

National Credit Union Administration



Operating Fund

***Unaudited Financial Highlights
September 30, 2014***

Mary Ann Woodson

**Mary Ann Woodson
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF SEPTEMBER 30, 2014

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$55.9 million. Its balance decreased \$6.9 million in the month primarily for the payment of operating expenses and overhead cost due from the Share Insurance Fund. 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 \$2.5 million. Its balance increased by \$2.4 million in the month primarily due to the estimated to actual adjustment of SIF overhead expenses due.

Accounts payable had a month-end balance of approximately \$21.7 million. Its balance decreased by approximately \$8.9 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 loss for the month was \$1,365,000 and net income year to date was \$963,000. Interest income on overnight investments has averaged 0.03% year-to-date, versus 0.05% during the same period last year.

Statements of Cash Flow

The cash position decreased \$6.9 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$104,000 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 \$12.1 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$10.5 million or 5.3 percent, compared to being under the year-to-date budget by approximately \$5.8 million or 3.1 percent during the same period last year. Of the total variance, employee pay and benefits was under budget by \$4.1 million or 2.8%, travel was under budget by \$0.4 million or 1.7%, and the remaining expense categories combined were under budget by \$6.0 million or 17.7%.

The average annualized travel spend per FTE was \$22,766 this year, which is \$177 less than last year.

Vacancies

The Agency had 39 vacancies as of this month -- up 1 from the prior month. Of the 39 vacancies, 12 were in the central office and 27 were in the regions and AMAC. The 39 vacancies represent 3.1% percent of total authorized staff of 1,262.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS

AS OF SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013

(Dollars in thousands)

Unaudited

	9/30/2014	8/31/2014	9/30/2013
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 55,850	\$ 62,723	\$ 58,166
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	2,450	68	2,247
EMPLOYEE ADVANCES	78	128	306
OTHER ACCOUNTS RECEIVABLE , Net	270	216	267
PREPAID EXPENSES AND OTHER ASSETS	1,799	1,888	1,666
ASSETS HELD FOR SALE	996	244	-
FIXED ASSETS — Net of accumulated depreciation of \$27,396	29,524	29,629	30,142
INTANGIBLE ASSETS — Net of accumulated amortization of \$15,259 as of September 30, 2014	<u>2,810</u>	<u>3,083</u>	<u>4,042</u>
TOTAL	<u><u>\$ 93,777</u></u>	<u><u>\$ 97,979</u></u>	<u><u>\$ 96,836</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 21,739	\$ 30,615	\$ 26,442
Obligations under capital leases	103	59	64
Accrued wages and benefits	8,084	5,749	6,912
Accrued annual leave	16,282	14,571	15,065
Accrued employee travel	2,061	-	2,013
Note payable to National Credit Union Share Insurance Fund	<u>12,068</u>	<u>12,180</u>	<u>13,409</u>
Total Liabilities	60,337	63,174	63,905
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>33,440</u>	<u>34,805</u>	<u>32,931</u>
TOTAL	<u><u>\$ 93,777</u></u>	<u><u>\$ 97,979</u></u>	<u><u>\$ 96,836</u></u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013 (Dollars in thousands)

Unaudited

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
REVENUES:				
Operating fees	\$ 58,406	\$ 69,834	\$ 6,489	\$ 7,759
Interest	12	19	-	2
Other	942	1,047	79	91
	<u>59,360</u>	<u>70,900</u>	<u>6,568</u>	<u>7,852</u>
Total Revenues				
EXPENSES, NET:				
Employee wages and benefits, net	43,154	52,649	5,489	6,298
Travel	6,465	8,169	1,315	1,504
Rent, communications, and utilities	1,060	1,419	115	171
Contracted services	4,415	5,769	507	1,130
Depreciation and amortization	4,488	3,986	538	452
Administrative	(1,185)	(423)	(31)	79
	<u>58,397</u>	<u>71,569</u>	<u>7,933</u>	<u>9,634</u>
Total Expenses				
EXCESS OF REVENUES OVER / (UNDER)				
EXPENSES	963	(669)	(1,365)	(1,782)
FUND BALANCE—Beginning of period				
	<u>32,477</u>	<u>33,600</u>	<u>34,805</u>	<u>34,713</u>
FUND BALANCE—End of period				
	<u>\$ 33,440</u>	<u>\$ 32,931</u>	<u>\$ 33,440</u>	<u>\$ 32,931</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013

(Dollars in thousands)

Unaudited

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ 963	\$ (669)	\$ (1,365)	\$ (1,782)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	4,480	3,986	530	452
Provision for loss on disposal of employee residences held for sale	129	27	129	-
(Gain) loss on fixed asset retirements	13	10	13	10
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	863	(207)	(2,382)	(67)
Employee advances	(40)	(281)	50	(295)
Other accounts receivable	(67)	(56)	(54)	45
Prepaid expenses and other assets	(421)	(611)	89	1
(Decrease) increase in liabilities:				
Accounts payable	17,021	21,838	(8,876)	(5,748)
Accrued wages and benefits	(3,272)	(3,266)	2,335	1,510
Accrued employee travel	1,711	1,233	1,711	1,233
	<u>993</u>	<u>1,318</u>	<u>2,061</u>	<u>2,013</u>
Net cash provided or (used) by operating activities	<u>22,373</u>	<u>23,322</u>	<u>(5,759)</u>	<u>(2,628)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed and intangible assets	(2,288)	(1,484)	(104)	(226)
Proceeds from insurance on fixed assets	-	-	-	-
Purchases of employee residences held for sale	(1,125)	-	(881)	-
Proceeds from sale of employee residences held for sale	<u>-</u>	<u>827</u>	<u>-</u>	<u>-</u>
Net cash used by investing activities	<u>(3,413)</u>	<u>(657)</u>	<u>(985)</u>	<u>(226)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of note payable to National Credit Union Share Insurance Fund	(1,006)	(1,006)	(112)	(112)
Principal payments under capital lease obligations	<u>(17)</u>	<u>(14)</u>	<u>(17)</u>	<u>(14)</u>
Net cash used by financing activities	<u>(1,023)</u>	<u>(1,020)</u>	<u>(129)</u>	<u>(126)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	17,937	21,645	(6,873)	(2,980)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>37,913</u>	<u>36,521</u>	<u>62,723</u>	<u>61,146</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 55,850</u>	<u>\$ 58,166</u>	<u>\$ 55,850</u>	<u>\$ 58,166</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Acquisition of equipment under capital lease	\$ 61	\$ -	\$ 61	\$ -
Cash Payments for Interest	<u>\$ 173</u>	<u>\$ 189</u>	<u>\$ 19</u>	<u>\$ 19</u>

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

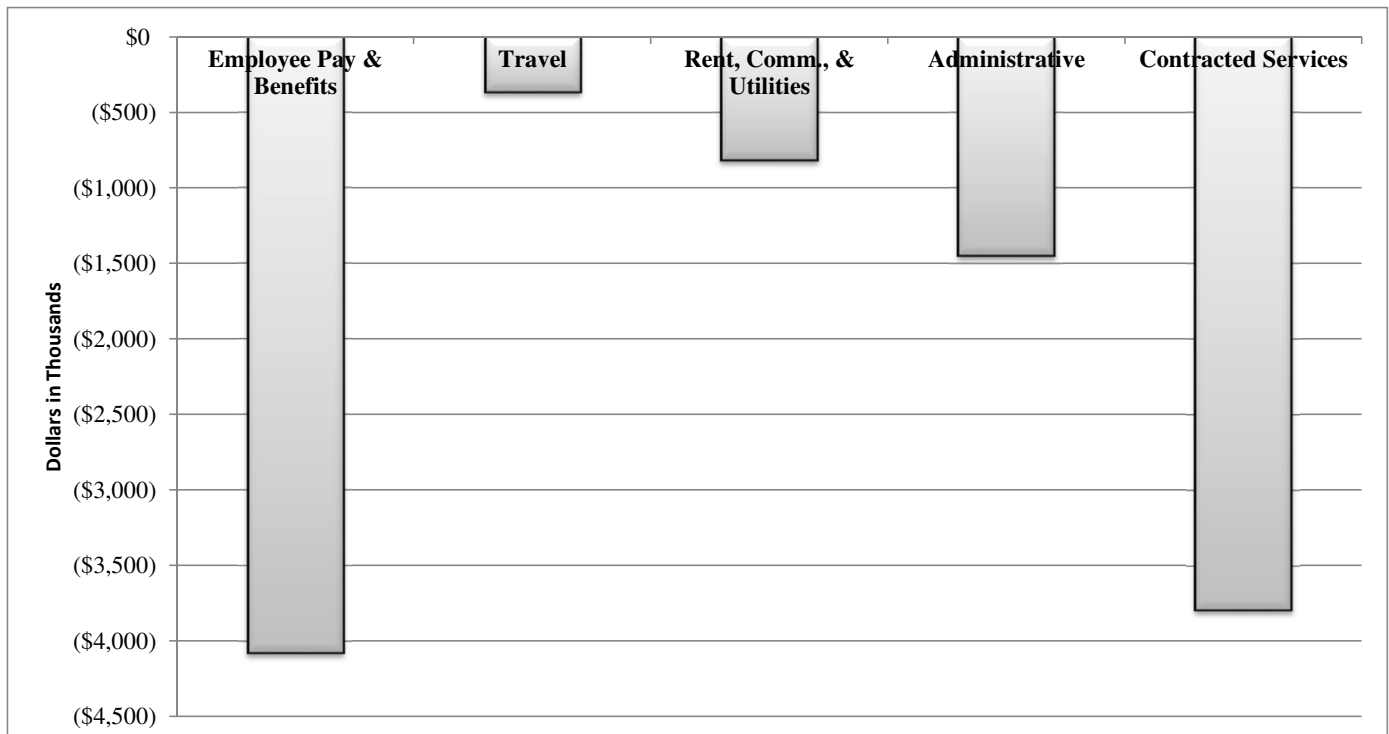
**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013**

(Dollars in thousands)

Unaudited

	Year-To-Date 2014				Year-To-Date 2013			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	144,186	140,111	(4,075)	-2.8%	132,497	133,120	623	0.5%
Travel	21,352	20,989	(362)	-1.7%	20,748	20,851	102	0.5%
Rent, Comm., & Utilities	4,254	3,441	(813)	-19.1%	4,033	3,393	(640)	-15.9%
Administrative	11,724	10,279	(1,445)	-12.3%	10,205	8,714	(1,491)	-14.6%
Contracted Services	18,119	14,331	(3,788)	-20.9%	18,615	14,178	(4,437)	-23.8%
TOTAL	199,636	189,152	(10,483)	-5.3%	186,099	180,255	(5,844)	-3.1%

Amount Over (Under) Budget



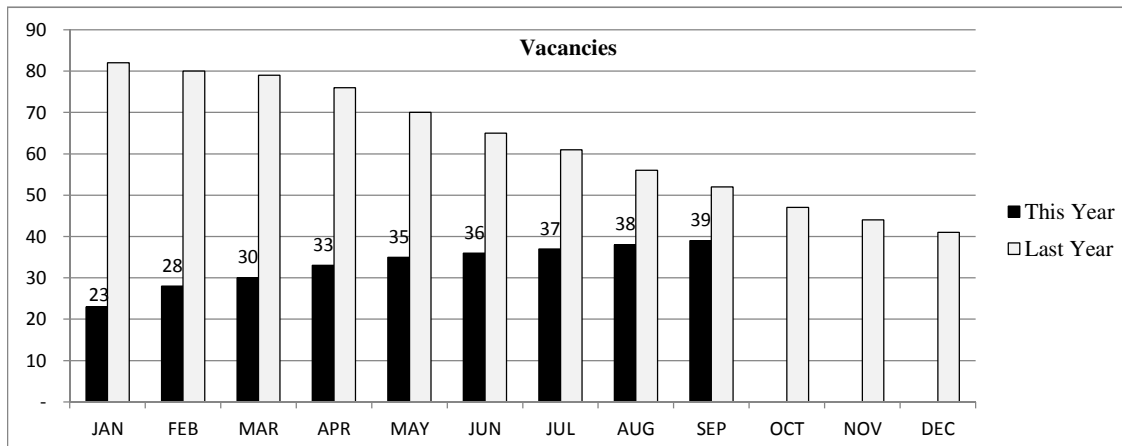
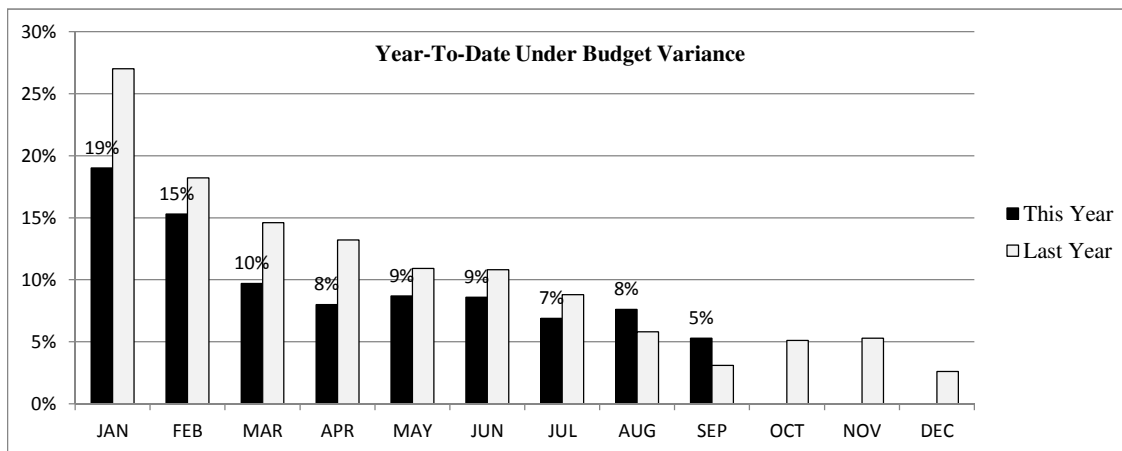
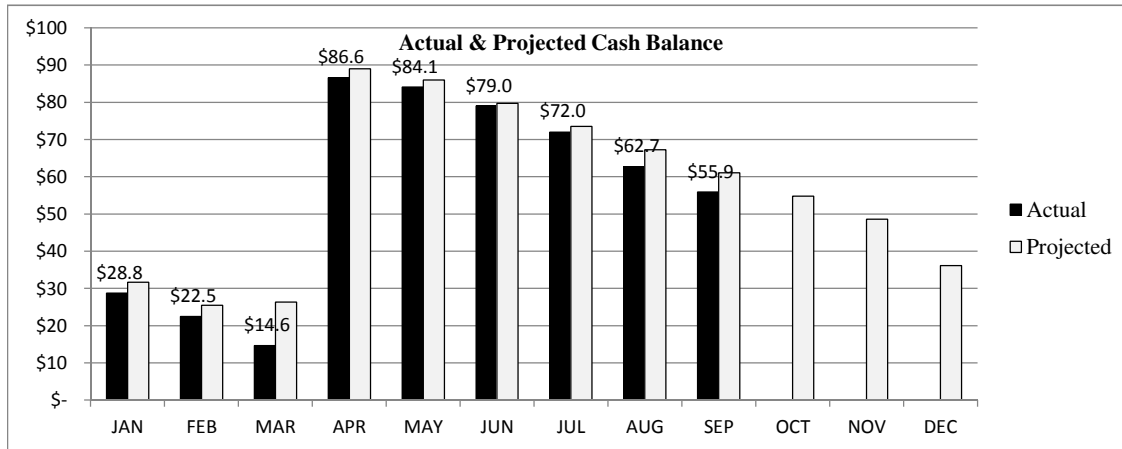
Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013

*****Unaudited*****



	9/30/2014	9/30/2013
Retained earnings / Total assets	35.66%	34.01%
YTD interest income to average investments (annualized)	0.03%	0.05%
Annualized travel spend per employee	\$22,766	\$22,943
Net year to date cash inflow (outflow) in millions of dollars	\$18	\$22
Cash and overnight investments / Total assets	59.56%	60.07%
Overhead transfer rate	69.20%	59.10%