

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
JANUARY 31, 2018**

A handwritten signature in blue ink, appearing to read 'Rendell L. Jones', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW JANUARY 31, 2018

Balance Sheet

Cash and cash equivalents decreased by \$8.0 million for the month primarily reflecting operating expenses. The cash position is considered sufficient to cover current and future obligations of the Fund through April 2018.

Due from National Credit Union Share Insurance Fund represents monies advanced by the Operating Fund for Share Insurance Fund expenses. The balance decreased by \$4.4 million for the month for reimbursements by the Share Insurance Fund.

Other accounts receivable, net are primarily the unbilled receivable for the 2018 Operating Fee in order to recognize year-to-date revenue from the Operating Fee. The Operating fee will be invoiced in March and collected in April, at which time, the unbilled receivable becomes deferred revenue.

Accounts payable are trade and inter-agency payables. The balance decreased by \$1.7 million for the month due to net payments.

Accrued wages and benefits represents wages and benefits earned by NCUA staff, but unpaid at month-end.

Accrued annual leave represents unused leave earned by NCUA staff.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

Statements of Revenues, Expenses, and Changes in Fund Balance

Revenues in excess of expenses totaled \$3.0 million for the month. Operating fees reflects one-twelfth of the estimated \$129.2 million 2018 Operating Fee, to be invoiced in March. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.5 percent of expenses to the Share Insurance Fund. Operating Fund expenses are higher in 2018 because the Overhead Transfer Rate dropped to 61.5 percent from 67.7 percent for the prior year.

Statements of Cash Flow

The cash position decreased \$8.0 million since the prior month. In the current month, \$7.6 million was used by operating activities. Investments in new capital assets were \$305 thousand and \$111 thousand in cash was used to repay the National Credit Union Share Insurance Fund note payable on the King Street Station Building.

Other Information

The Agency had 63 vacancies as of month-end. Of the 63 vacancies, 30 were in the central office and 33 were in the regions and AMAC. The 63 vacancies represent 5.3% percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

**BALANCE SHEETS
As of January 31, 2018 and 2017
(Dollars in thousands)**

| | January 2018 | January 2017 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 61,740 | \$ 47,676 |
| Due from National Credit Union Share Insurance Fund | 714 | 27 |
| Employee advances | 11 | 1 |
| Other accounts receivable, Net | 10,968 | 9,015 |
| Prepaid expenses and other assets | 2,915 | 2,016 |
| Assets held for sale | - | - |
| Fixed assets - Net of accum. depreciation of \$38,130 as of January 31, 2018 | 26,832 | 29,042 |
| Intangible assets - Net of accum. amortization of \$18,814 as of January 31, 2018 | 5,424 | 4,779 |
| TOTAL ASSETS | \$ 108,604 | \$ 92,556 |
| LIABILITIES | | |
| Accounts payable | \$ 5,789 | \$ 6,907 |
| Obligations under capital leases | 211 | 957 |
| Accrued wages and benefits | 10,876 | 9,709 |
| Deferred revenue ¹ | - | - |
| Accrued annual leave | 17,806 | 18,169 |
| Accrued employee travel | - | - |
| Note payable to National Credit Union Share Insurance Fund | 7,599 | 8,940 |
| TOTAL LIABILITIES | 42,281 | 44,682 |
| FUND BALANCE | 66,323 | 47,874 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 108,604 | \$ 92,556 |

¹The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended January 31, 2018 and 2017

(Dollars in thousands)

| | January 2018 | Year-to-Date January 2018 | Year-to-Date January 2017 |
|---|---------------------|--------------------------------------|--------------------------------------|
| REVENUES | | | |
| Operating fees | \$ 10,766 | \$ 10,766 | \$ 8,751 |
| Interest | 83 | 83 | 23 |
| Other | 96 | 96 | 27 |
| Total Revenues | 10,945 | 10,945 | 8,801 |
| EXPENSES, NET¹ | | | |
| Employee wages and benefits | 7,061 | 7,061 | 5,923 |
| Travel | 144 | 144 | 75 |
| Rent, communications, and utilities | 146 | 146 | 4 |
| Contracted services | 268 | 268 | 48 |
| Depreciation and amortization | 172 | 172 | 128 |
| Administrative | 177 | 177 | 3 |
| Total Expenses, Net | 7,968 | 7,968 | 6,181 |
| EXCESS OF REVENUES OVER / (UNDER) EXPENSES | 2,977 | 2,977 | 2,620 |
| FUND BALANCE—Beginning of period | 63,346 | 63,346 | 45,254 |
| FUND BALANCE—End of period | \$ 66,323 | \$ 66,323 | \$ 47,874 |

¹Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 61.5% and 67.7% for 2018 and 2017, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

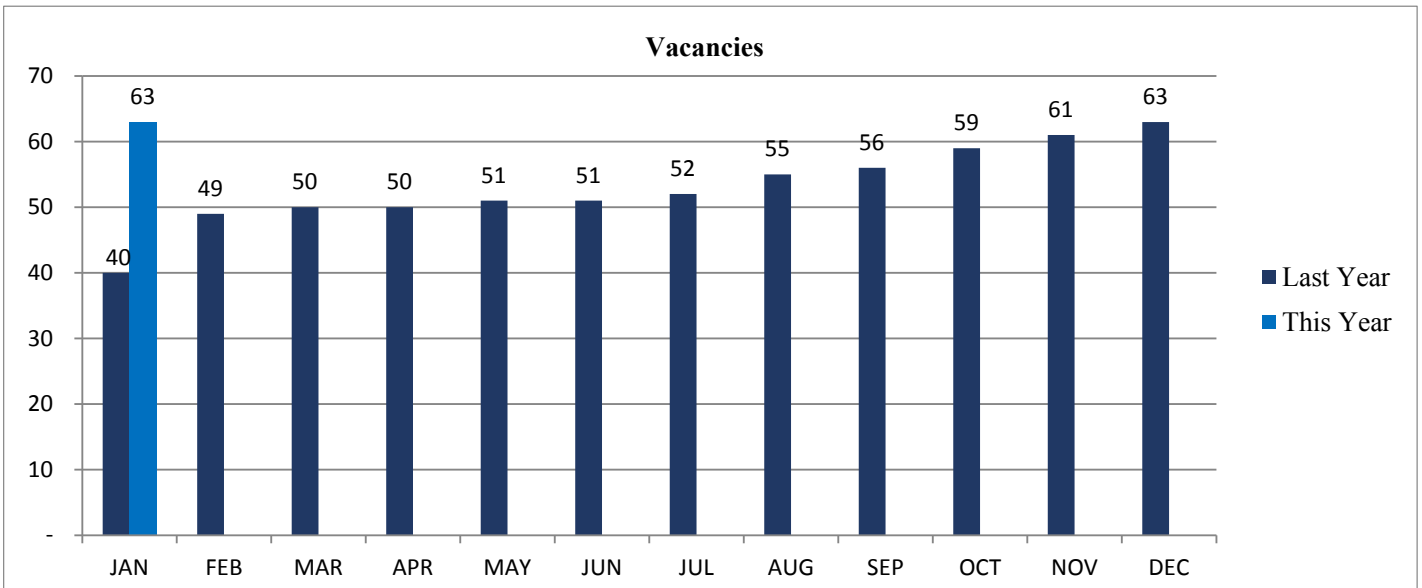
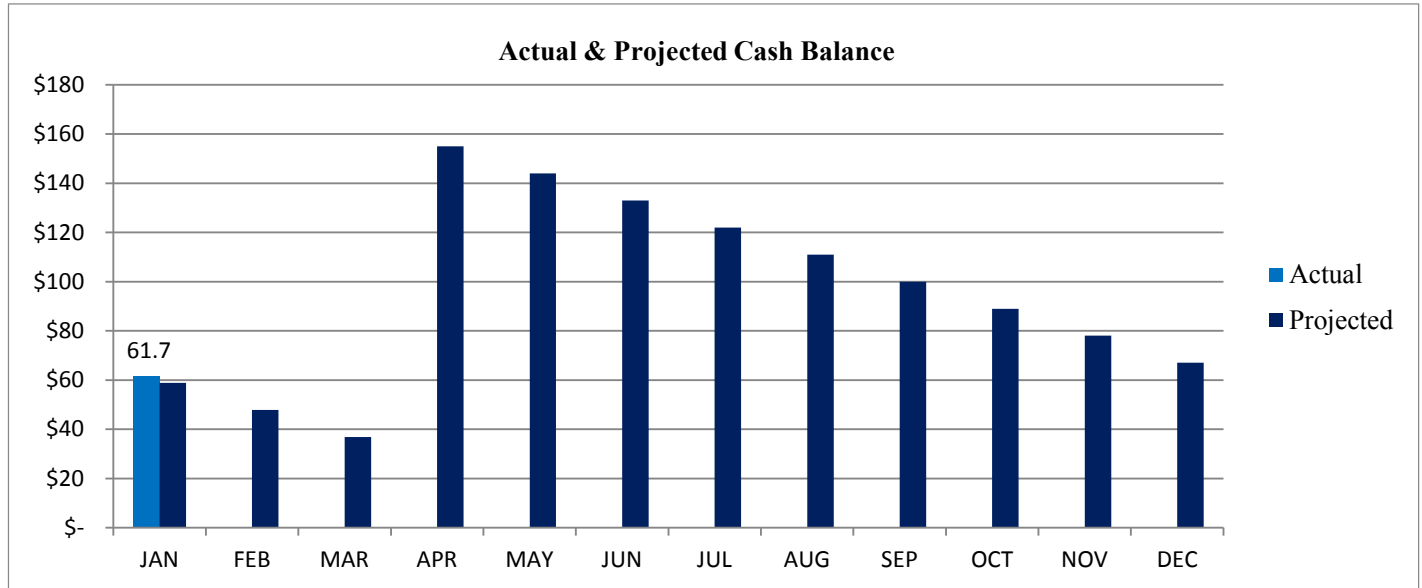
**STATEMENTS OF CASH FLOWS
For the periods ended January 31, 2018 and 2017
(Dollars in thousands)**

| | January 2018 | Year-to-Date January 2018 | Year-to-Date January 2017 |
|---|---------------------|--------------------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Excess of revenues over expenses | \$ 2,977 | \$ 2,977 | \$ 2,620 |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: | | | |
| Depreciation and amortization | 448 | 448 | 396 |
| (Increase) decrease in assets: | | | |
| Due from National Credit Union Share Insurance Fund | 4,439 | 4,439 | 4,032 |
| Employee advances | - | - | 4 |
| Other accounts receivable | (10,624) | (10,624) | (8,578) |
| Prepaid expenses and other assets | (529) | (529) | (172) |
| (Decrease) increase in liabilities: | | | |
| Accounts payable | (1,722) | (1,722) | 1,298 |
| Accrued wages and benefits | (1,404) | (1,404) | (561) |
| Deferred revenue | - | - | - |
| Accrued annual leave | (586) | (586) | - |
| Accrued employee travel | (607) | (607) | (601) |
| Net cash used by operating activities | (7,608) | (7,608) | (1,562) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of fixed and intangible assets | (305) | (305) | - |
| Proceeds from sale of employee residences held for sale | - | - | - |
| Net cash used by investing activities | (305) | (305) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Repayments of note payable to National Credit Union Share Insurance Fund | (111) | (111) | (111) |
| Principal payments under capital lease obligations | - | - | - |
| Net cash used by financing activities | (111) | (111) | (111) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (8,024) | (8,024) | (1,673) |
| CASH AND CASH EQUIVALENTS—Beginning of period | 69,764 | 69,764 | 49,349 |
| CASH AND CASH EQUIVALENTS—End of period | \$ 61,740 | \$ 61,740 | \$ 47,676 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES | | | |
| Acquisition of equipment under capital lease | \$ - | \$ - | \$ - |
| CASH PAYMENTS FOR INTEREST | \$ 10 | \$ 10 | \$ 14 |

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**GRAPHS AND RATIOS
JANUARY 31, 2018**



| | Jan 2018 | Jan 2017 |
|---|-----------------|-----------------|
| Fund Balance / Total assets | 61.07% | 51.72% |
| YTD interest income to average investments (annualized) | 0.42% | 0.58% |
| Annualized travel spend per employee | \$ 3,989 | \$ 2,341 |
| Net year to date cash inflow (outflow) in millions of dollars | (\$8.0) | (\$1.7) |
| Cash and overnight investments / Total assets | 56.85% | 51.51% |
| Overhead transfer rate | 61.50% | 67.70% |

The balances in the supplement above are preliminary and unaudited.