

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
May 31, 2023**

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name. The signature is fluid and cursive.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

MANAGEMENT OVERVIEW

May 31, 2023

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$183.6 million. The balance decreased by \$11.0 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.

Amount due from National Credit Union Share Insurance Fund of \$45.9 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of \$296.8 thousand. Its balance decreased by \$1.8 million from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$1.8 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

Expenses in excess of revenues totaled \$1.4 million 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 \$11.0 million from prior month. In the current month, \$10.7 million was used in operating activities, \$289.8 thousand was used in investing activities, and there were no financing activities.

Other Information

The Agency had 56 vacancies as of month-end, which represents 4.6 percent of the total authorized staff of 1,219. Of the 56 vacancies, there were 5 vacancies under authorized positions in the central office and 51 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, 2023 and 2022
(Dollars in thousands)**

	May 2023	May 2022
ASSETS		
Cash and cash equivalents	\$ 183,566	\$ 191,805
Due from National Credit Union Share Insurance Fund	46	19
Other accounts receivable, net	297	241
Prepaid expenses and other assets	8,756	8,148
Operating lease right-of-use assets ⁴	206	613
Fixed assets ¹	34,445	32,763
Intangible assets ²	24,568	29,123
TOTAL ASSETS	\$ 251,884	\$ 262,712
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 22,487	\$ 21,285
Finance lease liabilities	167	23
Operating lease liabilities ⁴	217	641
Accrued wages and benefits	8,003	9,089
Accrued FECA and unemployment benefits	248	236
Accrued actuarial FECA benefits	3,283	3,999
Deferred revenue ³	66,924	63,923
Accrued annual leave	24,266	22,243
TOTAL LIABILITIES	125,595	121,439
FUND BALANCE	126,289	141,273
TOTAL LIABILITIES AND FUND BALANCE	\$ 251,884	\$ 262,712

¹ Net of accumulated depreciation of \$41,758 and \$41,722 as of May 31, 2023 and 2022, respectively.

² Net of accumulated amortization of \$32,641 and \$32,320 as of May 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 May 31, 2023 and 2022

(Dollars in thousands)

	May 2023	Year-to-Date May 2023	Year-to-Date May 2022
REVENUES			
Operating fees	\$ 9,561	\$ 47,804	\$ 45,659
Interest	848	2,380	148
Other	21	159	158
Total Revenues	<u>10,430</u>	<u>50,343</u>	<u>45,965</u>
EXPENSES, NET ¹			
Employee wages and benefits	8,735	42,429	37,047
Travel	558	1,978	253
Rent, communications, and utilities	151	847	552
Contracted services	1,927	9,743	8,242
Depreciation and amortization	293	1,461	1,563
Administrative	143	735	604
Total Expenses, Net	<u>11,807</u>	<u>57,193</u>	<u>48,261</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(1,377)	(6,850)	(2,296)
FUND BALANCE—Beginning of period	<u>127,666</u>	<u>133,139</u>	<u>143,569</u>
FUND BALANCE—End of period	<u>\$ 126,289</u>	<u>\$ 126,289</u>	<u>\$ 141,273</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 May 31, 2023 and 2022
(Dollars in thousands)**

	May 2023	Year-to-Date May 2023	Year-to-Date May 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over (under) expenses	\$ (1,377)	\$ (6,850)	\$ (2,296)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	774	3,854	4,127
Noncash operating lease expense ¹	-	102	102
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(45)	(27)	4,898
Employee advances	-	-	5
Other accounts receivable, net	1,830	57	58
Prepaid expenses and other assets	(607)	(4,085)	(4,257)
(Decrease) increase in liabilities			
Accounts payable	(1,756)	1,884	4,015
Operating lease liabilities ¹	-	(108)	(104)
Accrued wages and benefits	17	(3,643)	(3,255)
Accrued FECA and unemployment benefits	-	64	61
Deferred revenue	(9,561)	66,924	63,923
Accrued annual leave	-	1,154	95
Accrued employee travel	-	(250)	(93)
Net Cash Provided by/(Used in) Operating Activities	(10,725)	59,076	67,279
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(290)	(2,511)	(5,086)
Net Cash Provided by/(Used in) Investing Activities	(290)	(2,511)	(5,086)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments under finance lease liabilities	-	(10)	(3)
Net Cash Provided by/(Used in) Financing Activities	-	(10)	(3)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(11,015)	56,555	62,190
CASH AND CASH EQUIVALENTS—Beginning of period	194,581	127,011	129,615
CASH AND CASH EQUIVALENTS—End of period	\$ 183,566	\$ 183,566	\$ 191,805
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ -	\$ -	\$ 715
Retirement of fully depreciated assets	\$ -	\$ 302	\$ 21
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.