Board will: retain qualified independent consultant(s) to evaluate the member business lending (MBL) systems, portfolio, and procedures to assess compliance with FDIC Standards for the safe and sound operation of MBL portfolios as established in DCU Bulletin B-06-01; identify any weaknesses in underwriting procedures including cash flow assessment and appraisal review; evaluate portfolio for classification and any estimated needed reserves; and guide the credit union in developing written work out plans for all loans not meeting contractual obligations.
 - 1) The consultant must be independent, have significant experience reviewing the policies, procedures, and loans of credit union MBL operations and have extensive experience working with the FDIC Standards (Standard/s) for safe and sound operation of MBL loan portfolios as required by DCU Bulletin B-06-01 and must be approved by the Assistant Director prior to engagement.
 - 2) The consultant must **deliver copies of their report within 60 days of engagement** directly to the Board and the Assistant Director. At a minimum, the deliverables must include:
 - i) [REDACTED].”
 - ii) [REDACTED].

iii) Suggestions for [REDACTED].

iv) Suggestions for a [REDACTED].

v) Assessment and classification of all MBLs. At a minimum, the assessment needs to address compliance with Credit Union policies, comparison to FDIC standards, prudent underwriting and GAAP.

3) **Within 30 days of when the consultant results are obtained**, steps must be implemented to correct all of the deficiencies noted.

4) **By August 15, 2009** provide copies of the all current workout plans to Division of Credit Unions.

SUMMARY – 30 days to hire a consultant; 60 days to receive the consultant’s report; 30 days for action to implement corrections for any deficiencies – 120 days total.

b. **Within ten (10) calendar days after the effective date of this Consent Order,** [REDACTED]

[REDACTED]. The 5300 financial reports of March 31, 2009 and June 30, 2009 need to be re-filed to reflect these reserves and additions to the delinquency level.

1) [REDACTED].

i) [REDACTED]

ii) [REDACTED]

iii) [REDACTED]

iv) [REDACTED]

v) [REDACTED]

2) [REDACTED].

- c. **Within 30 days of this Order**, the Credit Union must classify all unsecured MBLs that – since March 31, 2008 – have been modified and / or extended or where no payments are expected due to forbearance consistent with Washington Administrative Code Chapter 208-460 and the provisions of FASB 15, Troubled Debt Restructuring. They need to be classified *at a minimum* as “Substandard” and set up with a reserve of a minimum of 10% for each of these loans.
- d. The Credit Union must adequately fund the ALLL account **each month** per GAAP provisions.
- e. **Within 30 days of this Order**, the Credit Union must review all modified and / or extended secured MBLs and provide an allowance for all impaired secured loans where the balance exceeds the current value of the collateral consistent with FAS 114 and the Washington Administrative Code Chapter 208-460 whichever is greater. Review all construction and development (C&D) loans and classify all loans which are not performing as agreed (e.g. lot or condo sales are delinquent) as *at least* “impaired” (or substandard if severely behind in projected sales) and calculate the appropriate ALLL.
- f. **Within 60 days of this Order**, the Credit Union must have its independent CPA, [REDACTED] validate the ALLL methodology completed as required by policy. See the Division guidance found in DCU Bulletin B-02-17, which states “The board of each credit union will be responsible for arranging or providing an independent review of the ALLL methodology and its application in the credit union. This review must be documented with adequate work-papers. The board of directors will need to review the findings and document that review in the meeting minutes. When a CPA performs that validation, it must be clearly covered in the engagement letter. If an internal auditor performs this function, the persons involved in the validation process should not have other responsibility for the ALLL process.”
 - 1) The independent review of your ALLL policy must specifically address all known relevant internal and external factors that may affect loan collectability. Economic factors and industry averages are relevant to the Credit Union loan portfolio in the current economic environment, particularly the real estate pool. Weighing for current delinquency and charge-off trends must be provided, which would give a better indication of potential losses than an average historical loss, especially on consumer loans.
 - 2) The consultant must **deliver copies of their report within 60 days of engagement** directly to the Board and the Assistant Director.
 - 3) **Within 30 days of when the independent review results** are obtained, steps must be implemented to correct all of the deficiencies noted.

SUMMARY – 30 days to hire a CPA; 60 days to receive the CPA’s report; 30 days for action to implement corrections for any deficiencies – 120 days total.

3. BUSINESS PLAN, BUDGET, AND CAPITAL

a. Business Plan

No later than November 30, 2009, the Credit Union will submit to the Division for review a written business plan for 2010. The business plan should be based on obtainable and realistic budget assumptions. The plan must detail sufficient actions the Credit Union management will perform in order to build the Credit Union's net worth in dollars, and as a minimal net worth ratio to [REDACTED] in a timetable acceptable to the Division and the NCUA but no later than December 31, 2010. If necessary, the Credit Union will discourage growth of shares and deposits, or shrink assets and liabilities of the Credit Union in order to meet these net worth requirements. The plan will also designate responsible employees, time frames for progress reviews by the Credit Union's Board of Directors (Board), and dates of final completion.

The Board must approve the business plan prior to submission to the Division. The Credit Union will promptly make reasonable revisions to the plan as requested by the Division and the business plan must be acceptable to the Division. In the event that the Division makes requests for revision of the business plan and the Credit Union is not in agreement as to revisions requested by the Division, the Credit Union will promptly schedule a meeting with the Director of Credit Unions and the Board of Directors to reach an acceptable outcome.

b. Budget

No later than November 30, 2009, the Credit Union will submit to the Division for review a written budget for 2010, including pro forma financial statements. The budget will project balance sheet and income statement line items on a monthly basis, and will reflect and support the strategic plan required above. The budget will reflect underlying growth rate assumptions; expected changes in delinquency and charge-off experience; expected loan and investment yield rates; anticipated fee revenues; and anticipated estimates for dividend/interest and operating expenses. The 2010 Budget and Pro Forma Balance Sheet must provide for a net margin adequate to cover operating expenses, the Provision for Loan and Lease Losses (PLLL), and build the net worth ratio by a minimum of 0.10% of total assets each quarter until the Credit Union reaches at least an [REDACTED] Net Worth/Total Assets ratio. The budget is expected to include a [REDACTED] or more reserve on all substandard MBLs and other impaired loans and adequate reserves on all doubtful loans.

The Board must approve the budget prior to submission to the Division. The Credit Union will promptly make reasonable revisions to the budget as requested by the Division and the budget must be acceptable to the Division. In the event the Division makes requests for revision of the budget and the Credit Union is not in agreement as to revisions requested by the Division, the Credit Union will promptly schedule a meeting with the Director of Credit Unions and the Board of Directors to reach an acceptable outcome.

The Credit Union will prepare a monthly budget variance analysis comparing each actual revenue source and expense category against the budgeted amounts. This monthly analysis will include the reason for any line item, which has a significant difference between the budgeted amount and the actual amount. This monthly analysis will be presented for discussion and consideration at each monthly Board meeting after adoption of the budget.

c. Capital

The Credit Union will build its Net Worth/Total Assets ratio to a minimum ██████████ by December 31, 2010.

Management will balance growth and earnings to maintain the Net Worth ratio. If necessary, Global Credit Union will discourage growth of shares and deposits, or shrink the assets and liabilities of the Credit Union in order to meet this capital requirement.

The term "Net Worth" is defined in Appendix A to this Order.

4. BOARD PARTICIPATION AND RESPONSIBILITIES

- a. **Within thirty (30) calendar days from the effective date of this Consent Order**, the Credit Union's Board will increase its participation in the affairs of the Credit Union. It will assume full responsibility for the approval of sound policies and for meeting the Credit Union's business objectives. It will be responsible for the supervision of all the Credit Union's activities, consistent with the role and expertise commonly expected for directors of credit unions of comparable size. For example, the Board shall create and implement adequate controls, either through restricted system access, auditing of loans after set-up, or another appropriate manner to ensure the Division-established loan authority levels are not exceeded.
- b. Participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved:
 - 1) The monthly reports of income and expenses, including variances that compare the budget to actual amounts which shall include an explanation for any monthly or year to date variance of 5% or greater;
 - 2) Variances against monthly pro forma balance sheets and targets for key financial ratios which shall include an explanation for any monthly or year to date variance of 5% or greater;
 - 3) Variances against the liquidity and cash fund projections and plans;
 - 4) The reports summarizing new, overdue, renewed, extended, modified, insider, charged-off, and recovered loans; and
 - 5) The progress reports on corrective actions taken as needed to comply with this Consent Order.

c. **By November 30, 2009**, the Credit Union's Board shall formulate and implement a written profit plan for 2010 including a month-to-month pro forma balance sheet, a monthly budget that is consistent with the corresponding pro forma balance sheet, and a description of the operating assumptions used for major projected income and expenses.

d. [REDACTED]. Decreasing expenses is a critical part of returning the Credit Union to financial health. **No later than 90 days after the effective date of this Order**, the Board shall cause an analysis and develop action plans to reduce expenses.

- 1) The Credit Union must complete the branch accounting forecasts through year-end 2009, and determine a course of action for those branches that are not profitable.
- 2) Review expenses on a line-item basis at least quarterly in comparison with the approved budget and document in the Board minutes. The Board should be discussing cost-saving measures on a monthly basis until the Credit Union returns to a net worth ratio [REDACTED] or greater.

e. **Within sixty (60) calendar days** from the effective date of this Consent Order, the Board will ensure that the June 30, 2009 NCUA Call Report and all subsequent call reports are filed with accurate data and in compliance with GAAP.

f. **Within 90 days of the effective date of this Consent Order**, the Credit Union's Board will provide oversight to ensure compliance with Bank Secrecy Act (BSA), Fair Credit Reporting Act and Fair and Accurate Credit Transaction Act of 2003 (FACTA), Truth-in-Lending Act (Regulation Z), and the Customer Identification Program of the USA PATRIOT Act (CIP).

- 1) [REDACTED]
- 2) [REDACTED]
- 3) [REDACTED]
- 4) [REDACTED]
- 5) [REDACTED]

- 6) [REDACTED]
- 7) [REDACTED]
- 8) [REDACTED]
- 9) [REDACTED]
- 10) [REDACTED]
- 11) [REDACTED]

g. **Within 90 days after the effective date of this Consent Order**, the Credit Union's Board will implement a written liquidity and funds management plan. Such plan shall be in a form and manner acceptable to the Assistant Director as determined by subsequent examinations and /or visitations. Develop a comprehensive liquidity risk management policy and process that addresses:

- 1) Parties responsible for managing liquidity.
- 2) Regular reporting to Asset Liability Management Operating Committee (ALCO) and Board of Directors, and reporting frequency should increase with tightening liquidity.
- 3) Methodology and tools for measuring liquidity, including point-in-time and forward looking measurements and tools.
- 4) Utilizing pro forma cash flow projections (sources and uses) under normal and stressed rate scenarios.
- 5) Establish liquidity risk limits, targets and ranges that are comprehensive, forward looking, encompassing more than one liquidity measurement.
- 6) Limits on acceptable sources of funds and asset mix.
- 7) Alternative funding sources, including requirements of a cost benefit analysis and reporting criteria.

- 8) A borrowing policy specifying aggregate borrowing limits, individuals authorized to borrow, dollar authority limit per individual and the approval and reporting requirements for borrowings.
 - 9) Designate the allocation of borrowing capacity between capacity reserved for liquidity contingency funding and capacity available for balance sheet funding strategies. Document and support the methodology used to determine the amount designated for liquidity contingency funding.
 - 10) Evaluate and recognize the potential rate sensitive nature of the “E Velocity” account from both a liquidity and interest rate risk perspective.
 - 11) Develop a contingency liquidity funding plan for stressed conditions. This plan should include such items as indentifying when liquidity operations are or may become stressed, who is responsible for that identification, an early warning system to detect the beginning of stressed liquidity, reporting requirements, a detailed list of potential options for dealing with the situation. Contingency funding plans often follow a format similar to a business resumption plan.
- h. **By August 31, 2009**, The Board must address and correct all items identified in the [REDACTED] model validation report, [REDACTED], ensuring that model results for both the Income Simulation and NEV are reliable.
- 1) Document each item addressed and the specific resolution. The Credit Union must establish *in policy* risk limits for the change in net interest income (NII) and net income (NI) in specified rate scenarios.
 - 2) Report to ALCO income simulation results for both net interest income and net income compared to policy risk limits.
- i. **By September 30, 2009**, the Board must create a comprehensive vendor management policy that guides the selection of new vendors and how the Credit Union monitors vendor performance and secures member information it its custody.
- j. If one or more of the following events occur, the Board will actively seek a merger partner **within thirty (30) calendar days** and move forward to complete a merger as soon as possible:
- 1) The net worth ratio falls below 4%; or
 - 2) The Credit Union does not meet the material terms of the Consent Order.
- k. **Within twenty-five (25) calendar days after the end of each calendar month**, the Credit Union shall submit to the Division:
- 1) A copy of the Credit Union's financial statements; and

- 2) A report summarizing the Credit Union's progress during the prior month toward satisfying the requirements set forth in this Consent Order.

In addition, the Credit Union shall submit such other reports to the Division as may be requested by the Division.

Any plans, budgets, reports, or other materials, required by the provisions of this Consent Order (documents) or required by the Division to be furnished to the Division, will be sent to the following Division staff member at the fax number and e-mail address given below unless the Division provides other instructions to the Credit Union. The Division reserves the right to require the Credit Union to provide documents to a different person or to a different fax number, e-mail address or address as provided in a written notice from the Division to the Credit Union. If it is not practical to fax the materials because they are too voluminous, the Credit Union may mail the materials to the Division staff member at the address noted:

Susan Graham, Examiner
Division of Credit Unions
Post Office Box 41200
Olympia, Washington 98504-1200
Fax number: 360-704-6497
dcu@dfi.wa.gov

Such materials will be considered as "furnished" to the Division when received by the Division staff member noted above.

III. OTHER MATTERS

- A. Pursuant to chapter 31.12 RCW, the Credit Union and its Board of Directors agree that the Division has jurisdiction over the subject matter of the activities of the Credit Union discussed herein.

The Credit Union and its Board of Directors agree to be bound by the terms and conditions of this Consent Order and enter into this Consent Order voluntarily. The Credit Union and its Board of Directors represent and warrant to each other that they have the full power and right to execute this Consent Order. The Credit Union and its Board of Directors waive any and all administrative and judicial review regarding the issuance of this Consent Order.

- B. The Credit Union and its Board of Directors understand that failure to abide by the terms and conditions of this Consent Order may result in further legal action by the Assistant Director, including but not limited to, enforcement of this Consent Order under RCW 34.05.578 or any other applicable statutes or rules.

- C. The Credit Union and its Board of Directors have read this Consent Order in its entirety and fully understand and agree to all of the same.
- D. This Consent Order shall not preclude further legal actions by the Division under Chapter 31.12 RCW based on additional material violations of law, unsafe or unsound practices by, or unsafe or unsound conditions at the Credit Union; or with the consent of the Credit Union, including but not limited to, the issuance of a temporary cease and desist order pursuant to RCW 31.12.595, the issuance of a notice of charges pursuant to RCW 31.12.585, issuance of a notice of intent to remove a person from office or conduct of the affairs of the Credit Union pursuant to RCW 31.12.575, or the appointment of a conservator, liquidating agent, and / or receiver pursuant to RCW 31.12.637 .
- E. Appendix A attached hereto is considered incorporated in this Consent Order by this reference.
- F. This Consent Order constitutes a “written agreement with the director” as contemplated by RCW 31.12.005(13).
- G. References in this Consent Order to sections or parts of statutes or rules include successors to such sections or parts.

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This Consent Order is entered into and takes effect this 17th day of July, 2009. This date is referred to in this Consent Order as the "Effective Date" of this Consent Order.

**DIVISION OF CREDIT UNIONS
DEPT. OF FINANCIAL INSTITUTIONS
STATE OF WASHINGTON**

GLOBAL CREDIT UNION
by

_____/s/_____
Linda Jekel
Assistant Director

_____/s/_____
Jack L. Fallis
President/CEO

**Board of Directors
Global Credit Union:**

_____/s/_____
Thomas Cochran, Board Chair

_____/s/_____
Richard Fischer, Director

_____/s/_____
Joseph Tortorelli, Director

_____/s/_____
Robert La Pointe, Director

_____/s/_____
Thomas Pauley, Director

_____/s/_____
Robert Crump, Director

Appendix A to Consent Order - Definitions

As used in this SA, the following terms have the meanings set forth below.

1. "**Financial statements**" includes all of the following:

- a. Statement of Financial Condition for the quarter end
- b. Statement of Income and Expense for the quarter and year-to-date
- c. Dollar amount of delinquent loans for the quarter-end
- d. Dollar amount of charge-offs and recoveries for the year-to-date
- e. Analysis of adequacy of ALLL funding for the quarter end

2. "**Net Worth**" means retained earnings as defined under Generally Accepted Accounting Principles. Retained earnings normally include undivided earnings and regular reserves. It does not include the ALLL or the Accumulated Unrealized Gains (Losses) on Available for Sale Securities.

3. **Terms as defined in NCUA Letter 161.** The definitions of the terms set forth below are similar to the definition of these same terms set forth in NCUA Letter 161. It should also be noted that for the most part the definitions of these terms use line items from the 5300s call reports. In the event the NCUA revises the definition of any of these terms in Letter 161, or revises the related line items in the 5300s, the Division may substitute a reasonably similar definition of the terms upon written notice to the Credit Union.

a. **Delinquent Loans/Total Loans** means

Total of Loans Delinquent More Than 2 Months
divided by
Total Loans

b. **Net Charge-offs/Average Loans** means

[Total of Loans Charged Off (prior 12-month period) - Total Recoveries (same period)]
divided by
Average Loans

c. **Operating Expenses/Average Assets {Annualized}** means

[Total Operating Expenses - Provision for Loan Losses - Provision for Investment Losses]
divided by
((Current Period Assets + Priority Year-end Assets)/2)

d. **Return on Average Assets** means

(([Net Income (Loss) After All Operating Expenses and All Cost of Funds] divided by # months
in Year to Date) times 12) **divided by**
[(Current Period Assets + Prior Year-end Assets) divided by 2]