

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

May 31, 2022

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name of the Chief Financial Officer.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW MAY 31, 2022

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$191.8 million. The balance decreased by \$5.8 million for the month primarily due to cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2023, at which time the Fund will collect the 2023 operating fees from its credit union members.

Amount due from National Credit Union Share Insurance Fund of \$19 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of approximately \$241 thousand. Its balance decreased by approximately \$2.0 million from prior month primarily due to the collection of annual operating fees.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$605 thousand for the month primarily due to overhead transfer payables.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Statements of Revenues, Expenses, and Changes in Fund Balance

Expenses in excess of revenues totaled \$544 thousand for the month. Operating fee revenue reflects one-twelfth of the 2022 Operating Fees. Expenses, net are after the overhead transfer rate adjustment that allocates a portion of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$5.8 million from prior month. In the current month, \$4.7 million was used in operating activities and \$1.1 million was used in investing activities. There were no financing activities for the

Other Information

The NCUA had 63 vacancies as of month-end, which represents 5.2 percent of the total authorized staff of 1,201. Of the 63 vacancies, there were 15 vacancies under the authorized positions in the central office and 48 vacancies under the authorized positions in the regions and Asset Management and Assistance Center (AMAC).

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of May 31, 2022 and 2021
(Dollars in thousands)

	May 2022	May 2021
ASSETS		
Cash and cash equivalents	\$ 191,805	\$ 191,548
Due from National Credit Union Share Insurance Fund	19	101
Employee advances	-	15
Other accounts receivable, net	241	653
Prepaid expenses and other assets	8,148	7,688
Operating lease right-of-use assets ⁴	613	-
Fixed assets ¹	32,763	27,144
Intangible assets ²	29,123	33,558
	<u>29,123</u>	<u>33,558</u>
TOTAL ASSETS	<u>\$ 262,712</u>	<u>\$ 260,707</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 21,285	\$ 11,463
Finance lease liabilities	23	70
Operating lease liabilities ⁴	641	-
Accrued wages and benefits	9,089	7,916
Accrued FECA and unemployment benefits	236	231
Accrued actuarial FECA benefits	3,999	4,381
Deferred revenue ³	63,923	72,479
Accrued annual leave	22,243	24,221
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	-	-
	<u>121,439</u>	<u>120,761</u>
TOTAL LIABILITIES	<u>121,439</u>	<u>120,761</u>
FUND BALANCE	<u>141,273</u>	<u>139,946</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 262,712</u>	<u>\$ 260,707</u>

¹ Net of accumulated depreciation of \$41,722 and \$39,975 as of May 31, 2022 and 2021, respectively.

² Net of accumulated amortization of \$32,320 and \$26,333 as of May 31, 2022 and 2021, respectively.

³ The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

⁴ The implementation of ASC 842, as of January 1, 2022, resulted in a balance sheet recognition of right-of-use assets in the amount of \$715 thousand and operating lease liabilities of \$744 thousand. The finance lease right-of-use asset is included within the Fixed assets line item in the amount of \$20 thousand.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended May 31, 2022 and 2021

(Dollars in thousands)

	May 2022	Year-to-Date May 2022	Year-to-Date May 2021
REVENUES			
Operating fees	\$ 9,132	\$ 45,659	\$ 51,772
Interest	88	148	14
Other	23	158	164
Total Revenues	9,243	45,965	51,950
 EXPENSES, NET¹			
Employee wages and benefits	7,480	37,047	37,980
Travel	155	253	76
Rent, communications, and utilities	54	552	946
Contracted services	1,674	8,242	7,014
Depreciation and amortization	320	1,563	1,497
Administrative	104	604	785
Total Expenses, Net	9,787	48,261	48,298
 EXCESS OF REVENUES (UNDER) / OVER EXPENSES			
	(544)	(2,296)	3,652
 FUND BALANCE—Beginning of period			
	141,817	143,569	136,294
 FUND BALANCE—End of period			
	\$ 141,273	\$ 141,273	\$ 139,946

¹ Operating Fund expenses are the total NCUA operating expenses reduced by the Share Insurance Fund allocation as determined by the overhead transfer rate.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**STATEMENTS OF CASH FLOWS
For the periods ended May 31, 2022 and 2021
(Dollars in thousands)**

	<u>May 2022</u>	<u>Year-to-Date May 2022</u>	<u>Year-to-Date May 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ (544)	\$ (2,296)	\$ 3,652
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	844	4,127	3,948
Noncash operating lease expense ¹	-	102	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	11	4,898	3,161
Employee advances	-	5	1
Other accounts receivable, net	2,021	58	(338)
Prepaid expenses and other assets	(261)	(4,257)	(3,654)
(Decrease) increase in liabilities:			
Accounts payable	604	4,015	3,374
Operating lease liabilities ¹	-	(104)	-
Accrued wages and benefits	1,807	(3,255)	(2,673)
Accrued FECA and unemployment benefits	-	61	77
Deferred revenue	(9,132)	63,923	72,479
Accrued annual leave	-	95	1,883
Accrued employee travel	-	(93)	(82)
Net Cash Provided by/(Used in) Operating Activities	<u>(4,650)</u>	<u>67,279</u>	<u>81,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	<u>(1,138)</u>	<u>(5,086)</u>	<u>(1,648)</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(1,138)</u>	<u>(5,086)</u>	<u>(1,648)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments under finance lease liabilities	<u>-</u>	<u>(3)</u>	<u>(19)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>-</u>	<u>(3)</u>	<u>(19)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,788)	62,190	80,161
CASH AND CASH EQUIVALENTS—Beginning of period	<u>197,593</u>	<u>129,615</u>	<u>111,387</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 191,805</u>	<u>\$ 191,805</u>	<u>\$ 191,548</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ -</u>
Retirement of fully depreciated assets	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 432</u>
Acquisition of equipment under finance lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ The implementation of ASC 842, as of January 1, 2022, resulted in quarterly amortization adjustments reflected in the statement of cash flows for operating lease right-of-use assets and related liabilities.

The balances in the statement above are preliminary and unaudited.