

National Credit Union Administration



Operating Fund

***Financial Highlights
August 31, 2014***

Mary Ann Woodson

**Mary Ann Woodson
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF AUGUST 31, 2014

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$62.7 million. Its balance decreased \$9.3 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.

Due from National Credit Union Share Insurance Fund (SIF) had a month-end balance of approximately \$68,000. Its balance decreased by \$679,000 in the month primarily due to the estimated to actual adjustment of SIF overhead expenses transferred.

Accounts payable had a month-end balance of approximately \$30.6 million. Its balance decreased by approximately \$3.6 million in the month primarily due to the recognition of monthly operating fees that were received and deferred in a prior month.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$800,000 and net income year to date was \$2,328,000. Interest income on overnight investments has averaged 0.04% year-to-date, versus 0.05% during the same period last year.

Statements of Cash Flow

The cash position decreased \$9.3 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$795,000 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 \$12.2 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$13.4 million or 7.6 percent, compared to being under the year-to-date budget by approximately \$9.6 million or 5.8 percent during the same period last year. Of the total variance, employee pay and benefits was under budget by \$5.6 million or 4.4%, travel was under budget by \$2.3 million or 12.1%, and the remaining expense categories combined were under budget by \$5.5 million or 18.0%.

The average annualized travel spend per FTE was \$20,464 this year, which is \$845 less than last year.

Vacancies

The Agency had 40 vacancies as of this month -- up 1 from the prior month. Of the 40 vacancies, 11 were in the central office and 29 were in the regions and AMAC. The 40 vacancies represent 3.2% percent of total authorized staff of 1,262.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS AS OF AUGUST 31, 2014 AND AUGUST 31, 2013 (Dollars in thousands)

	8/31/2014	7/31/2014	8/31/2013
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 62,723	\$ 72,015	\$ 61,146
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	68	747	2,180
EMPLOYEE ADVANCES	128	120	11
OTHER ACCOUNTS RECEIVABLE , Net	216	182	312
PREPAID EXPENSES AND OTHER ASSETS	1,888	1,689	1,667
ASSETS HELD FOR SALE	244	-	-
FIXED ASSETS — Net of accumulated depreciation of \$31,056	29,629	29,788	30,319
INTANGIBLE ASSETS — Net of accumulated amortization of \$15,028 as of August 31, 2014	<u>3,083</u>	<u>2,629</u>	<u>4,101</u>
TOTAL	<u>\$ 97,979</u>	<u>\$ 107,170</u>	<u>\$ 99,736</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 30,615	\$ 34,251	\$ 32,190
Obligations under capital leases	59	59	78
Accrued wages and benefits	5,749	11,992	5,402
Accrued annual leave	14,571	14,571	13,832
Accrued employee travel	-	-	-
Note payable to National Credit Union Share Insurance Fund	<u>12,180</u>	<u>12,292</u>	<u>13,521</u>
Total Liabilities	63,174	73,165	65,023
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>34,805</u>	<u>34,005</u>	<u>34,713</u>
TOTAL	<u>\$ 97,979</u>	<u>\$ 107,170</u>	<u>\$ 99,736</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED AUGUST 31, 2014 AND AUGUST 31, 2013 (Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
REVENUES:				
Operating fees	\$ 51,917	\$ 62,075	\$ 6,490	\$ 7,760
Interest	12	17	2	2
Other	<u>863</u>	<u>956</u>	<u>151</u>	<u>169</u>
Total Revenues	52,792	63,048	6,643	7,931
EXPENSES, NET:				
Employee wages and benefits, net	37,665	46,351	4,474	7,155
Travel	5,150	6,665	672	1,266
Rent, communications, and utilities	945	1,248	145	154
Contracted services	3,908	4,639	243	561
Depreciation and amortization	3,950	3,534	500	471
Administrative	<u>(1,154)</u>	<u>(502)</u>	<u>(191)</u>	<u>(153)</u>
Total Expenses	<u>50,464</u>	<u>61,935</u>	<u>5,843</u>	<u>9,454</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,328	1,113	800	(1,523)
FUND BALANCE—Beginning of period	<u>32,477</u>	<u>33,600</u>	<u>34,005</u>	<u>36,236</u>
FUND BALANCE—End of period	<u>\$ 34,805</u>	<u>\$ 34,713</u>	<u>\$ 34,805</u>	<u>\$ 34,713</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED AUGUST 31, 2014 AND AUGUST 31, 2013

(Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ 2,328	\$ 1,113	\$ 800	\$ (1,523)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	3,950	3,534	500	471
Provision for loss on disposal of employee residences held for sale	-	27	-	-
(Gain) loss on fixed asset retirements	-	-	-	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	3,245	(140)	679	(1,787)
Employee advances	(90)	14	(8)	6
Other accounts receivable	(13)	(101)	(34)	(142)
Prepaid expenses and other assets	(510)	(612)	(199)	(51)
(Decrease) increase in liabilities:				
Accounts payable	25,897	27,586	(3,636)	(7,691)
Accrued wages and benefits	(5,607)	(4,776)	(6,243)	(5,197)
Accrued employee travel	(1,068)	(695)	-	-
Net cash provided or (used) by operating activities	<u>28,132</u>	<u>25,950</u>	<u>(8,141)</u>	<u>(15,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed and intangible assets	(2,184)	(1,258)	(795)	(93)
Proceeds from insurance on fixed assets	-	-	-	-
Purchases of employee residences held for sale	(244)	-	(244)	-
Proceeds from sale of employee residences held for sale	-	827	-	72
Net cash used by investing activities	<u>(2,428)</u>	<u>(431)</u>	<u>(1,039)</u>	<u>(21)</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	24,810	24,625	(9,292)	(16,047)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>37,913</u>	<u>36,521</u>	<u>72,015</u>	<u>77,193</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 62,723</u>	<u>\$ 61,146</u>	<u>\$ 62,723</u>	<u>\$ 61,146</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -	\$ -
Cash Payments for Interest	<u>\$ 154</u>	<u>\$ 170</u>	<u>\$ 19</u>	<u>\$ 21</u>

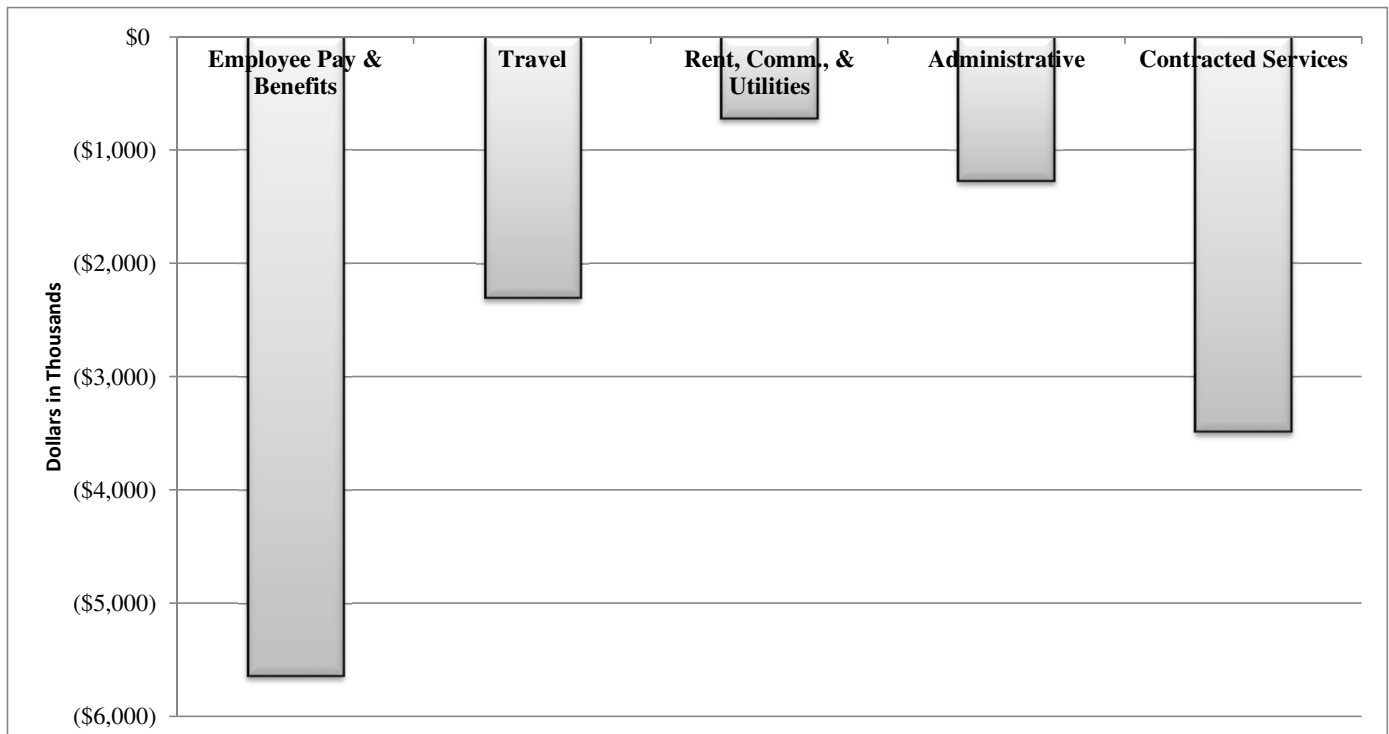
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF AUGUST 31, 2014 AND AUGUST 31, 2013**

(Dollars in thousands)

	Year-To-Date 2014				Year-To-Date 2013			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	127,919	122,288	(5,631)	-4.4%	118,228	117,229	(999)	-0.8%
Travel	19,014	16,722	(2,292)	-12.1%	18,443	17,150	(1,293)	-7.0%
Rent, Comm., & Utilities	3,782	3,067	(715)	-18.9%	3,585	3,053	(532)	-14.8%
Administrative	10,341	9,079	(1,262)	-12.2%	9,072	7,423	(1,648)	-18.2%
Contracted Services	16,151	12,672	(3,480)	-21.5%	16,547	11,401	(5,145)	-31.1%
TOTAL	177,207	163,827	(13,380)	-7.6%	165,875	156,257	(9,618)	-5.8%

Amount Over (Under) Budget

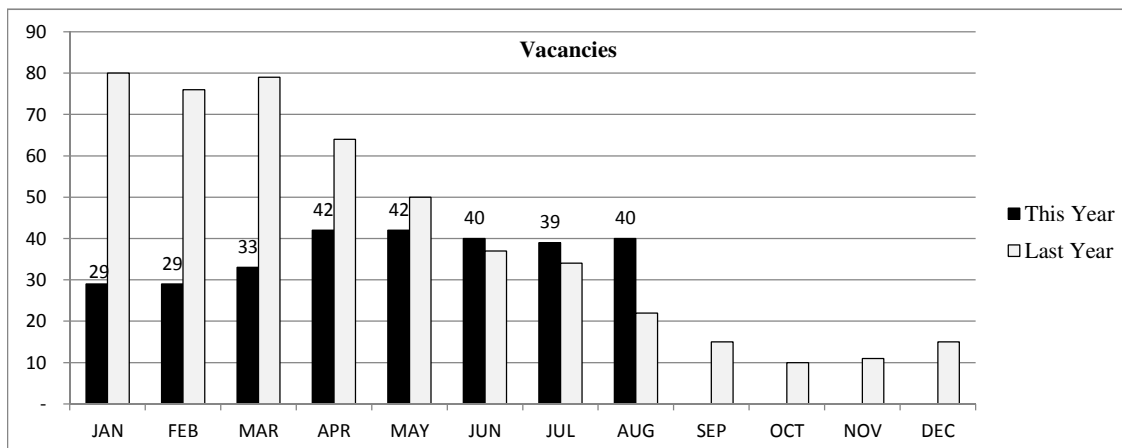
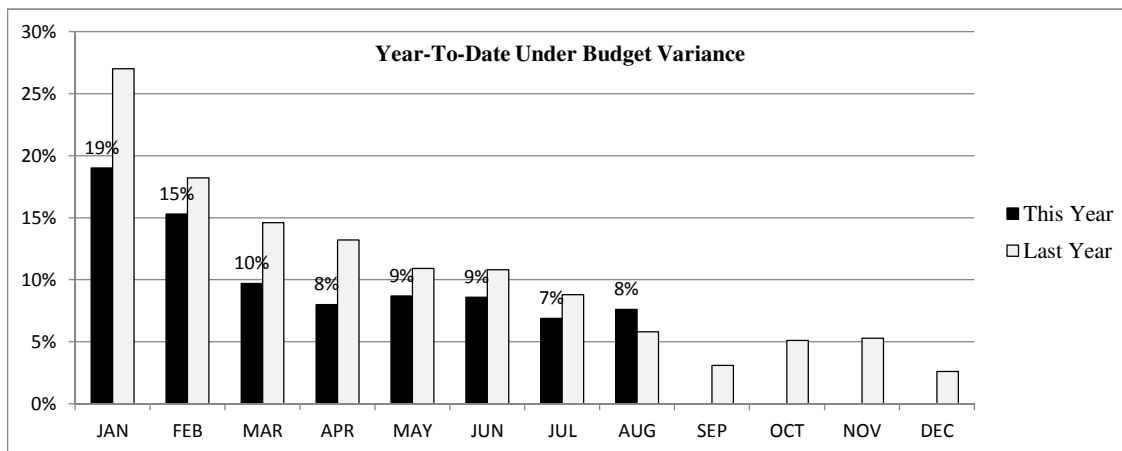
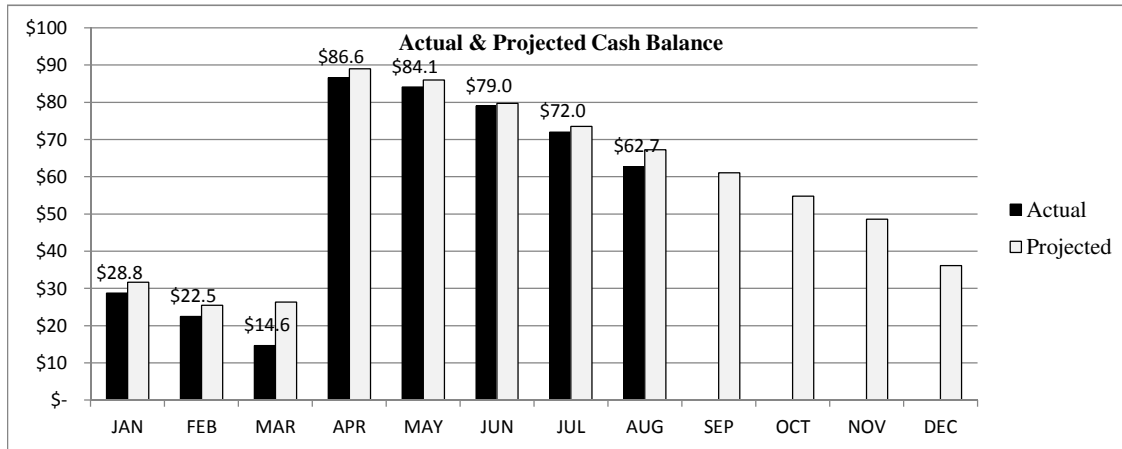


Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF AUGUST 31, 2014 AND AUGUST 31, 2013



	8/31/2014	8/31/2013
Retained earnings / Total assets	35.52%	34.80%
YTD interest income to average investments (annualized)	0.04%	0.05%
Annualized travel spend per employee	\$20,464	\$21,309
Net year to date cash inflow (outflow) in millions of dollars	\$25	\$25
Cash and overnight investments / Total assets	64.02%	61.31%
Overhead transfer rate	69.20%	59.10%