

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

January 31, 2017

A handwritten signature in blue ink, which appears to read "Rendell L. Jones". 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, 2017

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$47.7 million. Its balance decreased \$1.7 million for the month primarily reflecting operating expenses. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Other accounts receivable had a month-end balance of approximately \$9.0 million. Its balance increased by \$8.6 million. The increase for the month was primarily due to the monthly accrual of 2017 credit union operating fees due April 17, 2017.

Prepaid expenses and other assets had a month-end balance of approximately \$2.0 million. Its balance increased by \$172 thousand. The increase for the month was primarily due to computer software and web-based software annual subscriptions.

Accounts payable had a month-end balance of approximately \$6.9 million. Its balance includes trade and inter-agency payables.

Accrued wages and benefits had a month-end balance of approximately \$9.7 million. Its balance decreased by approximately \$561 thousand. This decrease was primarily due to the monthly payroll accrual timing differences.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$2.6 million. Interest income on overnight investments has averaged 0.57% year-to-date, versus 0.23% during the same period last year.

Statements of Cash Flow

The cash position decreased approximately \$1.7 million since last month. In the current month approximately \$1.6 million was used by operating activities. Approximately \$111 thousand in cash was used to repay the National Credit Union Share Insurance Fund note payable on the King Street Station Building, which has a balance of \$8.9 million on the balance sheet.

Other Information

The average annualized travel spend per Full-Time Equivalent (FTE) was \$2,341 this year, which is \$1,781 less than last year.

The Agency had 40 vacancies as of this month -- up 1 from the prior month. Of the 40 vacancies, 5 were in the central office and 35 were in the regions and AMAC. The 40 vacancies represent 3.3% percent of total authorized staff of 1,230.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of January 31, 2017 and 2016
(Dollars in thousands)

	January 2017	January 2016
ASSETS		
Cash and cash equivalents	\$ 47,676	\$ 41,867
Due from National Credit Union Share Insurance Fund	27	1
Employee advances	1	37
Other accounts receivable, Net	9,015	7,013
Prepaid expenses and other assets	2,016	1,834
Assets held for sale	-	377
Fixed assets - Net of accum. depreciation of \$35,283 as of January 31, 2017	29,042	30,663
Intangible assets - Net of accum. amortization of \$17,295 as of January 31, 2017	4,779	2,271
TOTAL ASSETS	\$ 92,556	\$ 84,063
 LIABILITIES		
Accounts payable	\$ 6,907	\$ 6,939
Obligations under capital leases	957	1,515
Accrued wages and benefits	9,709	7,803
Accrued annual leave	18,169	17,243
Note payable to National Credit Union Share Insurance Fund	8,940	10,281
TOTAL LIABILITIES	44,682	43,781
 FUND BALANCE	 47,874	 40,282
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 92,556	 \$ 84,063

The balances in the statement above are preliminary and unaudited.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Periods Ended January 31, 2017 and January 31, 2016
(Dollars in thousands)

	January 2017	Year-to-Date January 2017	Year-to-Date January 2016
REVENUES			
Operating fees	\$ 8,751	\$ 8,751	\$ 6,721
Interest	23	23	8
Other	27	27	67
Total Revenues	8,801	8,801	6,796
EXPENSES, NET¹			
Employee wages and benefits, net	5,923	5,923	4,297
Travel	75	75	112
Rent, communications, and utilities	4	4	(46)
Contracted services	48	48	(220)
Depreciation and amortization	128	128	117
Administrative	3	3	49
Total Expenses	6,181	6,181	4,309
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,620	2,620	2,487
FUND BALANCE—Beginning of period	45,254	45,254	37,795
FUND BALANCE—End of period	\$ 47,874	\$ 47,874	\$ 40,282

¹Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 67.7% and 73.1% for 2017 and 2016, respectively.

The balances in the statement above are preliminary and unaudited.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF CASH FLOWS
For the Periods Ended January 31, 2017 and January 31, 2016
(Dollars in thousands)

	<u>January 2017</u>	<u>Year-to-Date January 2017</u>	<u>Year-to-Date January 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 2,620	\$ 2,620	\$ 2,487
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	396	396	405
Provision for loss on disposal of employee residences held for sale	-	-	-
(Gain) loss on fixed asset retirements	-	-	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	4,032	4,032	3,943
Employee advances	4	4	1
Other accounts receivable	(8,578)	(8,578)	(6,681)
Prepaid expenses and other assets	(172)	(172)	(102)
(Decrease) increase in liabilities:			
Accounts payable	1,298	1,298	1,295
Accrued wages and benefits	(561)	(561)	627
Deferred revenue	-	-	-
Accrued annual leave	-	-	-
Accrued employee travel	(601)	(601)	(646)
Net cash (used) or provided by operating activities	<u>(1,562)</u>	<u>(1,562)</u>	<u>1,329</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	-	-	121
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	-	-
Net cash (used) or provided by investing activities	<u>-</u>	<u>-</u>	<u>121</u>
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	<u>(111)</u>	<u>(111)</u>	<u>(111)</u>
NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,673)</u>	<u>(1,673)</u>	<u>1,339</u>
CASH AND CASH EQUIVALENTS—Beginning of period	<u>49,349</u>	<u>49,349</u>	<u>40,528</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 47,676</u>	<u>\$ 47,676</u>	<u>\$ 41,867</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Payments for Interest	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 17</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

YEAR-TO-DATE BUDGET TO ACTUAL EXPENSE (BEFORE OVERHEAD TRANSFER RATE)

As of January 31, 2017 and January 31, 2016

(Dollars in thousands)

	Year-To-Date 2017				Year-To-Date 2016			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	18,298	18,339	41	0.2%	16,971	15,997	(974)	-5.7%
Travel	2,372	232	(2,140)	-90.2%	2,441	418	(2,023)	-82.9%
Rent, Comm., & Utilities	560	13	(547)	-97.6%	564	(172)	(736)	-130.5%
Administrative	1,118	400	(718)	-64.2%	1,308	576	(732)	-56.0%
Contracted Services	2,776	149	(2,627)	-94.6%	2,352	(992)	(3,344)	-142.2%
TOTAL	25,124	19,133	(5,991)	-23.8%	23,636	15,827	(7,809)	-33.0%

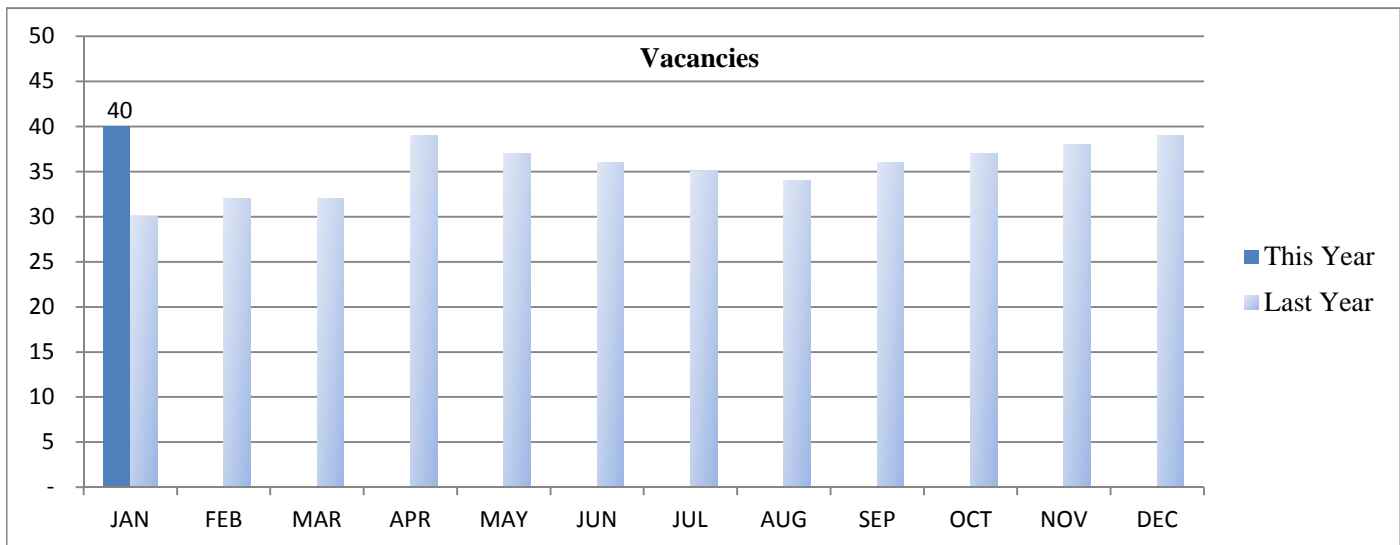
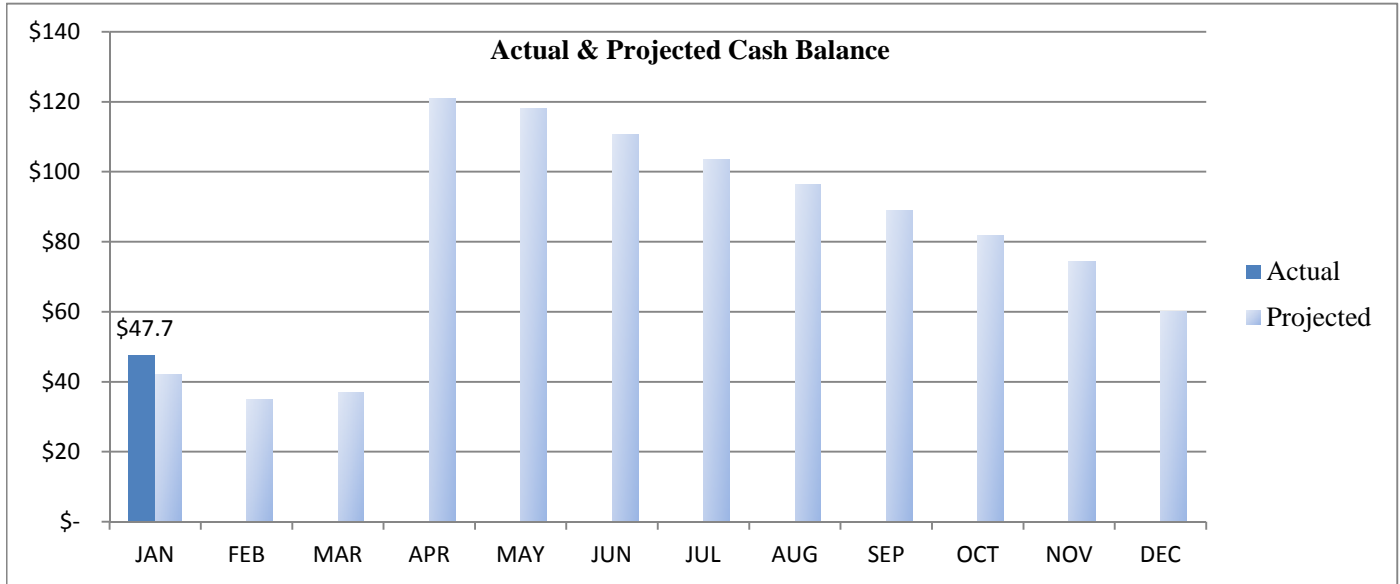
¹Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of January 31, 2017 and January 31, 2016



	1/31/2017	1/31/2016
Fund Balance / Total assets	51.72%	47.92%
YTD interest income to average investments (annualized)	0.57%	0.23%
Annualized travel spend per employee	\$2,341	\$4,122
Net year to date cash inflow (outflow) in millions of dollars	(\$2)	\$1
Cash and overnight investments / Total assets	51.51%	49.80%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.