

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
February 28, 2015  
Preliminary and Unaudited***

A handwritten signature in black ink, appearing to read "Rendell L. Jones". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

**Rendell L. Jones  
Chief Financial Officer**

# **NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND**

## **FINANCIAL HIGHLIGHTS AS OF FEBRUARY 28, 2015**

### **Balance Sheet**

Cash and cash equivalents had a month-end balance of approximately \$22.8 million. Its balance decreased \$11.5 million in the month primarily due to an increase in receivables and decrease in accounts payable. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Accounts payable had a month-end balance of approximately \$2.1 million. Its balance decreased by approximately \$5.1 million in the month primarily due to the payment to the Share Insurance Fund for estimate paid to actual overhead expense transfer difference.

### **Statements of Revenues, Expenses, and Changes in Fund Balance**

Net income for the month was \$0.1 million and net income year-to-date was \$2.7 million. Interest income on overnight investments has averaged 0.02% year-to-date, versus 0.04% during the same period last year.

### **Statements of Cash Flow**

The cash position decreased \$11.5 million since last month. Operating activities generated the major portion of the net change in cash. Also, approximately \$71 thousand was invested in new capital assets, \$111 thousand in cash was used to reduce or repay the NCUSIF note payable long-term liability, which has a balance of \$11.5 million on the balance sheet.

### **Budget (Year-to-Date)**

Agency spending was under the year-to-date budget by \$7.9 million or 17.4 %, compared to being under the year-to-date budget by approximately \$6.8 million or 15.3 % during the same period last year. Of the total variance, employee pay and benefits was over budget by \$0.3 million or 1.1% due to straightline budgeting and timing differences in social security and medicare payments. The employee wages and benefits over budget amount will reverse later in the year based on social security and medicare wage caps. Travel cost were under budget by \$2.8 million or 56.6%. The remaining expense categories combined were under budget by \$5.5 million or 67.9%.

The average annualized travel spend per FTE was \$10,357 this year, which is \$1,098 less than last year.

### **Vacancies**

The Agency had 38 vacancies as of this month -- down 4 from the prior month. Of the 38 vacancies, 9 were in the central office and 29 were in the regions and AMAC. The 38 vacancies represent 3.0% percent of total authorized staff of 1,268.70.

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## BALANCE SHEETS AS OF FEBRUARY 28, 2015 AND FEBRUARY 28, 2014 (Dollars in thousands)

\*\*\*Preliminary and Unaudited\*\*\*

|   | 2/28/2015        | 1/31/2015        | 2/28/2014        |
|---|------------------|------------------|------------------|
| <b>ASSETS</b>   |                  |                  |                  |
| CASH AND CASH EQUIVALENTS   | \$ 22,802        | \$ 34,310        | \$ 22,479        |
| DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND                                     | -                | -                | 19               |
| EMPLOYEE ADVANCES   | 32               | 44               | 31               |
| OTHER ACCOUNTS RECEIVABLE , Net   | 13,538           | 6,832            | 13,560           |
| PREPAID EXPENSES AND OTHER ASSETS   | 2,515            | 2,136            | 1,698            |
| ASSETS HELD FOR SALE  | 428              | 644              | -                |
| FIXED ASSETS — Net of accumulated depreciation of \$28,786                              | 30,687           | 30,920           | 29,752           |
| INTANGIBLE ASSETS — Net of accumulated amortization of \$16,193 as of February 28, 2015 | <u>2,474</u>     | <u>2,653</u>     | <u>3,682</u>     |
| <b>TOTAL</b>  | <u>\$ 72,476</u> | <u>\$ 77,539</u> | <u>\$ 71,221</u> |
| <b>LIABILITIES AND FUND BALANCE</b>   |                  |                  |                  |
| <b>LIABILITIES:</b>   |                  |                  |                  |
| Accounts payable  | \$ 2,087         | \$ 7,148         | \$ 3,788         |
| Obligations under capital leases  | 996              | 996              | 59               |
| Accrued wages and benefits  | 6,289            | 6,323            | 5,672            |
| Accrued annual leave  | 15,469           | 15,469           | 14,571           |
| Accrued employee travel   | -                | -                | -                |
| Note payable to National Credit Union Share Insurance Fund                              | <u>11,510</u>    | <u>11,621</u>    | <u>12,851</u>    |
| Total Liabilities   | 36,351           | 41,557           | 36,941           |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                  |                  |                  |
| FUND BALANCE  | <u>36,125</u>    | <u>35,982</u>    | <u>34,280</u>    |
| <b>TOTAL</b>  | <u>\$ 72,476</u> | <u>\$ 77,539</u> | <u>\$ 71,221</u> |

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED FEBRUARY 28, 2015 AND FEBRUARY 28, 2014

(Dollars in thousands)

\*\*\*Preliminary and Unaudited\*\*\*

|   | YEAR-TO-DATE     |                  | MONTH            |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2015             | 2014             | 2015             | 2014             |
| REVENUES:                                     |                  |                  |                  |                  |
| Operating fees                                | \$ 13,165        | \$ 13,212        | \$ 6,582         | \$ 6,606         |
| Interest                                      | 1                | 2                | -                | 2                |
| Other   | 138              | 152              | (112)            | 144              |
|   | <u>13,304</u>    | <u>13,366</u>    | <u>6,470</u>     | <u>6,752</u>     |
| Total Revenues                                |                  |                  |                  |                  |
| EXPENSES, NET <sup>1</sup> :                  |                  |                  |                  |                  |
| Employee wages and benefits, net              | 9,258            | 9,779            | 4,582            | 4,328            |
| Travel  | 621              | 725              | 529              | 631              |
| Rent, communications, and utilities           | 52               | 110              | 99               | 82               |
| Contracted services                           | 222              | 437              | 617              | 467              |
| Depreciation and amortization                 | 945              | 969              | 473              | 487              |
| Administrative                                | (491)            | (457)            | 27               | (243)            |
|   | <u>10,607</u>    | <u>11,563</u>    | <u>6,327</u>     | <u>5,752</u>     |
| Total Expenses                                |                  |                  |                  |                  |
| EXCESS OF REVENUES OVER / (UNDER)<br>EXPENSES | 2,697            | 1,803            | 143              | 1,000            |
| FUND BALANCE—Beginning of period              | <u>33,428</u>    | <u>32,477</u>    | <u>35,982</u>    | <u>33,280</u>    |
| FUND BALANCE—End of period                    | <u>\$ 36,125</u> | <u>\$ 34,280</u> | <u>\$ 36,125</u> | <u>\$ 34,280</u> |

<sup>1</sup> Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate set by the board of 71.8% and 69.2% for 2015 and 2014, respectively.

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED FEBRUARY 28, 2015 AND FEBRUARY 28, 2014

(Dollars in thousands)

\*\*\*Preliminary and Unaudited\*\*\*

|   | YEAR-TO-DATE     |                  | MONTH            |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2015             | 2014             | 2015             | 2014             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                  |                  |                  |                  |
| Excess of revenues over expenses  | \$ 2,697         | \$ 1,803         | \$ 143           | \$ 1,000         |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: |                  |                  |                  |                  |
| Depreciation and amortization   | 945              | 969              | 473              | 487              |
| Provision for loss on disposal of employee residences held for sale                                     | 4                | -                | 4                | -                |
| (Gain) loss on fixed asset retirements  | 10               | -                | 10               | -                |
| (Increase) decrease in assets:  |                  |                  |                  |                  |
| Due from National Credit Union Share Insurance Fund   | 3,509            | 3,294            | -                | (19)             |
| Employee advances   | 30               | 7                | 12               | 5                |
| Other accounts receivable   | (13,216)         | (13,357)         | (6,706)          | (6,717)          |
| Prepaid expenses and other assets   | (370)            | (320)            | (379)            | (21)             |
| (Decrease) increase in liabilities:   |                  |                  |                  |                  |
| Accounts payable  | (4,511)          | (930)            | (5,061)          | 195              |
| Accrued wages and benefits  | (6,584)          | (5,684)          | (34)             | (1,204)          |
| Accrued employee travel   | (491)            | (1,068)          | -                | -                |
| Net cash used by operating activities   | <u>(17,977)</u>  | <u>(15,286)</u>  | <u>(11,538)</u>  | <u>(6,274)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                  |                  |                  |                  |
| Purchases of fixed and intangible assets  | (150)            | 75               | (71)             | 100              |
| Proceeds from insurance on fixed assets   | -                | -                | -                | -                |
| Purchases of employee residences held for sale  | -                | -                | -                | -                |
| Proceeds from sale of employee residences held for sale   | <u>212</u>       | <u>-</u>         | <u>212</u>       | <u>-</u>         |
| Net cash provided by investing activities   | <u>62</u>        | <u>75</u>        | <u>141</u>       | <u>100</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                  |                  |                  |                  |
| Repayments of note payable to National Credit Union Share Insurance Fund                                | (223)            | (223)            | (111)            | (111)            |
| Principal payments under capital lease obligations  | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         |
| Net cash used by financing activities   | <u>(223)</u>     | <u>(223)</u>     | <u>(111)</u>     | <u>(111)</u>     |
| NET DECREASE IN CASH AND CASH EQUIVALENTS   | (18,138)         | (15,434)         | (11,508)         | (6,285)          |
| CASH AND CASH EQUIVALENTS—Beginning of period   | <u>40,940</u>    | <u>37,913</u>    | <u>34,310</u>    | <u>28,764</u>    |
| CASH AND CASH EQUIVALENTS—End of period   | <u>\$ 22,802</u> | <u>\$ 22,479</u> | <u>\$ 22,802</u> | <u>\$ 22,479</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>  |                  |                  |                  |                  |
| Acquisition of equipment under capital lease  | \$ 783           | \$ -             | \$ -             | \$ -             |
| Cash Payments for Interest  | <u>\$ 35</u>     | <u>\$ 38</u>     | <u>\$ 17</u>     | <u>\$ 18</u>     |

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

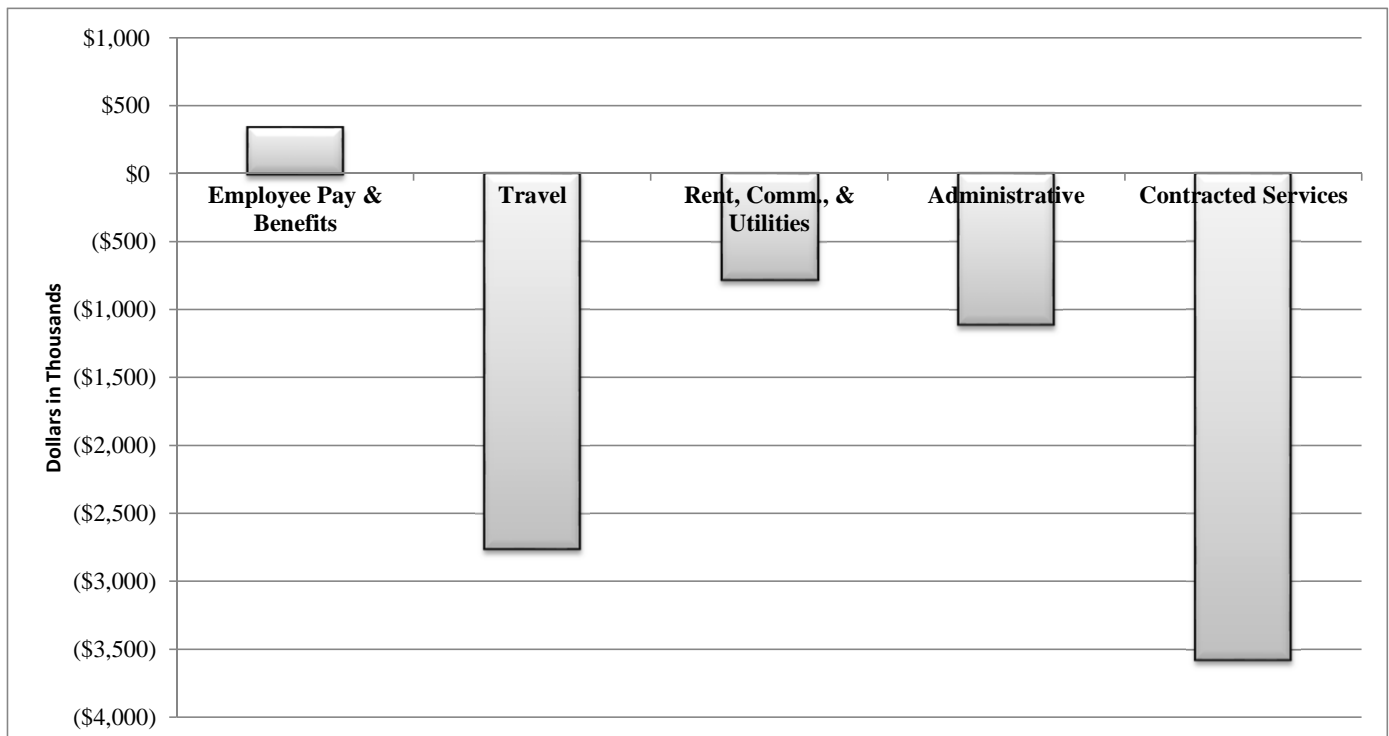
**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)  
AS OF FEBRUARY 28, 2015 AND FEBRUARY 28, 2014**

(Dollars in thousands)

**\*\*\*Preliminary and Unaudited\*\*\***

|                                     | Year-To-Date 2015 |               |                |               | Year-To-Date 2014 |               |                |               |
|-------------------------------------|-------------------|---------------|----------------|---------------|-------------------|---------------|----------------|---------------|
|                                     | BUDGET            | ACTUAL        | DIFF           | %             | BUDGET            | ACTUAL        | DIFF           | %             |
| <b>Employee Pay &amp; Benefits</b>  | 32,489            | 32,830        | 341            | 1.1%          | 32,046            | 31,751        | (295)          | -0.9%         |
| <b>Travel</b>                       | 4,881             | 2,121         | (2,761)        | -56.6%        | 4,774             | 2,355         | (2,419)        | -50.7%        |
| <b>Rent, Comm., &amp; Utilities</b> | 962               | 185           | (777)          | -80.8%        | 936               | 358           | (578)          | -61.8%        |
| <b>Administrative</b>               | 2,722             | 1,613         | (1,109)        | -40.7%        | 2,564             | 1,656         | (907)          | -35.4%        |
| <b>Contracted Services</b>          | 4,365             | 786           | (3,579)        | -82.0%        | 4,023             | 1,420         | (2,603)        | -64.7%        |
| <b>TOTAL</b>                        | <b>45,419</b>     | <b>37,535</b> | <b>(7,884)</b> | <b>-17.4%</b> | <b>44,342</b>     | <b>37,540</b> | <b>(6,802)</b> | <b>-15.3%</b> |

**Amount Over (Under) Budget**



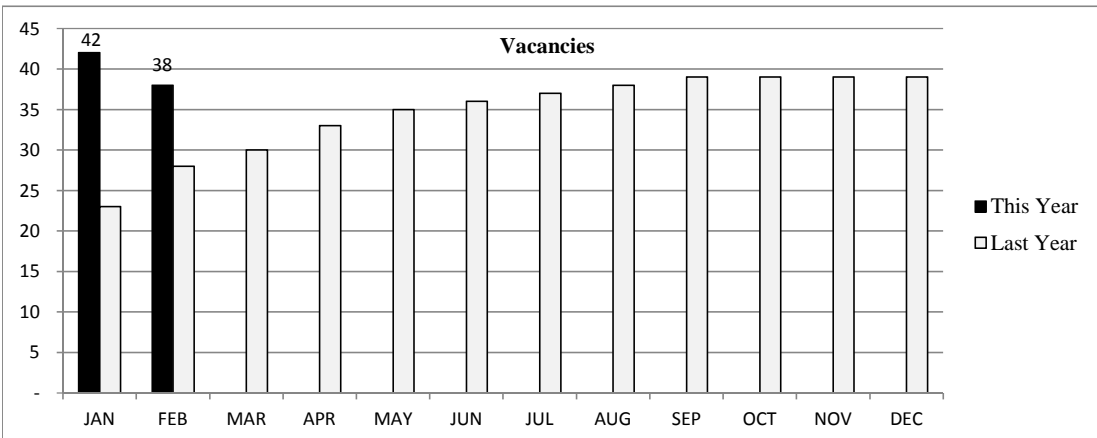
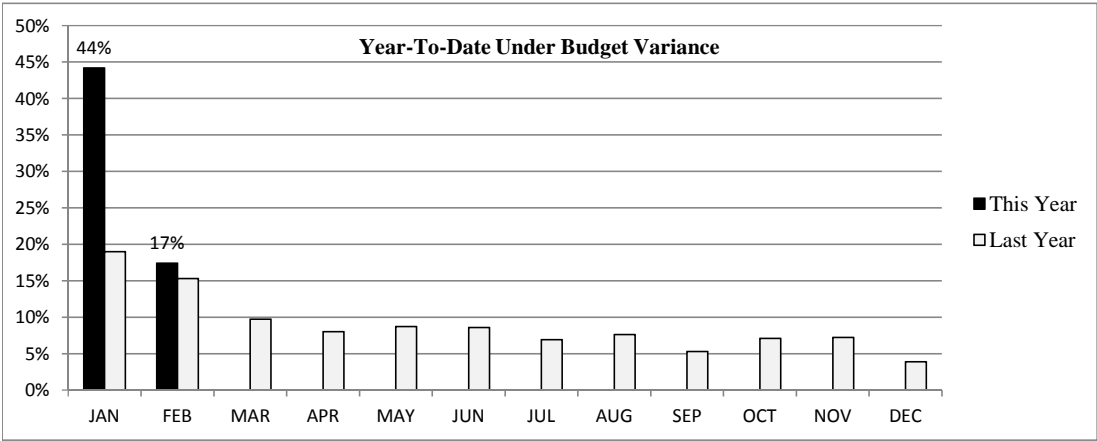
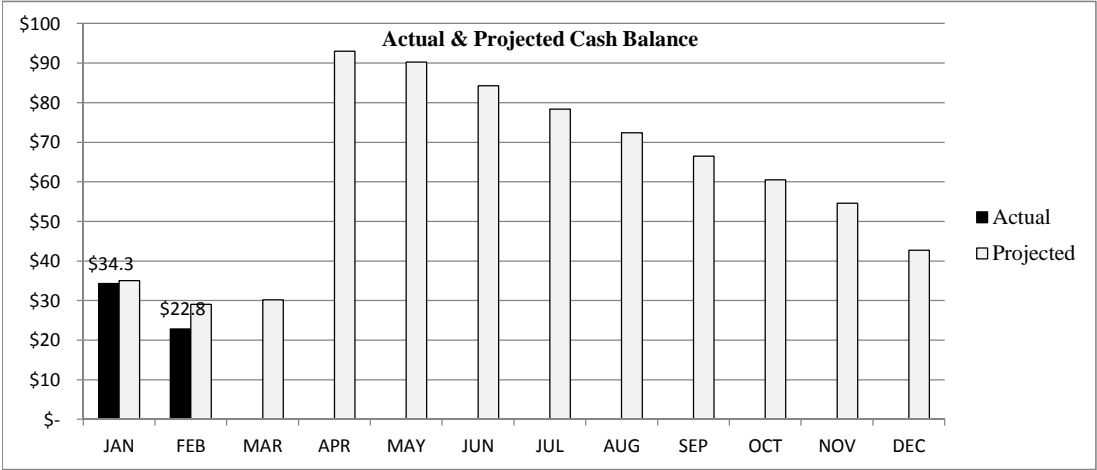
Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

**AS OF FEBRUARY 28, 2015 AND FEBRUARY 28, 2014**

**\*\*\*Preliminary and Unaudited\*\*\***



|   | 2/28/2015 | 2/28/2014 |
|---|-----------|-----------|
| Fund Balance / Total assets                                   | 49.84%    | 48.13%    |
| YTD interest income to average investments (annualized)       | 0.02%     | 0.04%     |
| Annualized travel spend per employee                          | \$10,357  | \$11,455  |
| Net year to date cash inflow (outflow) in millions of dollars | (\$18)    | (\$15)    |
| Cash and overnight investments / Total assets                 | 31.46%    | 31.56%    |
| Overhead transfer rate  | 71.80%    | 69.20%    |