

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**July 31, 2022**

A handwritten signature in black ink, appearing to read "Eugene H. Schied". The signature is written in a cursive style with a large initial "E" and "S".

**EUGENE H. SCHIED  
CHIEF FINANCIAL OFFICER**

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## MANAGEMENT OVERVIEW JULY 31, 2022

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### **Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$174.0 million. The balance decreased by \$10.4 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 \$19.3 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of approximately \$141.1 thousand. Its balance decreased by approximately \$168.3 thousand from the prior month primarily due to cash transfers from the Central Liquidity Facility.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$2.5 million 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 \$241.0 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 \$10.4 million from prior month. In the current month, \$9.6 million was used in operating activities, \$736.6 thousand was used in investing activities, and there were no financing activities.

### **Other Information**

The NCUA had 57 vacancies as of month-end, which represents 4.7 percent of the total authorized staff of 1,201. Of the 57 vacancies, there were 0 vacancies in the central office and 57 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, 2022 and 2021  
(Dollars in thousands)**

	<b>July 2022</b>	<b>July 2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 174,003	\$ 176,655
Due from National Credit Union Share Insurance Fund	19	99
Employee advances	-	15
Other accounts receivable, net	141	100
Prepaid expenses and other assets	7,218	6,925
Operating lease right-of-use assets <sup>4</sup>	512	-
Fixed assets <sup>1</sup>	33,241	26,630
Intangible assets <sup>2</sup>	28,856	32,216
<b>TOTAL ASSETS</b>	<b>\$ 243,990</b>	<b>\$ 242,640</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 25,557	\$ 12,923
Finance lease liabilities	19	65
Operating lease liabilities <sup>4</sup>	537	-
Accrued wages and benefits	7,005	8,752
Accrued FECA and unemployment benefits	274	311
Accrued actuarial FECA benefits	3,999	4,381
Deferred revenue <sup>3</sup>	45,659	51,771
Accrued annual leave	23,770	25,307
<b>TOTAL LIABILITIES</b>	<b>106,820</b>	<b>103,510</b>
<b>FUND BALANCE</b>	<b>137,170</b>	<b>139,130</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 243,990</b>	<b>\$ 242,640</b>

<sup>1</sup> Net of accumulated depreciation of \$39,098 and \$40,617 as of July 31, 2022 and 2021, respectively.

<sup>2</sup> Net of accumulated amortization of \$28,047 and \$27,226 as of July 31, 2022 and 2021, respectively.

<sup>3</sup> 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.

<sup>4</sup> 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, 2022 and 2021**

**(Dollars in thousands)**

	<b>July 2022</b>	<b>Year-to-Date July 2022</b>	<b>Year-to-Date July 2021</b>
<b>REVENUES</b>			
Operating fees	\$ 9,132	\$ 63,923	\$ 72,481
Interest	254	553	25
Other	52	248	233
Total Revenues	9,438	64,724	72,739
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	7,065	53,222	53,816
Travel	175	646	124
Rent, communications, and utilities	89	857	1,358
Contracted services	1,845	13,246	11,345
Depreciation and amortization	303	2,155	2,082
Administrative	202	997	1,178
Total Expenses, Net	9,679	71,123	69,903
<b>EXCESS OF REVENUES (UNDER) / OVER EXPENSES</b>	(241)	(6,399)	2,836
<b>FUND BALANCE—Beginning of period</b>	137,411	143,569	136,294
<b>FUND BALANCE—End of period</b>	\$ 137,170	\$ 137,170	\$ 139,130

<sup>1</sup> 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, 2022 and 2021  
(Dollars in thousands)**

	<u>July 2022</u>	<u>Year-to-Date July 2022</u>	<u>Year-to-Date July 2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over (under) expenses	\$ (241)	\$ (6,399)	\$ 2,836
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	798	5,685	5,489
Noncash operating lease expense <sup>1</sup>	-	203	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	-	4,898	3,163
Employee advances	-	5	1
Other accounts receivable, net	168	158	215
Prepaid expenses and other assets	(381)	(3,328)	(2,891)
(Decrease) increase in liabilities:			
Accounts payable	2,513	8,289	4,834
Operating lease liabilities <sup>1</sup>	-	(208)	-
Accrued wages and benefits	(3,339)	(5,339)	(1,837)
Accrued FECA and unemployment benefits	-	98	157
Deferred revenue	(9,132)	45,659	51,771
Accrued annual leave	-	1,621	2,969
Accrued employee travel	-	(93)	(82)
Net Cash Provided by/(Used in) Operating Activities	<u>(9,614)</u>	<u>51,249</u>	<u>66,625</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	<u>(737)</u>	<u>(6,854)</u>	<u>(1,333)</u>
Purchases of assets held for sale	<u>-</u>	<u>-</u>	<u>-</u>
Proceeds from sale of assets held for sale	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(737)</u>	<u>(6,854)</u>	<u>(1,333)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal payments under finance lease liabilities	<u>-</u>	<u>(7)</u>	<u>(24)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>-</u>	<u>(7)</u>	<u>(24)</u>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(10,351)	44,388	65,268
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>184,354</u>	<u>129,615</u>	<u>111,387</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 174,003</u>	<u>\$ 174,003</u>	<u>\$ 176,655</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Recognition of operating lease right-of-use assets	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ -</u>
Retirement of fully depreciated assets	<u>\$ -</u>	<u>\$ 8,475</u>	<u>\$ 432</u>
Acquisition of equipment under finance lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<sup>1</sup> 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.