

National Credit Union Administration



Operating Fund

***Financial Highlights
August 31, 2013***

Mary Ann Woodson

**Mary Ann Woodson
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF AUGUST 31, 2013

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$61.1 million. Its balance decreased \$16.0 million in the month primarily for the payment of operating expenses. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net loss for the month was \$1,523,000 and net income year to date was \$1,113,000. Interest income on overnight investments has averaged 0.05% year-to-date, versus 0.09% during the same period last year. As approved in the July 2013 Board meeting, employee wages and benefits in the month of August 2013 include the \$3.6 million cost of one-time performance-based lump sum comparability payments and adjustments to correct locality pay discrepancies.

Statements of Cash Flow

The cash position decreased \$16.0 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$93,000 was invested in new capital assets and \$112,000 in cash was used to reduce or repay the NCUSIF note payable long-term liability, which has a balance of \$13.5 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$9.6 million or 5.8 percent, compared to being under the year-to-date budget by approximately \$11.4 million or 7.2 percent during the same period last year. Of the total variance, employee pay and benefits was under budget by \$1.0 million or 0.8%, travel was under budget by \$1.3 million or 7.0%, and the remaining expense categories combined were under budget by \$7.3 million or 25.1%.

The average annualized travel spend per FTE was \$21,309 this year, which is \$327 more than last year.

Vacancies

The Agency had 22 vacancies as of this month -- down 12 from the prior month. Of the 22 vacancies, 20 were in the central office and 2 were in the regions and AMAC. The 22 vacancies represent 1.7% percent of total authorized staff of 1,262.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS

AS OF AUGUST 31, 2013 AND AUGUST 31, 2012

(Dollars in thousands)

	8/31/2013	7/31/2013	8/31/2012
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 61,146	\$ 77,193	\$ 61,211
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	2,180	393	-
EMPLOYEE ADVANCES	11	17	15
OTHER ACCOUNTS RECEIVABLE , Net	312	170	449
PREPAID EXPENSES AND OTHER ASSETS	1,667	1,616	1,327
ASSETS HELD FOR SALE	-	72	766
FIXED ASSETS — Net of accumulated depreciation of \$29,004 as of August 31, 2013	30,319	30,460	31,557
INTANGIBLE ASSETS — Net of accumulated amortization of \$12,503 as of August 31, 2013	<u>4,101</u>	<u>4,338</u>	<u>6,260</u>
TOTAL	<u>\$ 99,736</u>	<u>\$ 114,259</u>	<u>\$ 101,585</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 32,190	\$ 39,881	\$ 32,416
Obligations under capital leases	78	78	58
Accrued wages and benefits	5,402	10,599	5,417
Accrued annual leave	13,832	13,832	12,699
Accrued employee travel	-	-	-
Note payable to National Credit Union Share Insurance Fund	<u>13,521</u>	<u>13,633</u>	<u>14,862</u>
Total Liabilities	65,023	78,023	65,452
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>34,713</u>	<u>36,236</u>	<u>36,133</u>
TOTAL	<u>\$ 99,736</u>	<u>\$ 114,259</u>	<u>\$ 101,585</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED AUGUST 31, 2013 AND AUGUST 31, 2012 (Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2013	2012	2013	2012
REVENUES:				
Operating fees	\$ 62,075	\$ 59,281	\$ 7,760	\$ 7,406
Interest	17	28	2	6
Other	<u>956</u>	<u>941</u>	<u>169</u>	<u>120</u>
Total Revenues	63,048	60,250	7,931	7,532
EXPENSES, NET:				
Employee wages and benefits, net	46,351	43,104	7,155	5,542
Travel	6,665	6,501	1,266	879
Rent, communications, and utilities	1,248	1,393	154	190
Contracted services	4,639	3,705	561	453
Depreciation and amortization	3,534	4,091	471	826
Administrative	<u>(502)</u>	<u>(556)</u>	<u>(153)</u>	<u>(269)</u>
Total Expenses	<u>61,935</u>	<u>58,238</u>	<u>9,454</u>	<u>7,621</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,113	2,012	(1,523)	(89)
FUND BALANCE—Beginning of period	<u>33,600</u>	<u>34,121</u>	<u>36,236</u>	<u>36,222</u>
FUND BALANCE—End of period	<u>\$ 34,713</u>	<u>\$ 36,133</u>	<u>\$ 34,713</u>	<u>\$ 36,133</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED AUGUST 31, 2013 AND AUGUST 31, 2012 (Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ 1,113	\$ 2,012	\$ (1,523)	\$ (89)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	3,534	4,091	471	826
Provision for loss on disposal of employee residences held for sale	27	116	-	-
(Gain) loss on fixed asset retirements	-	(3)	-	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	(140)	1,182	(1,787)	-
Employee advances	14	28	6	20
Other accounts receivable	(101)	436	(142)	(258)
Prepaid expenses and other assets	(612)	(312)	(51)	-
(Decrease) increase in liabilities:				
Accounts payable	27,586	25,342	(7,691)	(8,042)
Accrued wages and benefits	(4,776)	(3,878)	(5,197)	(4,301)
Accrued annual leave	-	-	-	-
Accrued employee travel	(695)	(628)	-	-
Net cash provided or (used) by operating activities	<u>25,950</u>	<u>28,386</u>	<u>(15,914)</u>	<u>(11,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed and intangible assets	(1,258)	(2,803)	(93)	(431)
Proceeds from insurance on fixed assets	-	25	-	-
Purchases of employee residences held for sale	-	(995)	-	-
Proceeds from sale of employee residences held for sale	827	510	72	-
Net cash used by investing activities	<u>(431)</u>	<u>(3,263)</u>	<u>(21)</u>	<u>(431)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of note payable to National Credit Union Share Insurance Fund	(894)	(894)	(112)	(112)
Principal payments under capital lease obligations	-	-	-	-
Net cash used by financing activities	<u>(894)</u>	<u>(894)</u>	<u>(112)</u>	<u>(112)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	24,625	24,229	(16,047)	(12,387)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>36,521</u>	<u>36,982</u>	<u>77,193</u>	<u>73,598</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 61,146</u>	<u>\$ 61,211</u>	<u>\$ 61,146</u>	<u>\$ 61,211</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -	\$ -
Cash Payments for Interest	<u>\$ 170</u>	<u>\$ 199</u>	<u>\$ 21</u>	<u>\$ 24</u>

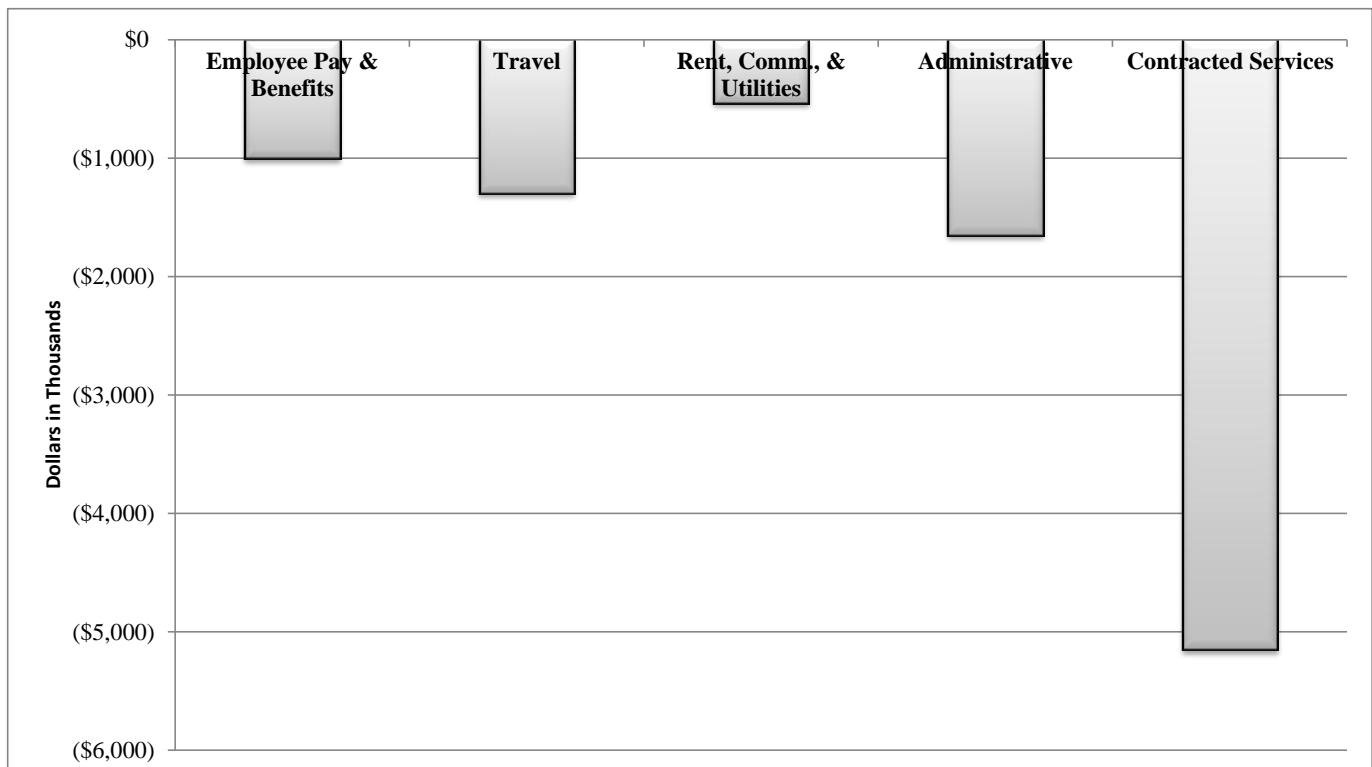
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF AUGUST 31, 2013 AND AUGUST 31, 2012**

(Dollars in thousands)

	2013				2012			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	118,228	117,229	(999)	-0.8%	112,067	108,431	(3,636)	-3.2%
Travel	18,443	17,150	(1,293)	-7.0%	18,343	16,498	(1,846)	-10.1%
Rent, Comm., & Utilities	3,585	3,053	(532)	-14.8%	3,787	3,427	(360)	-9.5%
Administrative	9,072	7,423	(1,648)	-18.2%	8,989	8,692	(297)	-3.3%
Contracted Services	16,547	11,401	(5,145)	-31.1%	14,363	9,122	(5,240)	-36.5%
TOTAL	165,875	156,257	(9,618)	-5.8%	157,550	146,170	(11,380)	-7.2%

Amount Over (Under) Budget

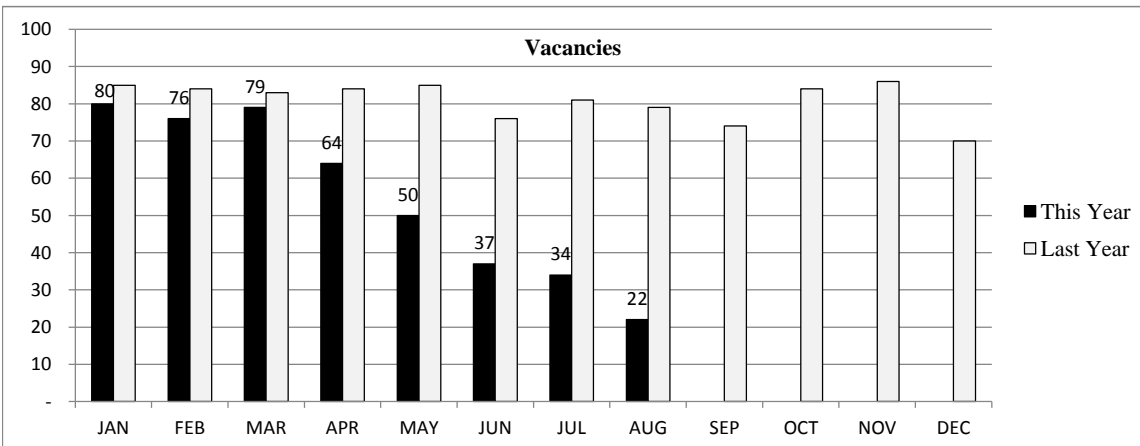
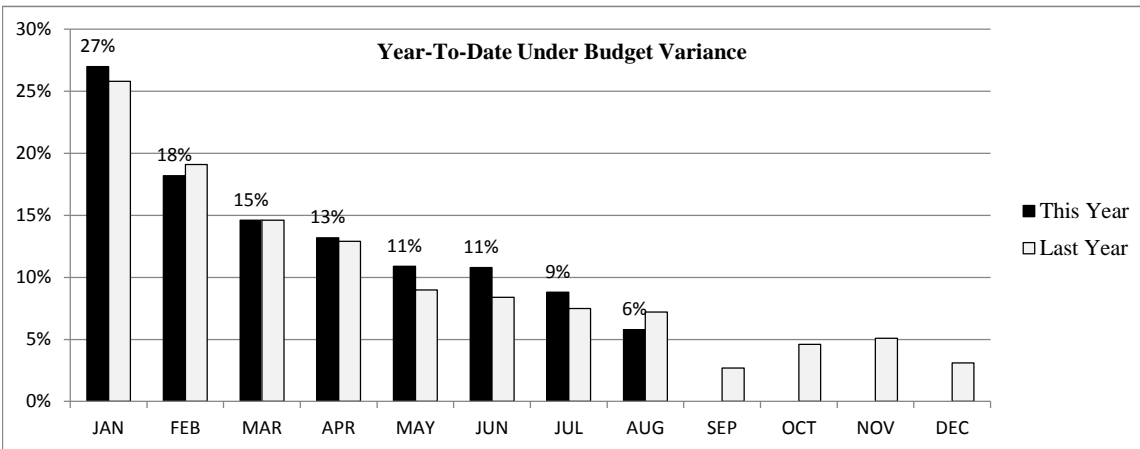
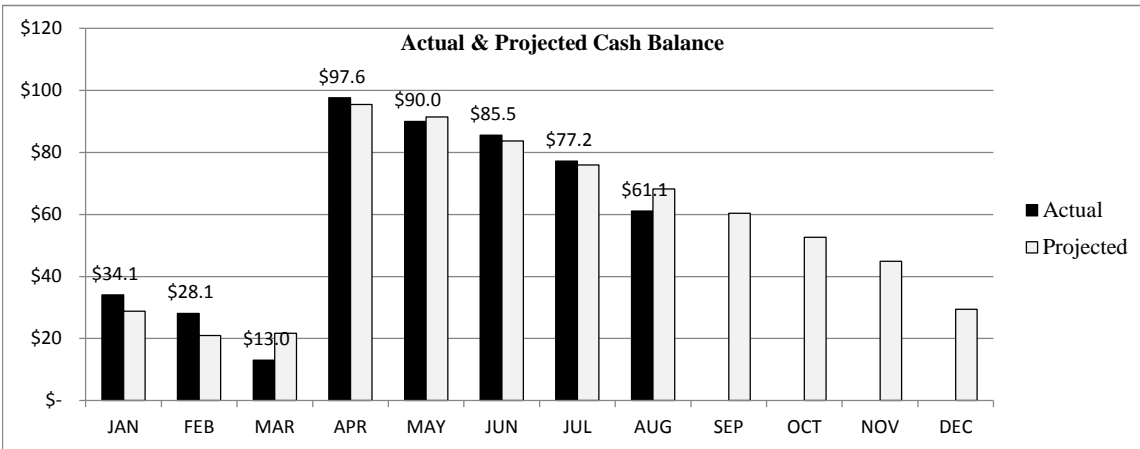


Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF AUGUST 31, 2013 AND AUGUST 31, 2012



	8/31/2013	8/31/2012
Retained earnings / Total assets	34.80%	35.57%
YTD interest income to average investments (annualized)	0.05%	0.09%
Annualized travel spend per employee	\$21,309	\$20,983
Net year to date cash inflow (outflow) in millions of dollars	\$25	\$24
Cash and overnight investments / Total assets	61.31%	60.26%
Overhead transfer rate	59.10%	59.30%