

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS July 31, 2023

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

July 31, 2023

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$167.3 million. The balance decreased by \$9.7 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 2024, at which time the Fund will collect the 2024 operating fees from its credit union members.

Other accounts receivable, net had a month-end balance of \$164.5 thousand. Its balance decreased by \$265.6 thousand from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$2.1 thousand 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

Expenses in excess of revenues totaled \$959.8 thousand for the month. Operating fee revenue reflects one-twelfth of the 2023 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 \$9.7 million from prior month. In the current month, \$9.2 million was used in operating activities, \$483.4 thousand was used in investing activities, and there were no financing activities.

Other Information

The Agency had 27 vacancies as of month-end, which represents 2.2 percent of the total authorized staff of 1,225. Of the 27 vacancies, there were 5 vacancies under authorized positions in the central office and 22 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 July 31, 2023 and 2022
(Dollars in thousands)**

	<u>July 2023</u>	<u>July 2022</u>
ASSETS		
Cash and cash equivalents	\$ 167,275	\$ 174,003
Due from National Credit Union Share Insurance Fund	-	19
Employee advances	1	-
Other accounts receivable, net	165	141
Prepaid expenses and other assets	7,830	7,218
Operating lease right-of-use assets ⁴	103	512
Fixed assets ¹	34,569	33,241
Intangible assets ²	24,149	28,856
TOTAL ASSETS	<u>\$ 234,092</u>	<u>\$ 243,990</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 23,253	\$ 25,557
Finance lease liabilities	157	19
Operating lease liabilities ⁴	109	537
Accrued wages and benefits	11,081	7,005
Accrued FECA and unemployment benefits	330	274
Accrued actuarial FECA benefits	3,283	3,999
Deferred revenue ³	47,803	45,659
Accrued annual leave	24,996	23,770
TOTAL LIABILITIES	<u>111,012</u>	<u>106,820</u>
FUND BALANCE	<u>123,080</u>	<u>137,170</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 234,092</u>	<u>\$ 243,990</u>

¹ Net of accumulated depreciation of \$42,568 and \$39,098 as of July 31, 2023 and 2022, respectively.

² Net of accumulated amortization of \$33,509 and \$28,047 as of July 31, 2023 and 2022, 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 July 31, 2023 and 2022
(Dollars in thousands)

	July 2023	Year-to-Date July 2023	Year-to-Date July 2022
REVENUES			
Operating fees	\$ 9,561	\$ 66,925	\$ 63,923
Interest	741	3,861	553
Other	30	227	248
Total Revenues	<u>10,332</u>	<u>71,013</u>	<u>64,724</u>
EXPENSES, NET ¹			
Employee wages and benefits	8,019	59,535	53,222
Travel	691	3,571	646
Rent, communications, and utilities	162	1,228	857
Contracted services	1,992	13,521	13,246
Depreciation and amortization	315	2,096	2,155
Administrative	113	1,121	997
Total Expenses, Net	<u>11,292</u>	<u>81,072</u>	<u>71,123</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(960)	(10,059)	(6,399)
FUND BALANCE—Beginning of period	<u>124,040</u>	<u>133,139</u>	<u>143,569</u>
FUND BALANCE—End of period	<u>\$ 123,080</u>	<u>\$ 123,080</u>	<u>\$ 137,170</u>

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 July 31, 2023 and 2022
(Dollars in thousands)**

	July 2023	Year-to-Date July 2023	Year-to-Date July 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over (under) expenses	\$ (960)	\$ (10,059)	\$ (6,399)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	832	5,532	5,685
Noncash operating lease expense ¹	-	205	203
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	-	19	4,898
Employee advances	(1)	(1)	5
Other accounts receivable, net	266	189	158
Prepaid expenses and other assets	(829)	(3,160)	(3,328)
(Decrease) increase in liabilities			
Accounts payable	2	2,653	8,289
Operating lease liabilities ¹	-	(216)	(208)
Accrued wages and benefits	1,056	(565)	(5,339)
Accrued FECA and unemployment benefits	-	146	98
Deferred revenue	(9,561)	47,803	45,659
Accrued annual leave	-	1,884	1,621
Accrued employee travel	-	(250)	(93)
Net Cash Provided by/(Used in) Operating Activities	(9,195)	44,180	51,249
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(483)	(3,896)	(6,854)
Net Cash Provided by/(Used in) Investing Activities	(483)	(3,896)	(6,854)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments under finance lease liabilities	-	(20)	(7)
Net Cash Provided by/(Used in) Financing Activities	-	(20)	(7)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,678)	40,264	44,388
CASH AND CASH EQUIVALENTS—Beginning of period	176,953	127,011	129,615
CASH AND CASH EQUIVALENTS—End of period	\$ 167,275	\$ 167,275	\$ 174,003
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ -	\$ -	\$ 715
Retirement of fully depreciated assets	\$ -	\$ 302	\$ 8,475
Acquisition of equipment under finance lease	\$ -	\$ (18)	\$ -

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.