

National Credit Union Administration



Operating Fund

***Final Financial Highlights
September 30, 2010***

**Mary Ann Woodson
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
September 30, 2010

Balance Sheet

Cash had a month-end balance of \$765,000 in order to accommodate federal interagency fiscal year-end disbursements. The balance will decline back to its normal level on October 1.

Overnight Investments decreased \$6.2 million for payment of operating expenses.

Accrued Employee Compensation had a net increase of \$4.3 million. This is largely due to the increase of employee annual leave liability and accrued employee payroll.

Other Current Liabilities decreased \$9.8 million. This decrease is primarily due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period.

Statement of Cash Flow

Cash decreased by \$6.0 million for the month, reflecting payments for operating expenses, fixed assets home purchase program, and notes payable in excess of receipts from interest and other income.

Budget (Year-to-Date)

Agency spending was under its year-to-date budget by \$3.4 million or 2.3 percent, compared to \$5.9 million and 4.4 percent in September 2009. This variance is derived primarily from employee pay and benefits.

Vacancies

The agency had 59 vacancies as of September 25 -- down 15 from August 28. Of the 59 vacancies, 28 were in the central office and 31 were in the regional offices and AMAC. The 59 vacancies represent 5.2 percent of total authorized staff of 1,130.85.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
September 30, 2010

| | September 2009 | August 2010 | September 2010 |
|---|-------------------------|--------------------------|--------------------------|
| ASSETS | | | |
| ASSETS: | | | |
| Current Assets | | | |
| Cash | \$ 830,124.88 | \$ 500,892.57 | \$ 765,431.46 |
| Overnight Investments | 44,202,000.00 | 60,184,000.00 | 53,963,000.00 |
| Accounts Receivable | 3,405,937.41 | 404,824.00 | 4,446,576.76 |
| Interest Receivable | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 2,891,710.68 | 2,463,428.86 | 1,794,679.85 |
| Home Purchase Program | 915,570.00 | 1,312,467.82 | 1,444,002.00 |
| Other | 0.00 | 0.00 | 0.00 |
| <i>Total Current Assets</i> | 52,245,342.97 | 64,865,613.25 | 62,413,690.07 |
| Property, Plant, and Equipment | | | |
| Land | 3,946,263.95 | 3,946,263.95 | 3,946,263.95 |
| Buildings | 25,086,888.89 | 24,314,463.32 | 24,992,986.10 |
| Capital Lease | 44,681.00 | 4,943.64 | 26,334.33 |
| Equipment | 4,097,510.00 | 6,698,008.35 | 6,531,954.53 |
| Assets Under Construction | 3,159,726.62 | 978,926.69 | 2,488,962.57 |
| <i>Total Property, Plant, and Equipment</i> | 36,335,070.46 | 35,942,605.95 | 37,986,501.48 |
| TOTAL ASSETS | \$ 88,580,413.43 | \$ 100,808,219.20 | \$ 100,400,191.55 |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES: | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 4,603,298.33 | \$ 1,546,424.77 | \$ 7,170,536.77 |
| Accrued Employee Compensation | 18,385,118.81 | 18,415,327.72 | 22,719,968.96 |
| Other Current Liabilities | 21,110,067.89 | 31,514,342.07 | 21,743,346.90 |
| <i>Total Current Liabilities</i> | 44,098,485.03 | 51,476,094.56 | 51,633,852.63 |
| Non-Current Liabilities | | | |
| Notes Payable | 18,773,125.86 | 17,543,933.17 | 17,432,188.38 |
| Other | 176,262.44 | 159,196.24 | 225,995.70 |
| <i>Total Non-Current Liabilities</i> | 18,949,388.30 | 17,703,129.41 | 17,658,184.08 |
| TOTAL LIABILITIES | 63,047,873.33 | 69,179,223.97 | 69,292,036.71 |
| FUND BALANCE: | | | |
| Unappropriated | 24,532,540.10 | 30,628,995.23 | 30,108,154.84 |
| Appropriated | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 |
| TOTAL FUND BALANCE | 25,532,540.10 | 31,628,995.23 | 31,108,154.84 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 88,580,413.43 | \$ 100,808,219.20 | \$ 100,400,191.55 |

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
September 30, 2010

| | September 2010 Monthly Actual | September 2010 Monthly Budget | September 2010 Year-To-Date Actual | September 2010 Year-To-Date Budget | September 2009 Year-To-Date Actual |
|---|-------------------------------------|-------------------------------------|--|--|--|
| REVENUE: | | | | | |
| Interest Income | \$ 6,303.62 | \$ 4,166.67 | \$ 47,070.42 | \$ 61,666.67 | \$ 37,151.46 |
| Program-related Income | 8,140,040.69 | 7,117,500.00 | 65,085,056.69 | 106,762,500.00 | 60,685,710.64 |
| Other Income | 809,755.89 | 25,000.00 | 870,612.24 | 373,333.33 | 241,604.68 |
| Total Revenue | 8,956,100.20 | 7,146,666.67 | 66,002,739.35 | 107,197,500.00 | 60,964,466.78 |
| EXPENSES: | | | | | |
| Employee Pay | 4,884,236.38 | 4,089,297.40 | 35,106,834.86 | 36,246,045.15 | 34,691,190.02 |
| Employee Benefits | 1,259,292.42 | 1,182,442.66 | 9,562,678.10 | 10,480,741.78 | 9,055,909.96 |
| Employee Travel | 1,499,828.88 | 829,597.11 | 7,175,049.93 | 7,466,373.99 | 6,419,656.26 |
| Rent/Communications/Utilities | 263,421.47 | 167,561.25 | 1,311,381.61 | 1,508,051.25 | 1,399,760.44 |
| Administrative Costs | 312,273.77 | 417,603.74 | 4,502,483.57 | 3,758,433.66 | 3,532,526.12 |
| Contracted Services | 1,257,887.67 | 539,675.86 | 4,538,517.15 | 4,857,082.74 | 2,867,051.56 |
| Total Expenses | 9,476,940.59 | 7,226,178.02 | 62,196,945.22 | 64,316,728.57 | 57,966,094.36 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | \$ (520,840.39) | \$ (79,511.35) | \$ 3,805,794.13 | \$ 42,880,771.43 | \$ 2,998,372.42 |

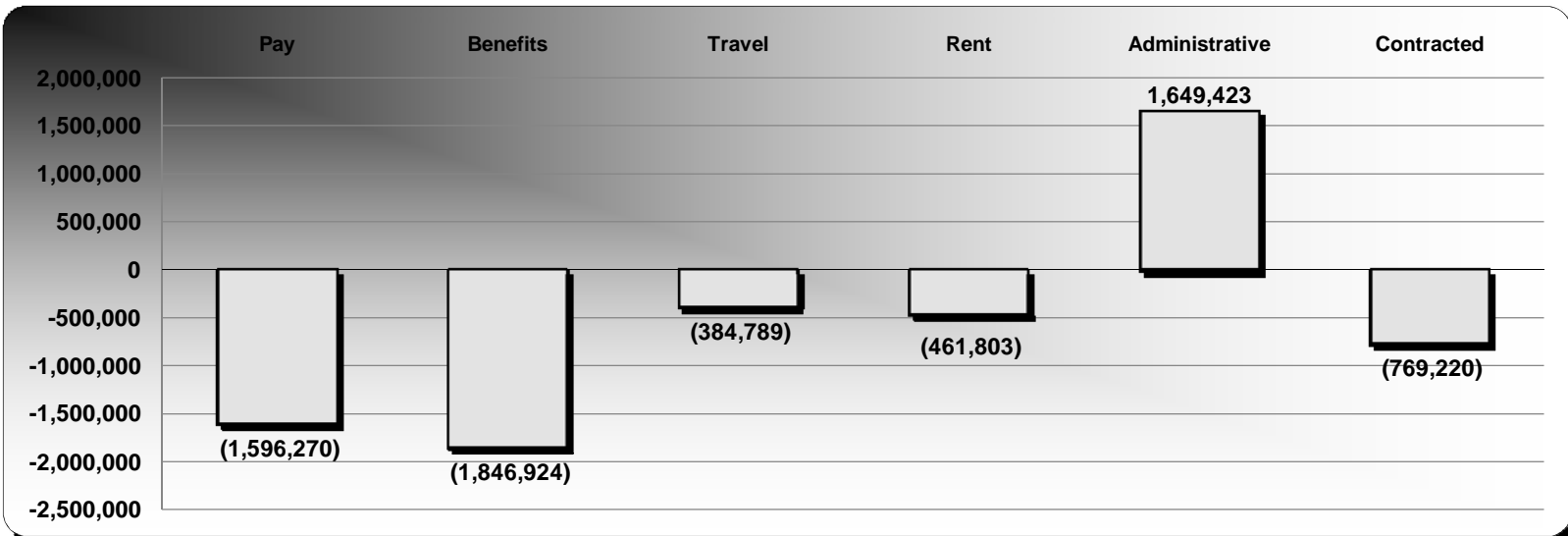
National Credit Union Administration Operating Fund
Statement of Cash Flow
September 30, 2010

| | Month September 2009 | Month September 2010 | Y-T-D September 2009 | Y-T-D September 2010 |
|--|--------------------------|--------------------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Income from operating fees | \$ - | \$ - | \$ 83,811,547.13 | \$ 86,769,141.37 |
| Interest received from cash and cash equivalents | 2,709.88 | 6,303.62 | 37,151.46 | 47,070.42 |
| Other income received | 30,072.38 | 809,755.89 | 241,604.68 | 870,612.24 |
| (Cash paid for operating expenses) | (2,620,285.74) | (3,688,854.99) | (53,301,451.25) | (51,237,290.91) |
| Net cash (used) in operating activities | (2,587,503.48) | (2,872,795.48) | 30,788,852.02 | 36,449,533.12 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Proceeds (purchases) of fixed assets | (3,284,885.13) | (2,840,386.66) | (4,897,327.84) | (4,087,842.18) |
| Proceeds (purchases) home purchase program | 226,977.00 | (131,534.18) | (703,513.31) | (949,182.00) |
| Net cash (used) in investing activities | (3,057,908.13) | (2,971,920.84) | (5,600,841.15) | (5,037,024.18) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| (Repayments) of notes payable | (111,744.79) | (111,744.79) | (1,005,703.11) | (1,005,703.11) |
| (Capital lease payments) | (4,789.21) | 0.00 | (742,521.70) | 0.00 |
| Net cash (used) in financing activities | (116,534.00) | (111,744.79) | (1,748,224.81) | (1,005,703.11) |
| NET INCREASE (DECREASE) IN CASH | (5,761,945.61) | (5,956,461.11) | 23,439,786.06 | 30,406,805.83 |
| Cash and cash equivalents at beginning of period | 50,794,070.49 | 60,684,892.57 | 21,592,338.82 | 24,321,625.63 |
| Cash and cash equivalents at end of period | \$ 45,032,124.88 | \$ 54,728,431.46 | \$ 45,032,124.88 | \$ 54,728,431.46 |
| RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Net income (loss) | \$ (968,208.14) | \$ (520,840.39) | \$ 2,998,372.42 | \$ 3,805,794.13 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 283,167.77 | 796,491.13 | 1,961,524.86 | 3,876,877.09 |
| Unrealized (gain) loss | 0.00 | 0.00 | 0.00 | 0.00 |
| (Gain) loss on disposal of fixed assets | 0.00 | 0.00 | 0.00 | 0.00 |
| (Gain) loss on disposal of homes | 305,443.31 | 0.00 | 305,443.31 | 0.00 |
| Interest expense on leases | 0.00 | 0.00 | 0.00 | 0.00 |
| Miscellaneous allowances | 0.00 | 0.00 | (0.00) | (0.00) |
| Change in current assets and liabilities | | | | |
| (Increase) decrease in assets: | | | | |
| SIF repayment of Operating Fund for leases | 0.00 | 0.00 | 90,058.97 | 0.00 |
| Accounts receivable | (971,636.99) | (4,041,752.76) | (2,861,337.41) | (3,139,980.19) |
| Interest receivable | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid expenses | (197,284.88) | 668,749.01 | 763,331.39 | 254,253.06 |
| Other assets | 0.00 | 0.00 | 100.00 | 0.00 |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | 3,214,463.86 | 5,624,112.00 | 1,222,096.01 | 4,770,468.91 |
| Accrued employee compensation | 2,802,653.55 | 4,304,641.24 | 4,895,038.75 | 6,392,721.72 |
| Other non current liabilities | 147.00 | 66,799.46 | 380,707.22 | 62,468.80 |
| Other current liabilities | (7,056,248.96) | (9,770,995.17) | 21,033,516.50 | 21,683,929.60 |
| Total adjustments | (1,619,295.34) | (2,351,955.09) | 27,790,479.60 | 33,900,738.99 |
| Net cash (used) in operating activities | \$ (2,587,503.48) | \$ (2,872,795.48) | \$ 30,788,852.02 | \$ 37,706,533.12 |

National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
September 30, 2010

| | 2010 | | | | 2009 | | | |
|--|-------------|-------------|-------------|--------|-------------|-------------|-------------|--------|
| | BUDGET | ACTUAL | DIFFERENCE | % DIFF | BUDGET | ACTUAL | DIFFERENCE | % DIFF |
| Employee Pay | 84,687,021 | 83,090,752 | (1,596,270) | -1.9% | 75,774,565 | 76,342,186 | 567,620 | 0.7% |
| Benefits | 24,487,714 | 22,640,791 | (1,846,924) | -7.5% | 21,805,709 | 19,937,714 | (1,867,995) | -8.6% |
| Travel | 17,444,799 | 17,060,010 | (384,789) | -2.2% | 15,074,890 | 14,268,800 | (806,089) | -5.3% |
| Rent, Communications, & Utilities | 3,523,484 | 3,061,681 | (461,803) | -13.1% | 3,163,412 | 3,030,611 | (132,801) | -4.2% |
| Administrative | 8,781,387 | 10,430,810 | 1,649,423 | 18.8% | 9,613,193 | 7,653,112 | (1,960,081) | -20.4% |
| Contracted Services | 11,348,324 | 10,579,104 | (769,220) | -6.8% | 7,912,137 | 6,217,082 | (1,695,055) | -21.4% |
| TOTAL | 150,272,730 | 146,863,149 | (3,409,581) | -2.3% | 133,343,906 | 127,449,506 | (5,894,401) | -4.4% |

Amount Over (Under) Budget
September 30, 2010

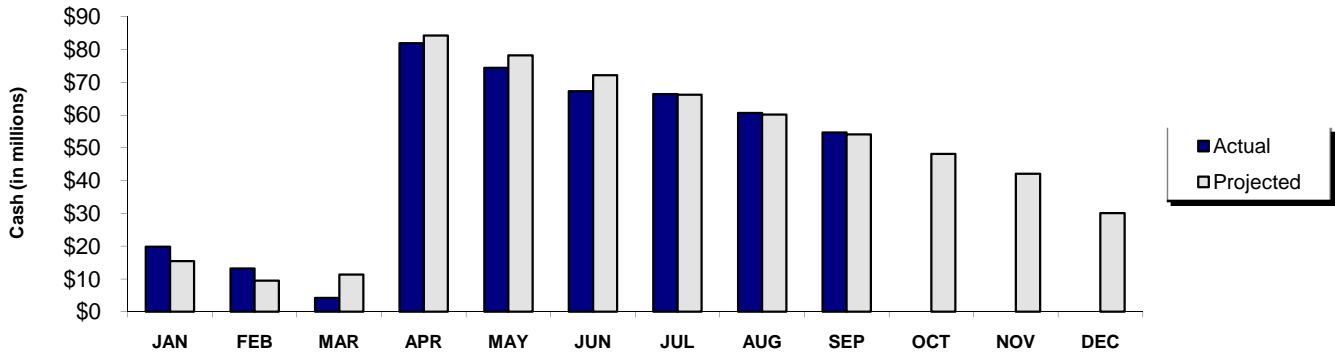


National Credit Union Administration Operating Fund

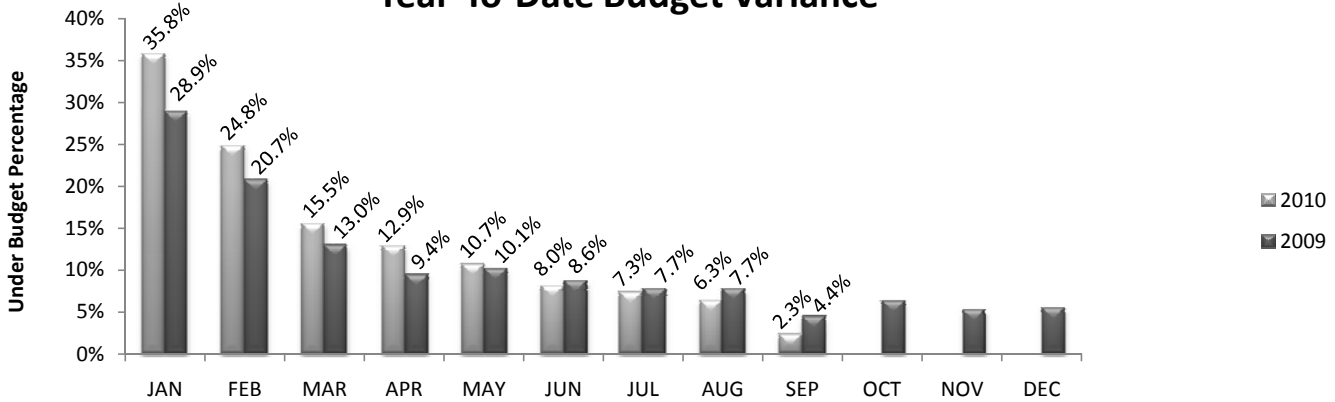
Graphs and Ratios

September 30, 2010

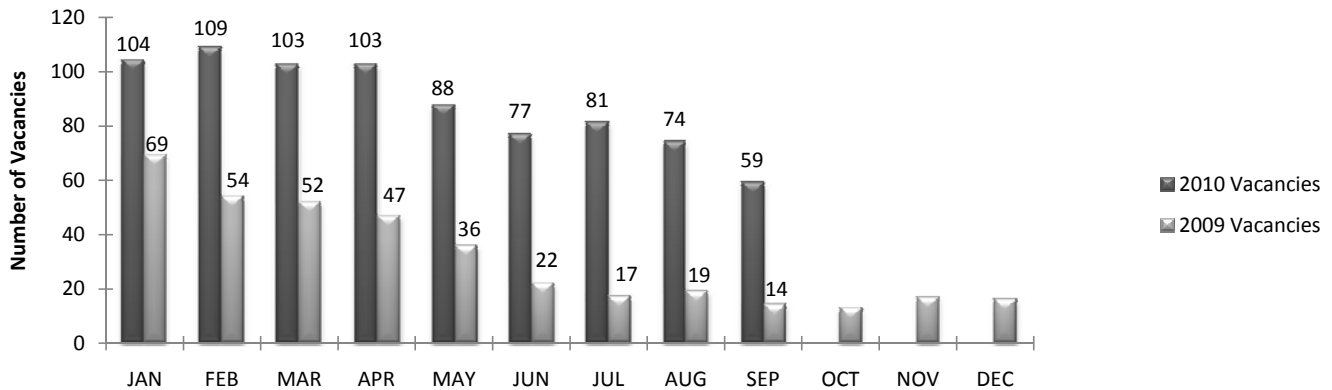
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



| | September 2009 | September 2010 |
|---|----------------|----------------|
| Retained earnings / Total assets | 28.82% | 30.98% |
| Monthly interest income to average investments (annualized) | 0.06% | 0.12% |
| YTD Travel per full-time equivalent, before overhead transfer, (annualized) | \$19,457 | \$19,674 |
| Net year to date cash inflow (outflow) in millions of dollars | \$23.4 | \$31.1 |
| Cash and Overnight investments / Total assets | 50.8% | 54.5% |
| Overhead Transfer Rate | 53.80% | 57.20% |