

<b>Form 5500</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Annual Return/Report of Employee Benefit Plan</b> This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).  <p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p>	OMB Nos. 1210-0110 1210-0089  <div style="text-align: center; font-size: 1.2em;"><b>2020</b></div>  <b>This Form is Open to Public Inspection</b>
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<b>Part I Annual Report Identification Information</b>	
For calendar plan year 2020 or fiscal plan year beginning <u>01/01/2020</u> and ending <u>12/31/2020</u>	
<b>A</b> This return/report is for:	<input type="checkbox"/> a multiemployer plan <input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) <input checked="" type="checkbox"/> a single-employer plan <input type="checkbox"/> a DFE (specify) _____
<b>B</b> This return/report is:	<input type="checkbox"/> the first return/report <input type="checkbox"/> the final return/report <input type="checkbox"/> an amended return/report <input type="checkbox"/> a short plan year return/report (less than 12 months)
<b>C</b> If the plan is a collectively-bargained plan, check here. . . . .	<input type="checkbox"/>
<b>D</b> Check box if filing under:	<input checked="" type="checkbox"/> Form 5558 <input type="checkbox"/> automatic extension <input type="checkbox"/> the DFVC program <input type="checkbox"/> special extension (enter description)

<b>Part II Basic Plan Information</b> —enter all requested information			
<b>1a</b> Name of plan <u>QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN</u>	<b>1b</b> Three-digit plan number (PN) ▶	<u>001</u>	
<b>2a</b> Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)  <u>QUALSTAR CREDIT UNION</u>   <u>PO BOX 96730</u> <u>2133 152ND AVE NE</u> <u>BELLEVUE, WA 98009</u> <u>REDMOND, WA 98052</u>	<b>1c</b> Effective date of plan	<u>01/01/1988</u>	
	<b>2b</b> Employer Identification Number (EIN)	<u>91-6035907</u>	
	<b>2c</b> Plan Sponsor's telephone number	<u>425-643-3400</u>	
	<b>2d</b> Business code (see instructions)	<u>522130</u>	

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	10/14/2021	BRIDGET FROLICH
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	10/14/2021	BRIDGET FROLICH
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2020)  
v. 200204

<b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor		<b>3b</b> Administrator's EIN	
		<b>3c</b> Administrator's telephone number	
<b>4</b> If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: <b>a</b> Sponsor's name <b>c</b> Plan Name		<b>4b</b> EIN  <b>4d</b> PN	
<b>5</b> Total number of participants at the beginning of the plan year		<b>5</b>	201
<b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).			
<b>a(1)</b> Total number of active participants at the beginning of the plan year.....		<b>6a(1)</b>	121
<b>a(2)</b> Total number of active participants at the end of the plan year .....		<b>6a(2)</b>	118
<b>b</b> Retired or separated participants receiving benefits.....		<b>6b</b>	21
<b>c</b> Other retired or separated participants entitled to future benefits .....		<b>6c</b>	74
<b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> .....		<b>6d</b>	213
<b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. ....		<b>6e</b>	0
<b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....		<b>6f</b>	213
<b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....		<b>6g</b>	0
<b>h</b> Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested .....		<b>6h</b>	0
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		<b>7</b>	
<b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A			
<b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
<b>9a</b> Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor		<b>9b</b> Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	
<b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
<b>a Pension Schedules</b> (1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)  (2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary  (3) <input checked="" type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		<b>b General Schedules</b> (1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information) (2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan) (3) <input type="checkbox"/> <b>A</b> (Insurance Information) (4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information) (5) <input type="checkbox"/> <b>D</b> (DFE/Participating Plan Information) (6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules)	

**Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)**

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2020 Form M-1 annual report. If the plan was not required to file the 2020 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code \_\_\_\_\_

<div>SCHEDULE SB (Form 5500)  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2020</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020	
▶ Round off amounts to nearest dollar.	
▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.	
A Name of plan QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF QUALSTAR CREDIT UNION	D Employer Identification Number (EIN) 91-6035907
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B	F Prior year plan size: <input type="checkbox"/> 100 or fewer <input checked="" type="checkbox"/> 101-500 <input type="checkbox"/> More than 500

Part I	Basic Information			
1	Enter the valuation date: Month 01 Day 01 Year 2020			
2	Assets:			
a	Market value .....	2a	20075828	
b	Actuarial value .....	2b	20075828	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a	For retired participants and beneficiaries receiving payment.....	19	3317232	3317232
b	For terminated vested participants.....	72	2769006	2769006
c	For active participants .....	121	7113360	7113360
d	Total.....	212	13199598	13199598
4	If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/>			
a	Funding target disregarding prescribed at-risk assumptions .....		4a	
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....		4b	
5	Effective interest rate .....	5	5.60 %	
6	Target normal cost.....	6	788047	

Statement by Enrolled Actuary	
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.	
SIGN HERE	
Signature of actuary	06/02/2021
WILLIAM N. CORNELL, EA, MAAA	Date
Type or print name of actuary	20-06487
STANDARD RETIREMENT SERVICES, INC.	Most recent enrollment number
Firm name	971-321-8414
PO BOX 711 PORTLAND, OR 97207-0711	Telephone number (including area code)
Address of the firm	

**Part II Beginning of Year Carryover and Prefunding Balances**

	(a) Carryover balance	(b) Prefunding balance
<b>7</b> Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....	309572	0
<b>8</b> Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....	0	
<b>9</b> Amount remaining (line 7 minus line 8) .....	309572	0
<b>10</b> Interest on line 9 using prior year's actual return of <u>21.67</u> % .....	67084	0
<b>11</b> Prior year's excess contributions to be added to prefunding balance:		
<b>a</b> Present value of excess contributions (line 38a from prior year) .....		1541598
<b>b(1)</b> Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.76</u> % .....		88796
<b>b(2)</b> Interest on line 38b from prior year Schedule SB, using prior year's actual return .....		0
<b>c</b> Total available at beginning of current plan year to add to prefunding balance .....		1630394
<b>d</b> Portion of (c) to be added to prefunding balance .....		0
<b>12</b> Other reductions in balances due to elections or deemed elections .....	0	0
<b>13</b> Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....	376656	0

**Part III Funding Percentages**

<b>14</b> Funding target attainment percentage .....	<b>14</b>	149.24 %
<b>15</b> Adjusted funding target attainment percentage .....	<b>15</b>	147.82 %
<b>16</b> Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement .....	<b>16</b>	128.75 %
<b>17</b> If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage .....	<b>17</b>	%

**Part IV Contributions and Liquidity Shortfalls****18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/13/2020	200000		07/22/2020	200000	
02/12/2020	200000		08/21/2020	200000	
03/09/2020	200000		09/01/2020	200000	
04/10/2020	200000		10/13/2020	200000	
05/14/2020	200000		11/30/2020	200000	
06/22/2020	200000		12/07/2020	200000	
<b>Totals ▶</b>			<b>18(b)</b>	2400000	<b>18(c)</b> 0

**19** Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

<b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years .....	<b>19a</b>	0
<b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....	<b>19b</b>	0
<b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date .....	<b>19c</b>	2336545

**20** Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

**Part V Assumptions Used to Determine Funding Target and Target Normal Cost**

<b>21</b> Discount rate:				
<b>a</b> Segment rates:	1st segment: 3.64 %	2nd segment: 5.21 %	3rd segment: 5.94 %	<input type="checkbox"/> N/A, full yield curve used
<b>b</b> Applicable month (enter code) .....				<b>21b</b> 4
<b>22</b> Weighted average retirement age .....				<b>22</b> 64
<b>23</b> Mortality table(s) (see instructions)	<input checked="" type="checkbox"/> Prescribed - combined <input type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute			

**Part VI Miscellaneous Items**

<b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>27</b> If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	<b>27</b>	

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

<b>28</b> Unpaid minimum required contributions for all prior years .....	<b>28</b>	0
<b>29</b> Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	<b>29</b>	0
<b>30</b> Remaining amount of unpaid minimum required contributions (line 28 minus line 29) .....	<b>30</b>	0

**Part VIII Minimum Required Contribution For Current Year**

<b>31</b> Target normal cost and excess assets (see instructions):			
<b>a</b> Target normal cost (line 6).....	<b>31a</b>	788047	
<b>b</b> Excess assets, if applicable, but not greater than line 31a .....	<b>31b</b>	788047	
<b>32</b> Amortization installments:	Outstanding Balance		Installment
<b>a</b> Net shortfall amortization installment .....	0	0	
<b>b</b> Waiver amortization installment .....	0	0	
<b>33</b> If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount .....	<b>33</b>		
<b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....	<b>34</b>	0	
	Carryover balance	Prefunding balance	Total balance
<b>35</b> Balances elected for use to offset funding requirement .....	0	0	0
<b>36</b> Additional cash requirement (line 34 minus line 35) .....	<b>36</b>	0	
<b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) .....	<b>37</b>	2336545	
<b>38</b> Present value of excess contributions for current year (see instructions)			
<b>a</b> Total (excess, if any, of line 37 over line 36) .....	<b>38a</b>	2336545	
<b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....	<b>38b</b>	0	
<b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....	<b>39</b>	0	
<b>40</b> Unpaid minimum required contributions for all years .....	<b>40</b>	0	

**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)**

<b>41</b> If an election was made to use PRA 2010 funding relief for this plan:	
<b>a</b> Schedule elected .....	<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years
<b>b</b> Eligible plan year(s) for which the election in line 41a was made .....	<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011

<b>SCHEDULE C</b> <b>(Form 5500)</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Service Provider Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).  ▶ <b>File as an attachment to Form 5500.</b>	OMB No. 1210-0110
		<b>2020</b>
		<b>This Form is Open to Public Inspection.</b>

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020		
<b>A</b> Name of plan QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN	<b>B</b> Three-digit plan number (PN) ▶	001
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 QUALSTAR CREDIT UNION	<b>D</b> Employer Identification Number (EIN) 91-6035907	

<b>Part I</b>	<b>Service Provider Information (see instructions)</b>
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

**1 Information on Persons Receiving Only Eligible Indirect Compensation**

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MASSMUTUAL FINANCIAL GROUP

04-1590850

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 62	CONTRACT ADMINISTRATOR	5704	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**Part I Service Provider Information (continued)**

**3.** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

**Part II Service Providers Who Fail or Refuse to Provide Information**

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

**Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)**

(complete as many entries as needed)

<b>a</b> Name:	HAUSER	<b>b</b> EIN:	81-0987947
<b>c</b> Position:	AUDITING FIRM		
<b>d</b> Address:	208 N MERIDAN ST. PUYALLUP, WA 98371	<b>e</b> Telephone:	

Explanation: CHANGED RETIREMENT PLAN AUDITING PROVIDER

<b>a</b> Name:		<b>b</b> EIN:	
<b>c</b> Position:			
<b>d</b> Address:		<b>e</b> Telephone:	

Explanation:

<b>a</b> Name:		<b>b</b> EIN:	
<b>c</b> Position:			
<b>d</b> Address:		<b>e</b> Telephone:	

Explanation:

<b>a</b> Name:		<b>b</b> EIN:	
<b>c</b> Position:			
<b>d</b> Address:		<b>e</b> Telephone:	

Explanation:

<b>a</b> Name:		<b>b</b> EIN:	
<b>c</b> Position:			
<b>d</b> Address:		<b>e</b> Telephone:	

Explanation:

<b>SCHEDULE H</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Financial Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).  <b>► File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <b>2020</b>  <b>This Form is Open to Public Inspection</b>
For calendar plan year 2020 or fiscal plan year beginning <b>01/01/2020</b> and ending <b>12/31/2020</b>		
<b>A</b> Name of plan <b>QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN</b>	<b>B</b> Three-digit plan number (PN) <b>►</b>	<b>001</b>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <b>QUALSTAR CREDIT UNION</b>	<b>D</b> Employer Identification Number (EIN) <b>91-6035907</b>	

Part I	Asset and Liability Statement		
<b>1</b> Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. <b>Round off amounts to the nearest dollar.</b> MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
<b>a</b> Total noninterest-bearing cash.....		<b>1a</b>	
<b>b</b> Receivables (less allowance for doubtful accounts):			
<b>(1)</b> Employer contributions .....		<b>1b(1)</b>	
<b>(2)</b> Participant contributions.....		<b>1b(2)</b>	
<b>(3)</b> Other .....		<b>1b(3)</b>	
<b>c</b> General investments:			
<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....		<b>1c(1)</b>	
<b>(2)</b> U.S. Government securities .....		<b>1c(2)</b>	
<b>(3)</b> Corporate debt instruments (other than employer securities):			
<b>(A)</b> Preferred .....		<b>1c(3)(A)</b>	
<b>(B)</b> All other.....		<b>1c(3)(B)</b>	
<b>(4)</b> Corporate stocks (other than employer securities):			
<b>(A)</b> Preferred .....		<b>1c(4)(A)</b>	
<b>(B)</b> Common .....		<b>1c(4)(B)</b>	
<b>(5)</b> Partnership/joint venture interests .....		<b>1c(5)</b>	
<b>(6)</b> Real estate (other than employer real property) .....		<b>1c(6)</b>	
<b>(7)</b> Loans (other than to participants).....		<b>1c(7)</b>	
<b>(8)</b> Participant loans .....		<b>1c(8)</b>	
<b>(9)</b> Value of interest in common/collective trusts .....		<b>1c(9)</b>	
<b>(10)</b> Value of interest in pooled separate accounts .....		<b>1c(10)</b>	
<b>(11)</b> Value of interest in master trust investment accounts .....		<b>1c(11)</b>	
<b>(12)</b> Value of interest in 103-12 investment entities .....		<b>1c(12)</b>	
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds) .....		<b>1c(13)</b>	2007582824388548
<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....		<b>1c(14)</b>	
<b>(15)</b> Other.....		<b>1c(15)</b>	

<b>1d</b> Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	<b>1d(1)</b>		
(2) Employer real property.....	<b>1d(2)</b>		
<b>e</b> Buildings and other property used in plan operation .....	<b>1e</b>		
<b>f</b> Total assets (add all amounts in lines 1a through 1e) .....	<b>1f</b>	20075828	24388548

**Liabilities**

<b>g</b> Benefit claims payable .....	<b>1g</b>		
<b>h</b> Operating payables .....	<b>1h</b>		
<b>i</b> Acquisition indebtedness.....	<b>1i</b>		
<b>j</b> Other liabilities.....	<b>1j</b>		
<b>k</b> Total liabilities (add all amounts in lines 1g through 1j) .....	<b>1k</b>	0	0

**Net Assets**

<b>l</b> Net assets (subtract line 1k from line 1f) .....	<b>1l</b>	20075828	24388548
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**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income**

		(a) Amount	(b) Total
<b>a</b> <b>Contributions:</b>			
(1) Received or receivable in cash from: <b>(A)</b> Employers .....	<b>2a(1)(A)</b>		
<b>(B)</b> Participants .....	<b>2a(1)(B)</b>		
<b>(C)</b> Others (including rollovers).....	<b>2a(1)(C)</b>	2400000	
(2) Noncash contributions .....	<b>2a(2)</b>		
(3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> .....	<b>2a(3)</b>		2400000
<b>b</b> <b>Earnings on investments:</b>			
(1) Interest:			
<b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit).....	<b>2b(1)(A)</b>		
<b>(B)</b> U.S. Government securities .....	<b>2b(1)(B)</b>		
<b>(C)</b> Corporate debt instruments .....	<b>2b(1)(C)</b>		
<b>(D)</b> Loans (other than to participants) .....	<b>2b(1)(D)</b>		
<b>(E)</b> Participant loans.....	<b>2b(1)(E)</b>		
<b>(F)</b> Other .....	<b>2b(1)(F)</b>		
<b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....	<b>2b(1)(G)</b>		0
(2) Dividends: <b>(A)</b> Preferred stock.....	<b>2b(2)(A)</b>		
<b>(B)</b> Common stock .....	<b>2b(2)(B)</b>		
<b>(C)</b> Registered investment company shares (e.g. mutual funds).....	<b>2b(2)(C)</b>	591034	
<b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....	<b>2b(2)(D)</b>		591034
(3) Rents .....	<b>2b(3)</b>		
(4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....	<b>2b(4)(A)</b>		
<b>(B)</b> Aggregate carrying amount (see instructions).....	<b>2b(4)(B)</b>		
<b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....	<b>2b(4)(C)</b>		0
(5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....	<b>2b(5)(A)</b>		
<b>(B)</b> Other .....	<b>2b(5)(B)</b>		
<b>(C)</b> Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....	<b>2b(5)(C)</b>		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts .....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities .....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) .....	2b(10)		1863770
c Other income .....	2c		
d Total income. Add all <b>income</b> amounts in column (b) and enter total.....	2d		4854804

**Expenses****e** Benefit payment and payments to provide benefits:

(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	470922	
(2) To insurance carriers for the provision of benefits .....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3) .....	2e(4)		470922
f Corrective distributions (see instructions) .....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees .....	2i(1)		
(2) Contract administrator fees .....	2i(2)	71162	
(3) Investment advisory and management fees .....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4) .....	2i(5)		71162
j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total.....	2j		542084

**Net Income and Reconciliation**

k Net income (loss). Subtract line 2j from line 2d .....	2k		4312720
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan .....	2l(2)		

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unmodified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

**b** Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTONLARSONALLEN LLP

(2) EIN: 41-0746749

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

**a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) .....

	Yes	No	Amount
4a		X	



	Yes	No	Amount
<b>b</b> Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) .....			
<b>4b</b>		X	
<b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....			
<b>4c</b>		X	
<b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) .....			
<b>4d</b>		X	
<b>e</b> Was this plan covered by a fidelity bond? .....	X		5000000
<b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>4f</b>		X	
<b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....			
<b>4g</b>		X	
<b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....			
<b>4h</b>		X	
<b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....	X		
<b>4i</b>	X		
<b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.) .....			
<b>4j</b>		X	
<b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....			
<b>4k</b>		X	
<b>l</b> Has the plan failed to provide any benefit when due under the plan? .....			
<b>4l</b>		X	
<b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....			
<b>4m</b>			
<b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....			
<b>4n</b>			

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ..... ☐ Yes ☒ No  
If "Yes," enter the amount of any plan assets that reverted to the employer this year \_\_\_\_\_.

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

**5c** Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ..... ☒ Yes ☐ No ☐ Not determined  
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4314481.

<div>SCHEDULE R (Form 5500)  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2020</div> <div>This Form is Open to Public Inspection.</div>
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For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

<b>A</b> Name of plan QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN	<b>B</b> Three-digit plan number (PN) ► 001
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 QUALSTAR CREDIT UNION	<b>D</b> Employer Identification Number (EIN) 91-6035907

<b>Part I</b>	<b>Distributions</b>
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All references to distributions relate only to payments of benefits during the plan year.

<b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	<b>1</b>	
<b>2</b> Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):  EIN(s): _____  Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
<b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year .....	<b>3</b>	1

<b>Part II</b>	<b>Funding Information</b> (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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<b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? .....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A
<b>If the plan is a defined benefit plan, go to line 8.</b>			
<b>5</b> If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. <b>Date:</b> Month _____ Day _____ Year _____ <b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b>			
<b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....	<b>6a</b>		
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....	<b>6b</b>		
<b>c</b> Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	<b>6c</b>		
<b>If you completed line 6c, skip lines 8 and 9.</b>			
<b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>8</b> If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> N/A

<b>Part III</b>	<b>Amendments</b>
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<b>9</b> If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input checked="" type="checkbox"/> No
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<b>Part IV</b>	<b>ESOPs</b> (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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<b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>11 a</b> Does the ESOP hold any preferred stock? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>b</b> If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2020  
v. 200204

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

**a** The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

**14a**

**b** The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

**14b**

**c** The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

**14c**

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

**a** The corresponding number for the plan year immediately preceding the current plan year.....

**15a**

**b** The corresponding number for the second preceding plan year .....

**15b**

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

**a** Enter the number of employers who withdrew during the preceding plan year .....

**16a**

**b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

**16b**

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

## **Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:

Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%

**b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): \_\_\_\_\_

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

**a** Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☒ No

**b** If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation \_\_\_\_\_

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**



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**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN  
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## INDEPENDENT AUDITORS' REPORT

Plan Trustees and Finance Committee  
Qualstar Credit Union Defined Benefit Plan  
Bellevue, Washington

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Qualstar Credit Union Defined Benefit Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2020, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Massachusetts Mutual Life Insurance Company, the insurance company of the Plan, and Charles Schwab Trust Bank, the custodian of the Plan, except for comparing such information with the related information included in the 2020 financial statements. We have been informed by the plan administrator that Massachusetts Mutual Life Insurance Company held the Plan's investments assets and executed investment transactions from September 19, 2020 to December 31, 2020, and Charles Schwab Trust Bank held the Plan's investment assets and executed investment transactions for the period January 1, 2020 to September 18, 2020. The plan administrator has obtained a certification from the custodian and insurance company as of and for the year ended December 31, 2020, that the information provided to the plan administrator by the custodian and insurance company is complete and accurate.

***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2020 financial statements. Accordingly, we do not express an opinion on the 2020 financial statements.

***Other Matter – Supplemental Schedule***

The supplemental schedule H, line 4i – schedule of assets (held at end of year) as of December 31, 2020 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

***Other Matter – 2019 Financial Statements***

The financial statements of Qualstar Credit Union Defined Benefit Plan as of and for the year ended December 31, 2019, were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the custodian. Their report, dated October 9, 2020, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, was presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

***Report on Form and Content in Compliance With DOL Rules and Regulations 2020***

The form and content of the information included in the 2020 financial statements and supplemental schedule, other than that derived from the information certified by the custodian and insurance company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 12, 2021



**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>INVESTMENTS (at Fair Value)</b>		
Mutual Funds	\$ 24,003,990	\$ 19,707,106
Money Market Funds	<u>384,558</u>	<u>345,294</u>
Total Investments	24,388,548	20,052,400
<b>CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>23,428</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u><u>\$ 24,388,548</u></u>	<u><u>\$ 20,075,828</u></u>

*See accompanying Notes to Financial Statements.*

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ADDITIONS:</b>		
<b>INVESTMENT INCOME</b>		
Net Appreciation in Fair Value of Investments	\$ 1,863,770	\$ 2,831,475
Interest and Dividends	<u>591,034</u>	<u>577,768</u>
Total Investment Income	2,454,804	3,409,243
<b>EMPLOYER CONTRIBUTIONS</b>	<u>2,400,000</u>	<u>1,606,674</u>
Total Additions	4,854,804	5,015,917
<b>DEDUCTIONS:</b>		
<b>BENEFITS PAID TO PARTICIPANTS</b>	470,922	267,643
<b>ADMINISTRATIVE EXPENSES</b>	<u>71,162</u>	<u>58,032</u>
Total Deductions	<u>542,084</u>	<u>325,675</u>
<b>NET INCREASE</b>	4,312,720	4,690,242
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>		
Beginning of Year	<u>20,075,828</u>	<u>15,385,586</u>
End of Year	<u><u>\$ 24,388,548</u></u>	<u><u>\$ 20,075,828</u></u>

See accompanying Notes to Financial Statements.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF THE PLAN**

The following description of the Qualstar Credit Union Defined Benefit Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

**General**

The Plan is a defined benefit pension plan established January 1, 1988. The Plan has been amended and restated throughout the years to comply with tax legislation and most recently restated effective January 1, 2020.

The Plan covers substantially all employees of Qualstar Credit Union (the Credit Union) who have completed one year of service (1,000 hours) and have attained age 20. Employees may enter the Plan on January 1 or July 1, after meeting the eligibility service requirement. The Plan excludes nonresident aliens with no U.S. source income and residents of Puerto Rico. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan is administered by the Credit Union's Finance Committee (Committee), which is a committee of the board of directors of the Credit Union. The Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance.

**Pension Benefits**

Under the traditional formula, employees who have attained age 65 are entitled to monthly pension benefits beginning at normal retirement age (65). The normal retirement benefit is calculated based on 2% of a participant's average monthly compensation multiplied by the number of plan years of service prior to January 1, 2014; plus 1.5% of average monthly compensation multiplied by plan years of service after January 1, 2014; the sum of these is multiplied by basic monthly earnings. Early retirement is permitted if a participant has completed five years of vested service and is age 55 (10 years for employees hired or rehired without a prior vested accrued benefit as of July 1, 2013). A reduced benefit will result from early retirement.

The normal form of payment of retirement benefits is a 10-year certain and life annuity. If the actuarial value is greater than \$5,000, the benefit shall be paid in the form of a qualified joint and survivor annuity if the participant is married, or a straight-life annuity if there is no spouse. Participants may also elect to receive their pension benefits under other types of annuities or a lump sum distribution under the Plan. If the participant's accrued benefit is less than \$5,000, it will be distributed in a lump sum upon retirement or termination.

**Death and Disability Benefits**

The surviving spouse of a retired participant who has a vested normal retirement benefit is entitled to receive a qualified joint and survivor annuity. If a vested participant dies before retirement, the surviving spouse shall receive a lump sum for the actuarial value of the participant's normal retirement benefit if under \$5,000. If the benefit is over \$5,000, the death benefit will be payable in a qualified retirement survivor annuity, unless otherwise selected by the participant prior to death. There are no disability benefits provided under the Plan.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)**

**Funding Policy**

Each year, the Credit Union will contribute a sum of money necessary to fund the benefits specified by the Plan, subject to the Internal Revenue Service full funding limit test. The amount of this annual contribution will be actuarially determined. Employees are not required to make contributions to the Plan. Minimum funding requirements of ERISA were met as of December 31, 2020 and 2019.

Although it has not expressed an intention to do so, the Credit Union has the right under the Plan to discontinue its contributions at any time and to terminate the plan subject to provisions set forth in ERISA.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Committee determines the Plan's valuation policies utilizing information provided by the custodian and insurance company. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Payment of Benefits**

Benefits are recorded when paid.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Administrative Expenses**

The Plan's expenses are paid either by the Plan or the Company as provided by the plan document. Expenses that are paid directly by the Company are excluded from these financial statements. Certain expenses incurred in connection with the general administration of the Plan such as recordkeeping, actuarial, and custodial and trustee fees, are paid by the Plan are recorded as deductions in the accompanying statements of changes in net assets available for benefits. In addition, certain investment related expenses are included in net appreciation of fair value of investments presented in the accompanying statements of changes in net assets available for benefits.

**Subsequent Events**

The Plan has evaluated subsequent events through October 12, 2021, the date the financial statements were available to be issued.

**NOTE 3    ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS**

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to:

- a) retired or terminated employees or their beneficiaries,
- b) beneficiaries of employees who have died, and
- c) present employees or their beneficiaries.

Benefits under the Plan are accumulated based on the employees' average monthly compensation prior to the normal retirement date as of the date presented. Benefits payable under all circumstances - retirement, death, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided through annuity contracts are excluded from plan assets and are also excluded from accumulated plan benefits. The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)**

The significant actuarial assumptions used in the valuations as of December 31, 2020 and 2019 were:

- a. Life expectancy of Participants (the Pri-2012 mortality tables for annuitants, projected fully generationally using Scale MP-2020 in 2020 and the RP-2014 Mortality with Scale MP-2018 in 2019).
- b. Retirement Age Assumptions (Normal retirement age of 65 years).
- c. Investment Return of 7.00%

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The computation of the actuarial present value of accumulated plan benefits was made as of January 1, 2021 and 2020. Had the valuation been performed as of December 31, 2020 and 2019, there would be no material differences.

The following is a summary of actuarial present value of accumulated plan benefits as of December 31:

	<u>2020</u>	<u>2019</u>
Actuarial Present Value of Accumulated		
Plan Benefits:		
Vested Benefits:		
Participants Currently Receiving Payments	\$ 2,979,701	\$ 2,872,990
Participants Entitled to Deferred Benefits	2,127,626	2,210,936
Other Participants	<u>6,715,791</u>	<u>5,732,553</u>
Total Vested Benefits	11,823,118	10,816,479
Nonvested Benefits	<u>270,717</u>	<u>291,914</u>
Total Actuarial Present Value of		
Accumulated Plan Benefits	<u><u>\$ 12,093,835</u></u>	<u><u>\$ 11,108,393</u></u>

The changes in the actuarial present value of accumulated plan benefits are summarized as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Actuarial Present Value of Accumulated		
Plan Benefits - Beginning of Year	\$ 11,108,393	\$ 9,978,833
Increase (Decrease) During the Year Attributable to:		
Change in Actuarial Assumptions	(83,990)	(22,621)
Benefits Accumulated	568,706	730,515
Change in Discount Period	801,909	689,309
Other	148,926	-
Benefits Paid	<u>(450,109)</u>	<u>(267,643)</u>
Actuarial Present Value of Accumulated		
Plan Benefits - End of Year	<u><u>\$ 12,093,835</u></u>	<u><u>\$ 11,108,393</u></u>

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)**

Management changed the location of the present value of accumulated plan benefits and changes therein from the statements to the notes to the financial statements.

**NOTE 4 CERTIFICATION OF INVESTMENT INFORMATION**

Massachusetts Mutual Life Insurance Company and Charles Schwab Trust Bank, the insurance company and custodian of the Plan, have supplied the plan administrator with a certification as to the completeness and accuracy of all investment information reflected on the accompanying statements of net assets available for benefits as of December 31, 2020 and 2019, the statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2020.

**NOTE 5 FAIR VALUE OF INVESTMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 5 FAIR VALUE OF INVESTMENTS (CONTINUED)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2020 and 2019.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

*Money Market Funds:* Valued at cost, which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 24,003,990	\$ -	\$ -	\$ 24,003,990
Money Market Funds	384,558	-	-	384,558
Total Investments at Fair Value	<u>\$ 24,388,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,388,548</u>

  

2019				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 19,707,106	\$ -	\$ -	\$ 19,707,106
Money Market Funds	345,294	-	-	345,294
Total Investments at Fair Value	<u>\$ 20,052,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,052,400</u>

**NOTE 6 PLAN TERMINATION**

Although it has not expressed any intention to do so, the Credit Union has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

1. Annuity benefits former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.



**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 6 PLAN TERMINATION (CONTINUED)**

2. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. governmental agency) up to the applicable limitations.
3. All other vested benefits (that is, vested benefits not insured by the PBGC).
4. All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan Sponsor and the level of benefits guaranteed by the PBGC.

**NOTE 7 PLAN TAX STATUS**

The Plan is placing reliance on an opinion letter dated March 30, 2018 received from the Internal Revenue Service on the prototype adopted by the Plan indicating that the Plan and related trust are designed in accordance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 8 RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 8 RISK AND UNCERTAINTIES (CONTINUED)**

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**NOTE 9 PARTY-IN-INTEREST TRANSACTIONS**

The plan investments are managed by Massachusetts Mutual Life Insurance Company and Charles Schwab Trust Bank, the insurance company and custodian, as defined by the Plan and, therefore, these investment transactions qualify as party-in-interest transactions. As described in Note 2, the Plan paid certain expenses related to plan operations and investment activity to various service providers. These transactions qualify as party in interest transactions, which are exempt from the prohibited transaction rules of ERISA.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**E.I.N. 91-6035907 PLAN NO. 001**  
**SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**DECEMBER 31, 2020**

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
		<b><u>Mutual Funds:</u></b>		
	Fidelity	Overseas	\$ 2,196,746	\$ 2,457,553
	Invesco	International Small-Mid Company Fund R6	1,349,633	1,414,807
	PGIM	Total Return Bond Z	2,166,319	2,185,166
	PIMCO	Income Instl	2,084,113	2,139,798
	Vanguard	500 Index Admiral	3,845,920	4,278,397
	Vanguard	High Dividend Yield Index Fund Admiral	2,116,467	2,325,236
	Vanguard	Mid Cap Index Admiral	2,329,908	2,718,742
	Vanguard	Real Estate Index Admiral	2,032,550	2,105,897
	Vanguard	Short-Term Investment Grade Admiral	1,645,652	1,650,141
	Vanguard	Small Cap Index Admiral	2,200,225	2,728,253
		Total Mutual Funds	21,967,533	24,003,990
		<b><u>Money Market Funds</u></b>		
*	MassMutual	Premier US Govt Money Market R5	384,558	384,558
		Total	<u>\$ 22,352,091</u>	<u>\$ 24,388,548</u>

\* Indicates Party-in-Interest



# Qualstar Credit Union Defined Benefit Plan

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## Appendix A – Summary of Principal Plan Provisions

*For attachment to 2020 Schedule SB, Line V – Summary of Plan Provisions EIN 91-6035907 / PN 001*

**Original Effective Date:** March 1, 1958.

**Last Restatement:** January 1, 2020

**Subsequent Amendments:** None.

**Eligible Employee:** Any person who is employed by the employer except the following:

1) Any person whose terms of employment are established by a collective bargaining agreement and the agreement does not provide for participation in the plan.

2) Any person who performs services for the employer pursuant to an agreement between the employer and an employee leasing organization.

Any person who is employed by the employer, other than a person whose terms of employment are established by a collective bargaining agreement and the agreement does not provide for participation in the Plan. An individual who performs services for the employer pursuant to an agreement between the employer and an employee leasing organization or a non-resident alien shall not be considered to be an employee.

3) Any person who is a non-resident alien.

**Participation:** Employees enter the plan either January 1 or July 1 following completion of twelve months of service working at a rate of 1,000 hours and attainment of age 20.

**Benefit Service:** A participant accrues a year of service for each plan year in which they work at least 1,000 hours.

**Vesting Service:** The sum of the plan years during which a participant has at least 1,000 hours of service.

**Basic Monthly Earnings:** Basic monthly earnings used to determine benefits will be based on the participant's 60 consecutive calendar months ending in either the current plan year or in any prior plan year which will produce the highest such average, provided that the participant accrued at least 1,000 hours of service in each plan year. In the event the participant works less than 1,000 hours in a plan year, said year shall be disregarded and the remaining years will be considered consecutive for these purposes.

Effective January 1, 2014, eligible compensation excludes bonuses paid after this date. In addition, eligible compensation will be limited to three times the average compensation of all employees who earned a pension accrual in the prior valuation year.

# Qualstar Credit Union Defined Benefit Plan

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## Appendix A – Summary of Principal Plan Provisions (cont.)

### ***Normal Retirement Date:***

Normal retirement is attainment of age 62.

In addition, employees hired (or rehired without a prior vested accrued benefit) on or after July 1, 2013, normal retirement age means the participant's 65th birthday.

### ***Early Retirement Date:***

At any time after attainment of age 55 and 5 years of vesting service, a participant may elect early retirement.

Effective July 1, 2013, new employees (or rehired employees without a vested accrued benefit) hired on or after that date will be eligible for an early retirement benefit upon attainment of age 55 and 10 years of vesting service.

### ***Normal Retirement Benefit:***

Prior to January 1, 2014, the normal retirement benefit is 2% of basic monthly earnings multiplied by the years of benefit service. (Prior to February 14, 2007, benefit service was limited to 25 years.)

Effective January 1, 2014, the normal retirement benefit is equal to the following:

- > 2% times benefit service earned prior to 1/1/2014, plus
- > 1.5% times benefit service earned after 12/31/2013
- > The sum of the above is multiplied by basic monthly earnings

### ***Termination Benefit:***

Prior to January 1, 2009, a terminating participant who has completed 3 years of service is entitled to receive a vested monthly benefit starting on his normal retirement date. The amount of the benefit is the normal retirement benefit earned on the basis of benefit service and salary to termination date multiplied by the appropriate vested percentage from the following table:

<u>Years of Service</u>	<u>Vested Interest</u>
Less than 3	0%
3, but less than 4	20%
4, but less than 5	40%
5, but less than 6	60%
6, but less than 7	80%
7 or more	100%

After December 31, 2008, a terminating participant who has completed 5 years of service is entitled to receive a vested monthly benefit starting on his normal retirement date. The amount of the benefit is the normal retirement benefit earned on the basis of service and salary to termination date multiplied by the appropriate vested percentage from the following table:

Less than 5	0%
5 or more	100%

However, an employee who was an active participant at December 31, 2008, shall continue to be subject to the former vesting schedule until they have accrued 5 years of vesting service, at which time they will be fully vested.

# Qualstar Credit Union Defined Benefit Plan

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## Appendix A – Summary of Principal Plan Provisions (cont.)

<b>Termination Benefit (cont.):</b>	In addition, a participant becomes 100% vested upon attainment of retirement age, total and permanent disability, or death while an active employee.
<b>Early Retirement Benefit:</b>	<p>Prior to July 1, 2013, for those participants eligible for normal retirement at age 62, the normal retirement benefit accrued to date is reduced to compensate for the longer period over which benefits will be paid. The reduction is 0.25% for each month between ages 58 and 62, and 0.50% for each month between ages 55 and 58.</p> <p>Effective July 1, 2013, for those participants eligible for normal retirement at age 65, the early retirement reduction will be 0.50% for each month early retirement precedes normal retirement between the ages of 55 and 65.</p>
<b>Normal Form of Benefit:</b>	The normal annuity form is a monthly income payable as a 120 month Certain and Life annuity. Election of an optional annuity form may be made at any time before retirement. When an optional annuity form is elected, the amount of income is adjusted so the cost to the fund is the same as it would have been under the normal annuity form.
<b>Optional Benefit Forms:</b>	<ul style="list-style-type: none"><li>&gt; Straight Life Annuity</li><li>&gt; 100%, 75% or 50% Joint and Survivor Annuity</li><li>&gt; 10 year Certain and Life Annuity</li><li>&gt; 15, 10 or 5 year Certain Period Only Annuity</li><li>&gt; Single Sum Payment upon attainment of retirement age but only on benefits earned prior to January 1, 2007</li></ul>
<b>Death Benefits (Pre-Retirement):</b>	In the event of a participant's death before retirement but after becoming vested in a portion of the accrued benefit, the death benefit will be payable to the surviving spouse in the form of a Qualified Preretirement Survivor Annuity. The remaining value of the accrued benefit will be payable to the participant's surviving spouse or other beneficiary.
<b>Death Benefits (Post-Retirement):</b>	None except as provided by the annuity form elected.
<b>Changes Since Last Year:</b>	None.

## Qualstar Credit Union Defined Benefit Plan

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### Appendix C – Other Attachments to Schedule SB of Form 5500

*For attachment to 2020 Schedule SB, Line 26 – Schedule of Active Participant Data EIN 91-6035907 / PN 001*

#### Active Participant Age/Service Distribution

Age	Years of Credit Service										Total
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	>40	
<25		8									8
25-29		16	1								17
30-34		8	3	2							13
35-39		11	3	2	1						17
40-44		10	1		2						13
45-49		1	2	1	5	1		1			11
50-54		9	5	1	1	1	1				18
55-59		4	3	1	2	1		1			12
60-64		5		2	2						9
65-69		2	1								3
>70											0
Total	0	74	19	9	13	3	1	2	0	0	121





**Part II Beginning of Year Carryover and Prefunding Balances**

	(a) Carryover balance	(b) Prefunding balance
<b>7</b> Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....	309,572	0
<b>8</b> Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....	0	0
<b>9</b> Amount remaining (line 7 minus line 8) .....	309,572	0
<b>10</b> Interest on line 9 using prior year's actual return of <u>21.67</u> % .....	67084	0
<b>11</b> Prior year's excess contributions to be added to prefunding balance:		
<b>a</b> Present value of excess contributions (line 38a from prior year) .....		1541598
<b>b(1)</b> Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.76</u> % .....		88796
<b>b(2)</b> Interest on line 38b from prior year Schedule SB, using prior year's actual return .....		0
<b>c</b> Total available at beginning of current plan year to add to prefunding balance .....		1630394
<b>d</b> Portion of (c) to be added to prefunding balance .....		0
<b>12</b> Other reductions in balances due to elections or deemed elections .....		0
<b>13</b> Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....	376,656	0

**Part III Funding Percentages**

<b>14</b> Funding target attainment percentage .....	<b>14</b>	145.04%
<b>15</b> Adjusted funding target attainment percentage .....	<b>15</b>	147.82%
<b>16</b> Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement .....	<b>16</b>	128.75%
<b>17</b> If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage .....	<b>17</b>	%

**Part IV Contributions and Liquidity Shortfalls****18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/13/2020	200,000		07/22/2020	200,000	
02/12/2020	200,000		08/21/2020	200,000	
03/09/2020	200,000		09/01/2020	200,000	
04/10/2020	200,000		10/13/2020	200,000	
05/14/2020	200,000		11/30/2020	200,000	
06/22/2020	200,000		12/07/2020	200,000	
<b>Totals ▶</b>			<b>18(b)</b>	2,400,000	<b>18(c)</b> 0

**19** Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

<b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years .....	<b>19a</b>	0
<b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....	<b>19b</b>	0
<b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date .....	<b>19c</b>	2,336,545

**20** Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

<b>Part V</b>	<b>Assumptions Used to Determine Funding Target and Target Normal Cost</b>					
<b>21</b>	Discount rate:					
<b>a</b>	Segment rates:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">1st segment: 3.64 %</td> <td style="width: 33%;">2nd segment: 5.21 %</td> <td style="width: 33%;">3rd segment: 5.94 %</td> </tr> </table>	1st segment: 3.64 %	2nd segment: 5.21 %	3rd segment: 5.94 %	<input type="checkbox"/> N/A, full yield curve used
1st segment: 3.64 %	2nd segment: 5.21 %	3rd segment: 5.94 %				
<b>b</b>	Applicable month (enter code) .....	<b>21b</b>	4			
<b>22</b>	Weighted average retirement age .....	<b>22</b>	64			
<b>23</b>	Mortality table(s) (see instructions) <input checked="" type="checkbox"/> Prescribed - combined <input type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute					
<b>Part VI</b>	<b>Miscellaneous Items</b>					
<b>24</b>	Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment..... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
<b>25</b>	Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment..... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
<b>26</b>	Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment..... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
<b>27</b>	If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	<b>27</b>				
<b>Part VII</b>	<b>Reconciliation of Unpaid Minimum Required Contributions For Prior Years</b>					
<b>28</b>	Unpaid minimum required contributions for all prior years .....	<b>28</b>	0			
<b>29</b>	Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	<b>29</b>	0			
<b>30</b>	Remaining amount of unpaid minimum required contributions (line 28 minus line 29) .....	<b>30</b>	0			
<b>Part VIII</b>	<b>Minimum Required Contribution For Current Year</b>					
<b>31</b>	Target normal cost and excess assets (see instructions):					
<b>a</b>	Target normal cost (line 6).....	<b>31a</b>	788,047			
<b>b</b>	Excess assets, if applicable, but not greater than line 31a .....	<b>31b</b>	788,047			
<b>32</b>	Amortization installments:	Outstanding Balance	Installment			
<b>a</b>	Net shortfall amortization installment .....	0	0			
<b>b</b>	Waiver amortization installment .....	0	0			
<b>33</b>	If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount.....	<b>33</b>				
<b>34</b>	Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....	<b>34</b>	0			
	Carryover balance	Prefunding balance	Total balance			
<b>35</b>	Balances elected for use to offset funding requirement .....	0	0			
<b>36</b>	Additional cash requirement (line 34 minus line 35) .....	<b>36</b>	0			
<b>37</b>	Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) .....	<b>37</b>	2,336,545			
<b>38</b>	Present value of excess contributions for current year (see instructions)					
<b>a</b>	Total (excess, if any, of line 37 over line 36) .....	<b>38a</b>	2,336,545			
<b>b</b>	Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....	<b>38b</b>	0			
<b>39</b>	Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....	<b>39</b>	0			
<b>40</b>	Unpaid minimum required contributions for all years .....	<b>40</b>	0			
<b>Part IX</b>	<b>Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)</b>					
<b>41</b>	If an election was made to use PRA 2010 funding relief for this plan:					
<b>a</b>	Schedule elected .....	<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years				
<b>b</b>	Eligible plan year(s) for which the election in line 41a was made .....	<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011				

# Qualstar Credit Union Defined Benefit Plan

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## Appendix B – Summary of Actuarial Assumptions and Methods

*For attachment to 2020 Schedule SB, Line V – Actuarial Assumptions and Methods EIN 91-6035907 / PN 001*

<b>Actuarial Value of Assets:</b>	Market Value Method								
<b>Turnover:</b>	T-7 Less GA51-M with sample rates as shown below: <table><tr><td><u>Age</u></td><td><u>Rate</u></td></tr><tr><td>25</td><td>9.67%</td></tr><tr><td>40</td><td>7.80%</td></tr><tr><td>55</td><td>1.50%</td></tr></table>	<u>Age</u>	<u>Rate</u>	25	9.67%	40	7.80%	55	1.50%
<u>Age</u>	<u>Rate</u>								
25	9.67%								
40	7.80%								
55	1.50%								
<b>Disability Incidence:</b>	None								
<b>Retirement:</b>	Normal Retirement Age								
<b>Salary Scale (compounded annually):</b>	4.00%								
<b>Marital Status:</b>	90% of males and 80% of females with males 3 years older than spouses								
<b>Assumed Form of Payment:</b>	It is assumed that upon retirement, 100% will elect the normal form of annuity payments based on their marital status.								
<b>Expenses:</b>	\$58,000								
<b>Plan Benefits Not Considered:</b>	None								

### Funding Assumptions

#### **For Minimum Funding and AFTAP (HATFA Rates)**

##### **Funding Target Discount Rates:**

<b>Years 0 to 5:</b>	3.64%
<b>Years 6 to 20:</b>	5.21%
<b>Years 21 on:</b>	5.94%

#### **For Maximum Deductible Contribution and PBGC Premiums (PPA Rates)**

##### **Funding Target Discount Rates:**

<b>Years 0 to 5:</b>	2.79%
<b>Years 6 to 20:</b>	3.92%
<b>Years 21 on:</b>	4.38%

<b>Mortality Table:</b>	IRS 2020 Small Plan Combined Static Mortality
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### Appendix B – Summary of Actuarial Assumptions and Methods (cont.)

#### ASC 960 Assumptions

**ASC 960 Discount Rate:** 7.00%

**Mortality Table:** RP-2014 Mortality with Scale MP-2018

## Qualstar Credit Union Defined Benefit Plan

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### Appendix C – Other Attachments to Schedule SB of Form 5500

*For attachment to 2020 Schedule SB, Line 22 – Description of Weighted Average Retirement Age EIN 91-6035907 / PN 001*

#### Weighted Average Retirement Age

Age	Estimated Plan Participants	Percentage Expected to Retire	Number Expected to Retire	Weighted Factor
62	100	47%	47.00	2,914.00
63	53	0%	0.00	0.00
64	53	0%	0.00	0.00
65	53	100%	53.00	3,445.00
			100.00	6,359.00
Weighted Average Retirement Age:				63.59

Assets Held at End of Year  
*Qualstar Credit Union Defined Benefit Plan*  
*Account a9948*  
*As of December 31, 2020*

<u>IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY</u>	<u>QUANTITY</u>	<u>REVALUED COST</u>	<u>ORIGINAL COST</u>	<u>CURRENT VALUE</u>
<b>ASSETS</b>				
<b>GENERAL INVESTMENTS</b>				
<b>Value of Interest in Registered Investment Companies</b>				
Fidelity® Overseas	41,345.100	2,196,745.51	2,196,745.51	2,457,552.74
Invesco International Small-Mid Company Fund R6	25,598.100	1,349,632.85	1,349,632.85	1,414,806.99
MassMutual Premier US Govt Mny Mkt R5	384,558.270	384,558.27	384,558.27	384,558.27
PGIM Total Return Bond Z	144,808.858	2,166,318.34	2,166,318.34	2,185,165.67
PIMCO Income Instl	176,696.722	2,084,113.06	2,084,113.06	2,139,797.30
Vanguard 500 Index Admiral	12,344.972	3,845,919.88	3,845,919.88	4,278,396.95
Vanguard High Dividend Yield Index Fund Admiral Shares	84,247.690	2,116,918.87	2,116,467.29	2,325,236.24
Vanguard Mid Cap Index Admiral	10,603.517	2,329,907.98	2,329,907.98	2,718,741.76
Vanguard Real Estate Index Admiral	17,493.748	2,032,550.04	2,032,550.04	2,105,897.38
Vanguard Short-Term Investment-Grade Adm	149,604.776	1,645,651.71	1,645,651.71	1,650,140.68
Vanguard Small Cap Index Adm	29,266.831	2,200,224.76	2,200,224.76	2,728,253.99
<b>TotalValue of Interest in Registered Investment Companies</b>		<b>22,352,541.28</b>	<b>22,352,089.70</b>	<b>24,388,547.97</b>
<b>TOTAL GENERAL INVESTMENTS</b>		<b>22,352,541.28</b>	<b>22,352,089.70</b>	<b>24,388,547.97</b>
<b>TOTAL ASSETS</b>		<b>22,352,541.28</b>	<b>22,352,089.70</b>	<b>24,388,547.97</b>
<b>TOTAL NET ASSETS</b>		<b>22,352,541.28</b>	<b>22,352,089.70</b>	<b>24,388,547.97</b>

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**



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## INDEPENDENT AUDITORS' REPORT

Plan Trustees and Finance Committee  
Qualstar Credit Union Defined Benefit Plan  
Bellevue, Washington

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Qualstar Credit Union Defined Benefit Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2020, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Massachusetts Mutual Life Insurance Company, the insurance company of the Plan, and Charles Schwab Trust Bank, the custodian of the Plan, except for comparing such information with the related information included in the 2020 financial statements. We have been informed by the plan administrator that Massachusetts Mutual Life Insurance Company held the Plan's investments assets and executed investment transactions from September 19, 2020 to December 31, 2020, and Charles Schwab Trust Bank held the Plan's investment assets and executed investment transactions for the period January 1, 2020 to September 18, 2020. The plan administrator has obtained a certification from the custodian and insurance company as of and for the year ended December 31, 2020, that the information provided to the plan administrator by the custodian and insurance company is complete and accurate.

***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2020 financial statements. Accordingly, we do not express an opinion on the 2020 financial statements.

***Other Matter – Supplemental Schedule***

The supplemental schedule H, line 4i – schedule of assets (held at end of year) as of December 31, 2020 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

***Other Matter – 2019 Financial Statements***

The financial statements of Qualstar Credit Union Defined Benefit Plan as of and for the year ended December 31, 2019, were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the custodian. Their report, dated October 9, 2020, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, was presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

***Report on Form and Content in Compliance With DOL Rules and Regulations 2020***

The form and content of the information included in the 2020 financial statements and supplemental schedule, other than that derived from the information certified by the custodian and insurance company, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 12, 2021

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>INVESTMENTS (at Fair Value)</b>		
Mutual Funds	\$ 24,003,990	\$ 19,707,106
Money Market Funds	<u>384,558</u>	<u>345,294</u>
Total Investments	24,388,548	20,052,400
<b>CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>23,428</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u><u>\$ 24,388,548</u></u>	<u><u>\$ 20,075,828</u></u>

*See accompanying Notes to Financial Statements.*

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ADDITIONS:</b>		
<b>INVESTMENT INCOME</b>		
Net Appreciation in Fair Value of Investments	\$ 1,863,770	\$ 2,831,475
Interest and Dividends	<u>591,034</u>	<u>577,768</u>
Total Investment Income	2,454,804	3,409,243
<b>EMPLOYER CONTRIBUTIONS</b>	<u>2,400,000</u>	<u>1,606,674</u>
Total Additions	4,854,804	5,015,917
<b>DEDUCTIONS:</b>		
<b>BENEFITS PAID TO PARTICIPANTS</b>	470,922	267,643
<b>ADMINISTRATIVE EXPENSES</b>	<u>71,162</u>	<u>58,032</u>
Total Deductions	<u>542,084</u>	<u>325,675</u>
<b>NET INCREASE</b>	4,312,720	4,690,242
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>		
Beginning of Year	<u>20,075,828</u>	<u>15,385,586</u>
End of Year	<u><u>\$ 24,388,548</u></u>	<u><u>\$ 20,075,828</u></u>

See accompanying Notes to Financial Statements.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF THE PLAN**

The following description of the Qualstar Credit Union Defined Benefit Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

**General**

The Plan is a defined benefit pension plan established January 1, 1988. The Plan has been amended and restated throughout the years to comply with tax legislation and most recently restated effective January 1, 2020.

The Plan covers substantially all employees of Qualstar Credit Union (the Credit Union) who have completed one year of service (1,000 hours) and have attained age 20. Employees may enter the Plan on January 1 or July 1, after meeting the eligibility service requirement. The Plan excludes nonresident aliens with no U.S. source income and residents of Puerto Rico. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan is administered by the Credit Union's Finance Committee (Committee), which is a committee of the board of directors of the Credit Union. The Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance.

**Pension Benefits**

Under the traditional formula, employees who have attained age 65 are entitled to monthly pension benefits beginning at normal retirement age (65). The normal retirement benefit is calculated based on 2% of a participant's average monthly compensation multiplied by the number of plan years of service prior to January 1, 2014; plus 1.5% of average monthly compensation multiplied by plan years of service after January 1, 2014; the sum of these is multiplied by basic monthly earnings. Early retirement is permitted if a participant has completed five years of vested service and is age 55 (10 years for employees hired or rehired without a prior vested accrued benefit as of July 1, 2013). A reduced benefit will result from early retirement.

The normal form of payment of retirement benefits is a 10-year certain and life annuity. If the actuarial value is greater than \$5,000, the benefit shall be paid in the form of a qualified joint and survivor annuity if the participant is married, or a straight-life annuity if there is no spouse. Participants may also elect to receive their pension benefits under other types of annuities or a lump sum distribution under the Plan. If the participant's accrued benefit is less than \$5,000, it will be distributed in a lump sum upon retirement or termination.

**Death and Disability Benefits**

The surviving spouse of a retired participant who has a vested normal retirement benefit is entitled to receive a qualified joint and survivor annuity. If a vested participant dies before retirement, the surviving spouse shall receive a lump sum for the actuarial value of the participant's normal retirement benefit if under \$5,000. If the benefit is over \$5,000, the death benefit will be payable in a qualified retirement survivor annuity, unless otherwise selected by the participant prior to death. There are no disability benefits provided under the Plan.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)**

**Funding Policy**

Each year, the Credit Union will contribute a sum of money necessary to fund the benefits specified by the Plan, subject to the Internal Revenue Service full funding limit test. The amount of this annual contribution will be actuarially determined. Employees are not required to make contributions to the Plan. Minimum funding requirements of ERISA were met as of December 31, 2020 and 2019.

Although it has not expressed an intention to do so, the Credit Union has the right under the Plan to discontinue its contributions at any time and to terminate the plan subject to provisions set forth in ERISA.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Committee determines the Plan's valuation policies utilizing information provided by the custodian and insurance company. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Payment of Benefits**

Benefits are recorded when paid.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Administrative Expenses**

The Plan's expenses are paid either by the Plan or the Company as provided by the plan document. Expenses that are paid directly by the Company are excluded from these financial statements. Certain expenses incurred in connection with the general administration of the Plan such as recordkeeping, actuarial, and custodial and trustee fees, are paid by the Plan are recorded as deductions in the accompanying statements of changes in net assets available for benefits. In addition, certain investment related expenses are included in net appreciation of fair value of investments presented in the accompanying statements of changes in net assets available for benefits.

**Subsequent Events**

The Plan has evaluated subsequent events through October 12, 2021, the date the financial statements were available to be issued.

**NOTE 3    ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS**

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to:

- a) retired or terminated employees or their beneficiaries,
- b) beneficiaries of employees who have died, and
- c) present employees or their beneficiaries.

Benefits under the Plan are accumulated based on the employees' average monthly compensation prior to the normal retirement date as of the date presented. Benefits payable under all circumstances - retirement, death, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided through annuity contracts are excluded from plan assets and are also excluded from accumulated plan benefits. The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.



**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)**

The significant actuarial assumptions used in the valuations as of December 31, 2020 and 2019 were:

- a. Life expectancy of Participants (the Pri-2012 mortality tables for annuitants, projected fully generationally using Scale MP-2020 in 2020 and the RP-2014 Mortality with Scale MP-2018 in 2019).
- b. Retirement Age Assumptions (Normal retirement age of 65 years).
- c. Investment Return of 7.00%

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The computation of the actuarial present value of accumulated plan benefits was made as of January 1, 2021 and 2020. Had the valuation been performed as of December 31, 2020 and 2019, there would be no material differences.

The following is a summary of actuarial present value of accumulated plan benefits as of December 31:

	<u>2020</u>	<u>2019</u>
Actuarial Present Value of Accumulated		
Plan Benefits:		
Vested Benefits:		
Participants Currently Receiving Payments	\$ 2,979,701	\$ 2,872,990
Participants Entitled to Deferred Benefits	2,127,626	2,210,936
Other Participants	<u>6,715,791</u>	<u>5,732,553</u>
Total Vested Benefits	11,823,118	10,816,479
Nonvested Benefits	<u>270,717</u>	<u>291,914</u>
Total Actuarial Present Value of		
Accumulated Plan Benefits	<u><u>\$ 12,093,835</u></u>	<u><u>\$ 11,108,393</u></u>

The changes in the actuarial present value of accumulated plan benefits are summarized as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Actuarial Present Value of Accumulated		
Plan Benefits - Beginning of Year	\$ 11,108,393	\$ 9,978,833
Increase (Decrease) During the Year Attributable to:		
Change in Actuarial Assumptions	(83,990)	(22,621)
Benefits Accumulated	568,706	730,515
Change in Discount Period	801,909	689,309
Other	148,926	-
Benefits Paid	<u>(450,109)</u>	<u>(267,643)</u>
Actuarial Present Value of Accumulated		
Plan Benefits - End of Year	<u><u>\$ 12,093,835</u></u>	<u><u>\$ 11,108,393</u></u>

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)**

Management changed the location of the present value of accumulated plan benefits and changes therein from the statements to the notes to the financial statements.

**NOTE 4 CERTIFICATION OF INVESTMENT INFORMATION**

Massachusetts Mutual Life Insurance Company and Charles Schwab Trust Bank, the insurance company and custodian of the Plan, have supplied the plan administrator with a certification as to the completeness and accuracy of all investment information reflected on the accompanying statements of net assets available for benefits as of December 31, 2020 and 2019, the statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2020.

**NOTE 5 FAIR VALUE OF INVESTMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 5 FAIR VALUE OF INVESTMENTS (CONTINUED)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2020 and 2019.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

*Money Market Funds:* Valued at cost, which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 24,003,990	\$ -	\$ -	\$ 24,003,990
Money Market Funds	384,558	-	-	384,558
Total Investments at Fair Value	<u>\$ 24,388,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,388,548</u>
2019				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 19,707,106	\$ -	\$ -	\$ 19,707,106
Money Market Funds	345,294	-	-	345,294
Total Investments at Fair Value	<u>\$ 20,052,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,052,400</u>

**NOTE 6 PLAN TERMINATION**

Although it has not expressed any intention to do so, the Credit Union has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

1. Annuity benefits former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 6 PLAN TERMINATION (CONTINUED)**

2. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. governmental agency) up to the applicable limitations.
3. All other vested benefits (that is, vested benefits not insured by the PBGC).
4. All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan Sponsor and the level of benefits guaranteed by the PBGC.

**NOTE 7 PLAN TAX STATUS**

The Plan is placing reliance on an opinion letter dated March 30, 2018 received from the Internal Revenue Service on the prototype adopted by the Plan indicating that the Plan and related trust are designed in accordance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 8 RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 8 RISK AND UNCERTAINTIES (CONTINUED)**

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**NOTE 9 PARTY-IN-INTEREST TRANSACTIONS**

The plan investments are managed by Massachusetts Mutual Life Insurance Company and Charles Schwab Trust Bank, the insurance company and custodian, as defined by the Plan and, therefore, these investment transactions qualify as party-in-interest transactions. As described in Note 2, the Plan paid certain expenses related to plan operations and investment activity to various service providers. These transactions qualify as party in interest transactions, which are exempt from the prohibited transaction rules of ERISA.

**QUALSTAR CREDIT UNION DEFINED BENEFIT PLAN**  
**E.I.N. 91-6035907 PLAN NO. 001**  
**SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**DECEMBER 31, 2020**

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
		<b><u>Mutual Funds:</u></b>		
	Fidelity	Overseas	\$ 2,196,746	\$ 2,457,553
	Invesco	International Small-Mid Company Fund R6	1,349,633	1,414,807
	PGIM	Total Return Bond Z	2,166,319	2,185,166
	PIMCO	Income Instl	2,084,113	2,139,798
	Vanguard	500 Index Admiral	3,845,920	4,278,397
	Vanguard	High Dividend Yield Index Fund Admiral	2,116,467	2,325,236
	Vanguard	Mid Cap Index Admiral	2,329,908	2,718,742
	Vanguard	Real Estate Index Admiral	2,032,550	2,105,897
	Vanguard	Short-Term Investment Grade Admiral	1,645,652	1,650,141
	Vanguard	Small Cap Index Admiral	2,200,225	2,728,253
		Total Mutual Funds	21,967,533	24,003,990
		<b><u>Money Market Funds</u></b>		
*	MassMutual	Premier US Govt Money Market R5	384,558	384,558
		Total	<u>\$ 22,352,091</u>	<u>\$ 24,388,548</u>

\* Indicates Party-in-Interest

