NCUA 2009
FINANCIAL STATEMENT AUDIT
FOR

TEMPORARY CORPORATE CREDIT UNION STABILIZATION FUND

For the year ended December 31, 2009

Audited Financial Statements	Audit Report Number
Temporary Corporate Credit Union Stabilization Fund	OIG-10-13

July 22, 2010

William A. DeSarno
Inspector General

EXECUTIVE SUMMARY

PURPOSE AND SCOPE The National Credit Union Administration (NCUA) Office of Inspector General contracted with the independent public accounting firm of KPMG LLP to perform the financial statement audits of the NCUA Operating Fund, the Share Insurance Fund, the Central Liquidity Facility, the Community Development Revolving Loan Fund, and the Temporary Corporate Credit Union Stabilization Fund for the year ended December 31, 2009. The reports for the first four funds were issued on June 11, 2010 and can be found on the NCUA OIG's website. This report is issued on the NCUA Temporary Corporate Credit Union Stabilization Fund.

The purpose of the audit is to express an opinion on whether the financial statements are fairly presented. The independent firm also reviewed the internal control structure and evaluated compliance with laws and regulations, as part of their audit.

The audit was performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The Inspector General contracted with KPMG LLP in June 2009 to perform the financial statement audits mentioned above. The contract was for 2009, with options for 2010 and 2011. The Inspector General was the contracting officer for this contract.

AUDIT RESULTS KPMG LLP expressed an unqualified opinion, stating that the financial statements present fairly, in all material respects, the financial position of the NCUA Temporary Corporate Credit Union Stabilization Fund at December 31, 2009, and the results of operations for the year then ended.

Although KPMG LLP did not express an overall opinion of the Funds' compliance with laws and regulations, their testing of compliance did not disclose any significant deviations.

National Credit Union Administration

Temporary Corporate Credit Union Stabilization Fund

Financial Statements from May 20, 2009 (Inception) to December 31, 2009,
and Independent Auditors' Reports

NATIONAL CREDIT UNION ADMINISTRATION
TEMPORARY CORPORATE CREDIT UNION STABILIZATION FUND

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

Inspector General, National Credit Union Administration and
the Board of Directors, National Credit Union Administration:

We have audited the accompanying balance sheet of the National Credit Union Administration Temporary Corporate Credit Union Stabilization Fund (TCCUSF) as of December 31, 2009, and the related statements of net cost, and changes in net position, and statement of budgetary resources (hereinafter referred to as "financial statements") for the period from May 20, 2009 (inception) to December 31, 2009. These financial statements are the responsibility of the TCCUSF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TCCUSF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Credit Union Administration Temporary Corporate Credit Union Stabilization Fund as of December 31, 2009, and its net costs, changes in net position, and budgetary resources for the period from May 20, 2009 (inception) to December 31, 2009 in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our reports dated July 21, 2010, on our consideration of the TCCUSF's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

July 21, 2010

NATIONAL CREDIT UNION ADMINISTRATION
TEMPORARY CORPORATE CREDIT UNION STABILIZATION FUND

BALANCE SHEET
As of December 31, 2009
(Dollars in thousands)

ASSETS		
INTRAGOVERNMENTAL		
Fund Balance with Treasury	$	-
Investments, Net - U.S. Treasury securities (Note 2)		343,183
Account Receivable - Due from the National Credit Union Share Insurance Fund (Note 3)		21,351
Total Intragovernmental Assets		364,534
PUBLIC		
Accounts Receivable - Special Premium Assessment (Note 3)		5,950
Accounts Receivable - TCCULGP (Note 3)		1,329
Total public assets		7,279
TOTAL ASSETS	$	371,813
LIABILITIES		
INTRAGOVERNMENTAL		
Debt - Borrowings from U.S. Treasury (Notes 4 & 9)	$	1,000,000
Other - Accrued Interest Payable to U.S. Treasury (Note 4)		2,589
Total Intragovernmental Liabilities		1,002,589
PUBLIC		
Other - Insurance and Guarantee Program Liabilities (Note 5)		6,365,500
Total Public Liabilities		6,365,500
TOTAL LIABILITIES		7,368,089
Commitments and Contingencies		
NET POSITION		
Cumulative Result of Operations		(6,996,276)
Total net position		(6,996,276)
TOTAL LIABILITIES AND NET POSITION	$	371,813

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
TEMPORARY CORPORATE CREDIT UNION STABILIZATION FUND

STATEMENT OF NET COST
From May 20, 2009 (Inception) to December 31, 2009
(Dollars in thousands)

GROSS COSTS		
Interest Expense on Borrowings (Note 4)	$	2,589
Insurance and Guarantee Program Liabilities (Note 5)		6,365,500
Loss on Investment (Notes 2 & 6)		1,000,000
Total Gross Costs		7,368,089
LESS EARNED REVENUES		
Special Premium Assessment (Notes 3 & 6)		(337,301)
Fee Revenue (Note 6)		(34,504)
Interest Revenue - Investments		(8)
Total Earned Revenues		(371,813)
TOTAL NET COST OF OPERATIONS	$	6,996,276

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
TEMPORARY CORPORATE CREDIT UNION STABILIZATION FUND

STATEMENT OF CHANGES IN NET POSITION
From May 20, 2009 (Inception) to December 31, 2009
(Dollars in thousands)

CUMULATIVE RESULTS OF OPERATIONS	
Beginning Balances	$ -
Net Cost of Operations	(6,996,276)
Net Change	(6,996,276)
CUMULATIVE RESULTS OF OPERATIONS	(6,996,276)
NET POSITION	$ (6,996,276)

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
TEMPORARY CORPORATE CREDIT UNION STABILIZATION FUND

STATEMENT OF BUDGETARY RESOURCES
From May 20, 2009 (Inception) to December 31, 2009
(Dollars in thousands)

BUDGETARY RESOURCES (Notes 8 & 10)		
Unobligated Balance, May 20, 2009	$	-
Budget Authority		
Borrowing Authority (Notes 7 & 9)		6,000,000
Spending Authority from Offsetting Collections		
Collected		343,183
Change in Receivables from Federal Sources		21,351
TOTAL BUDGETARY RESOURCES	$	6,364,534
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred - Reimbursable	$	1,002,589
Unobligated Balance - Exempt from Apportionment		5,361,945
TOTAL STATUS OF BUDGETARY RESOURCES	$	6,364,534
CHANGE IN OBLIGATED BALANCES		
Obligated Balance, May 20, 2009	$	-
Obligations Incurred		1,002,589
Gross Outlays		(1,000,000)
OBLIGATED BALANCES, NET, END OF PERIOD	$	2,589
NET OUTLAYS		
Gross Outlays	$	1,000,000
Offsetting Collections		
Interest on Federal Securities		(8)
Non-Federal Sources		(343,175)
TOTAL NET OUTLAYS	$	656,817

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Temporary Corporate Credit Union Stabilization Fund (TCCUSF) was created by Public Law 111-22, Helping Families Save Their Homes Act of 2009, enacted May 20, 2009. The fund was established as a revolving fund in the Treasury of the United States under the management of the Board of Directors of the National Credit Union Administration (NCUA). The purposes of the TCCUSF are to accrue the losses of the corporate credit union system, and over time, to assess the credit union system for the recovery of such losses. Recovery of losses cannot be assessed to credit unions before funds are advanced to pay such losses; instead, funds to pay losses are provided through borrowings from the U.S. Treasury.

The TCCUSF may make expenditures only in connection with the conservatorship, liquidation or threatened conservatorship or liquidation of a corporate credit union. The governing legislation specifies that the fund terminates in 2016. The credit union system will be assessed for recovery of such losses during the life of the TCCUSF.

On June 18, 2009, the NCUA Board approved actions to legally obligate the TCCUSF for the costs of stabilizing the corporate system (Corporate Stabilization Program). As a result, the status holder of the $1.0 billion Capital Note from U.S. Central Federal Credit Union (USC) was legally transferred to the TCCUSF. The Board also approved to legally obligate the TCCUSF for the liability arising from the Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP) and the Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP).

Basis of Presentation

The TCCUSF's financial statements have been prepared from its accounting records in accordance with Federal Accounting Standards Advisory Board (FASAB) standards. FASAB is recognized by the American Institute of Certified Public Accountants as the official accounting standards-setting body of the U.S. Government. The format of the financial statements and footnotes is in accordance with the form and content guidance provided in Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, revised June 10, 2009.

Basis of Accounting

The financial statements are presented in accordance with the accrual basis of accounting. As such, the TCCUSF recognizes income when earned and expenses when incurred. The TCCUSF recognizes loans upon issuance and related repayments when received. The TCCUSF investment transactions are recognized on trade date. The TCCUSF recognizes borrowings when received and repayments when made. In addition, the TCCUSF recognizes interest on loans, interest on investments, and revenue from special premium assessments when earned and recognizes interest on borrowings and expenses when incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses reported during that period. Actual results could differ from estimates. Significant items subject to those estimates and assumptions include reserves for guarantee programs. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Budgetary Accounting

The TCCUSF, in its accounting structure, reflects both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the actual collection or payment of cash. Federal budgetary accounting recognizes the obligation of appropriations, borrowing authorities, and other funds upon the establishment of a properly documented legal liability, which may be different from the recording of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of Federal funds and compliance with budgetary laws.

NCUA, including the TCCUSF, is exempt from requirements under the Federal Credit Reform Act of 1990 (2 U.S.C. §661e(a)(1)).

Net Position and Accumulated Deficit

The TCCUSF recorded an accumulated deficit in its net position primarily due to the reserve for guarantees under the Corporate Stabilization Program.

As allowed under TCCUSF's enabling legislation, and incorporated into the Federal Credit Union Act (FCU Act) as §217(g), the financial conditions of the fund may reflect a deficit.

Fund Balance with Treasury

Fund Balance with Treasury (FBWT) is the aggregate amount of the TCCUSF's accounts with the U.S. Government's central accounts from which the TCCUSF is authorized to make expenditures and pay liabilities. The entire FBWT is a revolving fund type.

During 2009, the FBWT account was increased by receipts from borrowing from the U.S. Treasury, maturing investments in U.S. securities, special premium assessments, and fee income. The FBWT account was decreased by purchases of U.S. securities and amounts expended in support of the Corporate Stabilization Program. All cash balances in FBWT are invested overnight in non-marketable U.S. Treasury securities as managed with the Bureau of the Public Debt. As of December 31, 2009, there were no un-reconciled differences between U.S. Treasury records and balances reported on the TCCUSF's general ledger.

Investments

Investments represent investments in U.S. Treasury securities purchased and reported at par value which are invested in daily overnight securities and managed by the Bureau of the Public Debt.

Exchange Revenue

In accordance with Federal Government standards, the TCCUSF classifies its revenues as exchange. Exchange revenues arise when a Government entity provides goods and services to the public or to another Government entity for a price. Exchange revenue is recognized at the time goods or services are provided to the public or another Government entity. Exchange revenue primarily consists of the special premium assessments of which the primary purpose is to recover the losses the corporate credit union system over time. Special premium assessments are discussed further in notes 3 and 6.

Accounts Receivable

The TCCUSF's accounts receivable have two components, Intragovernmental and Public. Intragovernmental accounts receivable from NCUSIF represent special premium assessments to federally insured credit unions that were collected by the NCUSIF on behalf of TCCUSF, but not yet transferred to the TCCUSF for its use and benefit. Public accounts receivable represent outstanding balances of the special premium assessment to federally insured credit unions.

An allowance for doubtful accounts is the TCCUSF's best estimate of the amount of credit losses in an existing receivable. The allowance is determined on an individual account basis. An account may be impaired or written off if it is probable that the TCCUSF will not collect all principal and interest contractually due. There was no allowance recognized as of December 31, 2009.

Income Taxes

The TCCUSF is exempt from federal income taxes under Section 501(c)(1) of the Internal Revenue Code.

Accrued Interest Payable

Accrued interest payable represents interest incurred but unpaid on principal owed to the U.S. Treasury. Interest is accrued on a monthly basis.

Debt - Borrowings from U.S. Treasury

The amount of debt owed and payable by the TCCUSF consists solely of borrowings from the U.S. Treasury via the Bureau of the Public Debt, further discussed herein.

Commitments and Contingencies

In accordance with Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government* (SFFAS 5), all federal insurance and guarantee programs, except social insurance and loan guarantee programs, should recognize a liability for: a) unpaid claims incurred, resulting from insured events that have occurred as of the reporting date; b) plus an accrual for a contingent liability when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists and the uncertainty will ultimately be resolved when one or more probable future events occur or fail to occur; and c) a future outflow or other sacrifice of resources is probable.

Liabilities for general loss contingencies arising from claims, assessments, litigation, fines, guarantees, and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

2. INVESTMENTS

Intragovernmental Securities
as of December 31, 2009

(Dollars in Thousands)	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments	Other Adjustments	Market Value Disclosure
Non-marketable, par value	343,183	n/a	-	-	343,183	-	343,183
Total	$ 343,183	n/a	$ -	$ -	$ 343,183	$ -	$ 343,183

Intragovernmental Securities - Non-marketable par value U.S. Treasury securities are issued by the Bureau of the Public Debt to Federal accounts and are purchased and redeemed at par exclusively through U.S. Treasury's Federal Investment Branch.

Loss on Investment – Capital Note

On June 18, 2009, the NCUA Board took action to transfer to the TCCUSF the $1.0 billion capital note from U.S. Central Federal Credit Union; this capital note was originally held by NCUSIF. Due to the NCUA's further understanding of USC's financial position as of December 31, 2009, which included independent valuation analyses, NCUA concluded that an *other-than-temporary impairment* had occurred with the capital note, and, accordingly, recorded an impairment charge, or bad debt expense, for the entire value of the capital note.

3. ACCOUNTS RECEIVABLE

Intragovernmental - Accounts Receivable from NCUSIF

The NCUSIF collects the special premium assessment on behalf of the TCCUSF. When assessments are collected by NCUSIF, the TCCUSF reclassifies the amount from Public Accounts Receivable to Accounts Receivable from NCUSIF. When these assessments are transferred from NCUSIF to TCCUSF, the Accounts Receivable from NCUSIF decreases. As of December 31, 2009, the NCUSIF owed amounts received from the special premium assessments totaling $21.4 million.

Public - Accounts Receivable from Special Premium Assessment and TCCULGP Fees

Special Premium Assessment
The special premium assessment is invoiced to all federally insured credit unions. This assessment is allowed under TCCUSF's statutory authority (FCU Act §217(d)). As of December 31, 2009, assessments that have not been received from credit unions totaled $6.0 million.

TCCULGP Fees
The TCCUSF guarantees for a fee the timely payment of principal and interest on certain unsecured debt of participating corporate credit unions as discussed further herein. The TCCUSF invoices participating corporate credit unions on a monthly basis for the guarantee fee. As of December 31, 2009, guarantee fees that have not been received totaled $1.3 million.

4. DEBT

On June 25, 2009, the TCCUSF borrowed $1.0 billion dollars from the U.S. Treasury and paid this amount to the NCUSIF as a result of NCUA Board actions on June 18, 2009 to transfer to the TCCUSF the USC capital note. The NCUA Board originally approved the advance of the capital note on January 28, 2009. NCUSIF then advanced $1.0 billion in the form of a capital note to USC on January 30, 2009. As of December 31, 2009, TCCUSF owed $1.0 billion with accrued interest of $2.6 million. The current interest rate on the note is 0.5 percent, which resets annually.

5. OTHER LIABILITIES - INSURANCE AND GUARANTEE PROGRAM LIABILITIES

During the period ended December 31, 2009, the TCCUSF was responsible for two initiatives under the Corporate Stabilization Program, the TCCULGP and the TCCUSGP.

Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP)

Under the terms of the TCCULGP, the TCCUSF guarantees for a fee the timely payment of principal and interest on certain unsecured debt of participating corporate credit unions. As of December 31, 2009, the TCCUSF had extended guarantees related to the Credit Union System Investment Program, Credit Union Homeowner's Affordability Relief Program, and Corporate Medium Term Notes.

Credit Union System Investment Program (SIP) - Under SIP, participating creditworthy credit unions borrow from the NCUA Central Liquidity Facility (CLF) and invest the proceeds in participating corporate credit unions. Credit unions participating in this program receive a spread of 25 basis points. As of December 31, 2009, borrowings of $8.2 billion were subject to guarantees under this program. In March 2010, the program ended when all borrowings from CLF were repaid primarily from proceeds of the Corporate Medium Term Notes.

Credit Union Homeowners Affordability Relief Program (HARP) - The HARP is a two-year, $2 billion program intended to assist homeowners who are facing foreclosure on their mortgages. Under HARP, participating creditworthy credit unions borrow from the CLF and receive as much as an additional 100-basis point spread over the cost of borrowing if they modify at-risk mortgages, primarily by lowering interest rates and corresponding monthly payments. As of December 31, 2009, borrowings of $95.6 million were subject to guarantees under this program.

Corporate Medium Term Notes - U.S. Central Federal Credit Union and Western Corporate Federal Credit Union issued medium term notes, guaranteed by TCCULGP, to the public market. The purpose of the notes was to help fund repayment of CLF loans under SIP and HARP. Notes valued at $5.5 billion have been issued by participating credit unions and are guaranteed under TCCULGP.

No claims were filed under any of these programs and therefore no direct specific reserve has been recorded; however, there were conditions from past events that involve uncertainties with regards to possible loss, where such uncertainties are probable to be resolved by future events and are measurable, and as discussed below, general reserves have been recognized.

Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP)

The TCCUSGP is a guarantee program of shares (excluding paid-in-capital and membership capital accounts) at corporate credit unions that began January 28, 2009. The effect of the program is to guarantee the entire share account of credit unions that are members of corporate credit unions. On March 1, 2009, the guarantee became voluntary when corporate credit unions were provided the option to participate in the program. Nearly all corporate credit unions elected to participate. The program is set to expire September 30, 2012, but may be extended.

There have been no claims filed as of December 31, 2009 under this program and therefore no direct liability has been recorded.

As of December 31, 2009, there were conditions from past events that involve uncertainties with regards to possible loss pursuant to this program, where such uncertainties are probable to be resolved by future events and are measurable.

Related Reserve for Probable Losses

NCUA has relied on the valuation and loss exposure results, as determined by an external valuation company, in its efforts to estimate the contingent liabilities through the use of an internal model. The contingent liabilities have been recorded on the balance sheet as a guarantee liability in the amount of $6.4 billion as of December 31, 2009. The credit union system will be assessed for recovery of such losses during the life of the TCCUSF.

At December 31, 2009, the liability for the guarantee related to the TCCULGP has been reflected in the loss reserve amount already recorded for the TCCUSGP.

6. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Program costs and revenues are separate between intragovernmental and public to facilitate government-wide financial reporting. Intragovernmental revenue and expenses arise from transactions with other Federal entities. Public revenue and expenses arise from transactions with domestic and foreign persons and organizations outside the U.S. Government.

Intragovernmental Costs and Exchange Revenue	**$1.0 Billion Captial Note**	**TCCUSGP**	**TCCULGP**	**TOTAL**
(Dollars in thousands)				
Intragovernmental costs	$ 2,589	$ -	$ -	$ 2,589
Public costs	1,000,000	6,365,500	-	7,365,500
Total	1,002,589	6,365,500	-	7,368,089
Intragovernmental exchange revenue	(8)	-	-	(8)
Public exchange revenue	(337,301)	-	(34,504)	(371,805)
Total	(337,309)	-	(34,504)	(371,813)
Net Cost	$ 665,280	$ 6,365,500	$ (34,504)	$ 6,996,276

$1.0 Billion Capital Note

The majority of exchange revenue originates from the special premium assessment which is being allocated to TCCUSF initiatives based upon the order of borrowing to fund program costs.

As mentioned herein, TCCUSF received the $1.0 billion capital note due from USC. This action made the TCCUSF responsible for managing an intragovernmental relationship with the U.S. Treasury and a public relationship with USC.

Intragovernmental costs represent accrued interest payable amounts to the U.S. Treasury as of December 31, 2009 in the amount of $2.6 million. Public costs represent an impairment charge in the amount of $1.0 billion dollars due to the write off of the capital note held by USC as of December 31, 2009, as the note was determined to be impaired and unrecoverable.

Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP)

TCCUSGP exchange revenue, if any, originates from the special premium assessment which is being allocated to TCCUSF initiatives based upon the order of borrowing to fund program costs.

As mentioned herein, the TCCUSF was legally obligated for the Corporate Stabilization Program, which includes the TCCUSGP.

As of December 31, 2009, the TCCUSF had estimated that the future liability resulting from the guarantee of these corporate shares would be $6.4 billion. As such, this amount reflects the public cost incurred by TCCUSF in support of this program. When payments are anticipated to be made, TCCUSF expects to fund payments from cash, investment balances, and/or borrowings from the U.S. Treasury.

Temporary Corporate Credit Union Liquidity Guarantee Program

TCCULGP exchange revenue originates from guarantee fee collections.

As mentioned herein, the TCCUSF was legally obligated for the Corporate Stabilization Program, which includes the TCCULGP.

The TCCULGP was created in October 2008 to provide a guarantee on certain unsecured debt of participating corporate credit unions issued from October 16, 2008, through June 30, 2010, and maturing on or before June 30, 2017. The guarantee fee is priced to cover anticipated losses. The purpose of the program is to ensure parity with depositories covered by a similar FDIC guarantee program and to maintain market place confidence in corporate credit union unsecured debt offerings.

Exchange revenue reflects public revenue in support of this program. When payments are anticipated to be made, TCCUSF expects to fund payments from cash, investment balances, and/or borrowings from the U.S. Treasury. Since inception of the program, no claims have been reported. The exchange revenue from the program totaled approximately $35 million.

7. AVAILABLE BORROWING AUTHORITY, END OF PERIOD

The TCCUSF shares its $6.0 billion borrowing authority with the NCUSIF.

Available Borrowing Authority, End of Period (Dollars in thousands)	**As of December 31, 2009**
Borrowing authority	$ 6,000,000
Borrowing authority converted to cash (used by TCCUSF)	(1,000,000)
Borrowing authority converted to cash (used by NCUSIF)	-
Borrowing authority available for obligations	$ 5,000,000

8. DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources discloses total budgetary resources available to the TCCUSF and the status of resources as of December 31, 2009. Activity impacting budget totals of the overall U.S. government budget is recorded in TCCUSF's Statement of Budgetary Resources budgetary accounts. As of December 31, 2009, the fund's resources in budgetary accounts totaled $6.3 billion. All liabilities are covered by budgetary resources. All obligations incurred by TCCUSF are reimbursable, meaning that obligations will be ultimately reimbursed from the special premium assessment to federally insured credit unions and from other collections. The fund is exempt from OMB apportionment control.

Budgetary resources listed on the fund's statements and the budgetary resources found in the budget of the U.S. government differ because the fund's statements are prepared as of December 31, 2009, rather that as of September 30, 2009, the U.S. government fiscal year end.

9. TERMS OF BORROWING AUTHORITY USED

On June 23, 2009, NCUA entered into a Memorandum of Understanding with the U.S. Treasury to establish the terms and conditions for borrowing from the U.S. Treasury, Bureau of the Public Debt, Federal Borrowings Branch. This agreement expires on September 30, 2010, and may be extended. Interest is payable annually on the anniversary of the first advance, June 25, 2009. The interest rate resets on each anniversary at a rate equal to the average market yield on outstanding marketable obligations of the United States with maturities equal to 12 months. The current interest rate on the note is 0.5 percent.

10. RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

The Reconciliation of Net Cost of Operations to Budget explains the difference during the period ended December 31, 2009 between the budgetary net obligations and the proprietary net cost of operations. As of December 31, 2009, the Reconciliation of Net Cost of Operations to Budget consisted of the following:

Reconciliation of Net Cost of Operations to Budget
(Dollars in thousands)

Obligated Net Cost Amounts	
Borrowing authority	$ 6,000,000
Plus spending authority from offsetting collections	364,534
Total budgetary resources	6,364,534
Less unobligated balances	(5,361,945)
Total Obligations Incurred	1,002,589
Costs Included in Net Cost of Operations that do not Require Resources	
Reserve for TCCUSGP	6,365,500
Revenue recognized	
Interest collected on investments	(8)
Fee revenue	(34,504)
Other revenue	(337,301)
Total Costs that do not require resources	5,993,687
Total Net Cost of Operations	$ 6,996,276

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2001 M Street, NW
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Independent Auditors' Report on Internal Control Over Financial Reporting

Inspector General, National Credit Union Administration and
the Board of Directors, National Credit Union Administration:

We have audited the balance sheet of the National Credit Union Administration Temporary Corporate Credit Union Stabilization Fund (TCCUSF) as of December 31, 2009 and the related statements of net cost, and changes in net position, and statement of budgetary resources (hereinafter referred to as "financial statements") for the period from May 20, 2009 (inception) to December 31, 2009, and have issued our report thereon dated July 21, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the TCCUSF is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2009 audit, we considered the TCCUSF's internal control over financial reporting by obtaining an understanding of the TCCUSF's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. To achieve this purpose, we did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of the TCCUSF's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TCCUSF's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

In our fiscal year 2009 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the addressees, TCCUSF's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

July 21, 2010

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Compliance and Other Matters

Inspector General, National Credit Union Administration and
the Board of Directors, National Credit Union Administration:

We have audited the balance sheet of the National Credit Union Administration Temporary Corporate Credit Union Stabilization Fund (TCCUSF) as of December 31, 2009, and the related statements of net cost, and changes in net position, and statement of budgetary resources (hereinafter referred to as "financial statements") for the period May 20, 2009 (inception) to December 31, 2009, and have issued our report thereon dated July 21, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the TCCUSF is responsible for complying with laws, regulations, and contracts applicable to the TCCUSF. As part of obtaining reasonable assurance about whether the TCCUSF's financial statements are free of material misstatement, we performed tests of the TCCUSF's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts applicable to the TCCUSF. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance described in the preceding paragraph of this report disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

This report is intended solely for the information and use of the addressees, TCCUSF's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

July 21, 2010