

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

November 30, 2021

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 NOVEMBER 30, 2021

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$140.5 million. The balance decreased by \$9.3 million for the month 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 2022.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. It had a month-end balance of \$97 thousand.

Other accounts receivable, net had a month-end balance of approximately \$208 thousand. Its balance increased \$72 thousand from prior month primarily due to the receivable from the Central Liquidity Facility for administrative expenses paid by the Operating Fund and payroll receivable.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$1.1 million for the month primarily due to vendor/trade and 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

Revenues in excess of expenses totaled \$1.1 million for the month. Operating fees reflect one-twelfth of the 2021 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 62.3 percent of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$9.3 million from prior month. In the current month, \$8.6 million was used in operating activities, \$671 thousand was used in investing activities, and \$28 thousand was used in financing activities.

Other Information

The NCUA had 42 vacancies as of month-end, which represents 3.5 percent of the total authorized staff of 1,199. Of the 42 vacancies, there were 4 vacancies under the authorized positions in the central office and 38 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 November 30, 2021 and 2020
(Dollars in thousands)

| | November 2021 | November 2020 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 140,512 | \$ 126,857 |
| Due from National Credit Union Share Insurance Fund | 97 | 93 |
| Employee advances | 15 | 16 |
| Other accounts receivable, Net | 208 | 206 |
| Prepaid expenses and other assets | 5,755 | 5,856 |
| Assets held for sale | - | - |
| Fixed assets - Net of accumulated depreciation of \$41,376 and \$38,410 as of November 30, 2021 and November 30, 2020, respectively | 27,083 | 28,508 |
| Intangible assets - Net of accumulated amortization of \$29,303 and \$22,739 as of November 30, 2021 and November 30, 2020, respectively | 31,102 | 33,492 |
| TOTAL ASSETS | \$ 204,772 | \$ 195,028 |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable and accrued other liabilities | \$ 13,308 | \$ 8,782 |
| Obligations under capital leases | 31 | 108 |
| Accrued wages and benefits | 8,797 | 7,521 |
| Accrued FECA and unemployment benefits | 403 | 410 |
| Accrued actuarial FECA benefits | 3,999 | 4,381 |
| Deferred revenue ¹ | 10,354 | 12,132 |
| Accrued annual leave | 25,144 | 21,097 |
| Note payable to National Credit Union Share Insurance Fund | - | 3,799 |
| TOTAL LIABILITIES | 62,036 | 58,230 |
| FUND BALANCE | 142,736 | 136,798 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 204,772 | \$ 195,028 |

¹The 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.

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 November 30, 2021 and 2020

(Dollars in thousands)

| | <u>November 2021</u> | <u>Year-to-Date November 2021</u> | <u>Year-to-Date November 2020</u> |
|---|-----------------------|---------------------------------------|---------------------------------------|
| REVENUES | | | |
| Operating fees | \$ 10,355 | \$ 113,898 | \$ 133,457 |
| Interest | 8 | 52 | 346 |
| Other | 44 | 428 | 481 |
| Total Revenues | 10,407 | 114,378 | 134,284 |
| EXPENSES, NET¹ | | | |
| Employee wages and benefits | 7,711 | 82,694 | 80,854 |
| Travel | 32 | 251 | 1,852 |
| Rent, communications, and utilities | 71 | 2,157 | 1,908 |
| Contracted services | 1,141 | 17,690 | 14,510 |
| Depreciation and amortization | 297 | 3,293 | 2,467 |
| Administrative | 102 | 1,851 | 1,846 |
| Total Expenses, Net | 9,354 | 107,936 | 103,437 |
| EXCESS OF REVENUES OVER / (UNDER) EXPENSES | 1,053 | 6,442 | 30,847 |
| FUND BALANCE—Beginning of period | <u>141,683</u> | <u>136,294</u> | <u>105,951</u> |
| FUND BALANCE—End of period | <u>\$ 142,736</u> | <u>\$ 142,736</u> | <u>\$ 136,798</u> |

¹ Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 62.3% and 61.3% for 2021 and 2020, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF CASH FLOWS

For the periods ended November 30, 2021 and 2020

(Dollars in thousands)

| | November 2021 | Year-to-Date November 2021 | Year-to-Date November 2020 |
|---|----------------------|---------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Excess of revenues over (under) expenses | \$ 1,053 | \$ 6,442 | \$ 30,847 |
| Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities: | | | |
| Depreciation and amortization | 783 | 8,681 | 6,374 |
| (Gain) Provision for loss on disposal of assets held for sale | - | - | (11) |
| (Increase) decrease in assets: | | | |
| Due from National Credit Union Share Insurance Fund | 48 | 3,165 | 2,216 |
| Employee advances | - | 1 | (9) |
| Other accounts receivable, net | (72) | 107 | 155 |
| Prepaid expenses and other assets | (699) | (1,721) | (1,842) |
| (Decrease) increase in liabilities: | | | |
| Accounts payable | (1,137) | 5,219 | (520) |
| Accrued wages and benefits | 1,731 | (1,792) | (2,505) |
| Accrued FECA and unemployment benefits | - | 249 | 241 |
| Accrued actuarial FECA benefits | - | (382) | 105 |
| Deferred revenue | (10,355) | 10,354 | 12,132 |
| Accrued annual leave | - | 2,806 | 2,152 |
| Accrued employee travel | - | (82) | (708) |
| Net Cash Provided by/(Used in) Operating Activities | (8,648) | 33,047 | 48,627 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of fixed and intangible assets | (671) | (3,864) | (14,299) |
| Proceeds from sale of assets held for sale | - | - | 434 |
| Net Cash Provided by/(Used in) Investing Activities | (671) | (3,864) | (13,865) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayments of note payable to National Credit Union Share Insurance Fund | - | - | (1,229) |
| Principal payments under capital lease obligations | (28) | (58) | (1,168) |
| Net Cash Provided by/(Used in) Financing Activities | (28) | (58) | (2,397) |
| NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS | (9,347) | 29,125 | 32,365 |
| CASH AND CASH EQUIVALENTS—Beginning of period | 149,859 | 111,387 | 94,492 |
| CASH AND CASH EQUIVALENTS—End of period | \$ 140,512 | \$ 140,512 | \$ 126,857 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES | | | |
| Acquisition of equipment under capital lease | \$ - | \$ - | \$ 83 |
| CASH PAYMENTS FOR INTEREST | \$ - | \$ - | \$ 67 |

The balances in the statement above are preliminary and unaudited.