

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
September 30, 2023**

A handwritten signature in black ink, appearing to read 'Eugene H. Schied', is positioned above the printed name.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW

September 30, 2023

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$143.3 million. The balance decreased by \$15.8 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 \$35.9 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of \$547.2 thousand. Its balance increased by \$11.3 thousand from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$1.2 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 \$2.5 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 \$15.8 million from prior month. In the current month, \$15.5 million was used in operating activities, \$215.3 thousand was used in investing activities, and \$11.7 thousand was used in financing activities.

Other Information

The Agency had 18 vacancies as of month-end, which represents 1.5 percent of the total authorized staff of 1,225. Of the 18 vacancies, there was no vacancies under authorized positions in the central office and 18 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 September 30, 2023 and 2022
(Dollars in thousands)**

	September 2023	September 2022
ASSETS		
Cash and cash equivalents	\$ 143,309	\$ 154,446
Due from National Credit Union Share Insurance Fund	36	29
Other accounts receivable, net	547	360
Prepaid expenses and other assets	6,475	5,354
Operating lease right-of-use assets ⁴	-	410
Fixed assets ¹	34,818	33,190
Intangible assets ²	23,202	27,385
TOTAL ASSETS	\$ 208,387	\$ 221,174
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 22,243	\$ 22,836
Finance lease liabilities	159	103
Operating lease liabilities ⁴	-	432
Accrued wages and benefits	8,150	7,240
Accrued FECA and unemployment benefits	436	392
Accrued actuarial FECA benefits	3,664	3,283
Deferred revenue ³	28,682	27,396
Accrued annual leave	24,965	23,451
Accrued employee travel	698	442
TOTAL LIABILITIES	88,997	85,575
FUND BALANCE	119,390	135,599
TOTAL LIABILITIES AND FUND BALANCE	\$ 208,387	\$ 221,174

¹ Net of accumulated depreciation of \$43,368 and \$39,666 as of September 30, 2023 and 2022, respectively.

² Net of accumulated amortization of \$34,357 and \$28,998 as of September 30, 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 September 30, 2023 and 2022

(Dollars in thousands)

	September 2023	Year-to-Date September 2023	Year-to-Date September 2022
REVENUES			
Operating fees	\$ 9,561	\$ 86,046	\$ 82,187
Interest	638	5,201	1,184
Other	32	293	329
Total Revenues	<u>10,231</u>	<u>91,540</u>	<u>83,700</u>
EXPENSES, NET ¹			
Employee wages and benefits	8,463	76,795	67,428
Travel	581	4,709	1,257
Rent, communications, and utilities	298	1,692	1,235
Contracted services	2,932	17,858	17,820
Depreciation and amortization	314	2,728	2,764
Administrative	173	1,507	1,166
Total Expenses, Net	<u>12,761</u>	<u>105,289</u>	<u>91,670</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(2,530)	(13,749)	(7,970)
FUND BALANCE—Beginning of period	<u>121,920</u>	<u>133,139</u>	<u>143,569</u>
FUND BALANCE—End of period	<u><u>\$ 119,390</u></u>	<u><u>\$ 119,390</u></u>	<u><u>\$ 135,599</u></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 September 30, 2023 and 2022
(Dollars in thousands)**

	September 2023	Year-to-Date September 2023	Year-to-Date September 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over (under) expenses	\$ (2,530)	\$ (13,749)	\$ (7,970)
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	7,206	7,287
Noncash operating lease expense ¹	103	308	304
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(36)	(17)	4,889
Employee advances	-	-	5
Other accounts receivable, net	(11)	(194)	(61)
Prepaid expenses and other assets	1,769	(1,805)	(1,463)
(Decrease) increase in liabilities			
Accounts payable	(1,183)	1,642	5,567
Operating lease liabilities ¹	(109)	(325)	(312)
Accrued wages and benefits	(5,968)	(3,496)	(5,104)
Accrued FECA and unemployment benefits	107	253	217
Accrued actuarial FECA benefits	381	381	(716)
Deferred revenue	(9,561)	28,682	27,396
Accrued annual leave	(31)	1,853	1,302
Accrued employee travel	698	448	349
Net Cash Provided by/(Used in) Operating Activities	(15,539)	21,187	31,690
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(215)	(4,857)	(6,838)
Net Cash Provided by/(Used in) Investing Activities	(215)	(4,857)	(6,838)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments under finance lease liabilities	(12)	(32)	(21)
Net Cash Provided by/(Used in) Financing Activities	(12)	(32)	(21)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(15,766)	16,298	24,831
CASH AND CASH EQUIVALENTS—Beginning of period	159,075	127,011	129,615
CASH AND CASH EQUIVALENTS—End of period	\$ 143,309	\$ 143,309	\$ 154,446
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ -	\$ -	\$ 715
Retirement of fully depreciated assets	\$ 26	\$ 327	\$ 8,559
Acquisition of equipment under finance lease	\$ (13)	\$ (31)	\$ (99)

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.