

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

February 29, 2020

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**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
FEBRUARY 29, 2020**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$74.5 million. The balance decreased by \$9.7 million for the month 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 2020.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. The balance decreased by \$31 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$24.4 million. Its balance increased by approximately \$12.1 million from prior month primarily due to the unbilled receivable for the 2020 Operating Fee. The Operating Fee will be invoiced in March and collected in April.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$843 thousand for the month primarily due to vendor/trade and relocation payables.

Accrued wages and benefits are earned by NCUA staff, but unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not used.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

Statements of Revenues, Expenses, and Changes in Fund Balance

Revenues in excess of expenses totaled \$3.0 million for the month. Operating fees reflects one-twelfth of the 2020 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.3 percent 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, \$10.9 million was used by operating activities and \$1.3 million was provided by investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable and on capital lease obligations totaled \$139 thousand.

Other Information

The Agency had 53 vacancies as of month-end. Of the 53 vacancies, 1 was in the central office and 52 were in the regions and Asset Management and Assistance Center (AMAC). The 53 vacancies represent 4.5 percent of total authorized staff of 1,185. Annualized travel spend per employee is \$12.1 thousand.

Note: Minor modifications to the form and content of the Operating Fund's monthly financial highlights were made to conform to the annual financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of February 29, 2020 and February 28, 2019

(Dollars in thousands)

	<u>February 2020</u>	<u>February 2019</u>
ASSETS		
Cash and cash equivalents	\$ 74,533	\$ 65,959
Due from National Credit Union Share Insurance Fund	121	1,888
Employee advances	7	12
Other accounts receivable, Net	24,388	23,631
Prepaid expenses and other assets	4,970	3,360
Assets held for sale	-	-
Fixed assets - Net of accumulated depreciation of \$35,379 and 39,087 as of February 29, 2020 and February 28, 2019, respectively	30,722	27,515
Intangible assets - Net of accumulated amortization of \$20,928 and 18,028 as of February 29, 2020 and February 28, 2019, respectively	21,838	9,797
TOTAL ASSETS	<u>\$ 156,579</u>	<u>\$ 132,162</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 8,125	\$ 4,327
Obligations under capital leases	724	1,713
Accrued wages and benefits	13,082	11,694
Accrued annual leave	18,945	18,745
Note payable to National Credit Union Share Insurance Fund	4,805	6,146
TOTAL LIABILITIES	<u>45,681</u>	<u>42,625</u>
 FUND BALANCE	 <u>110,898</u>	 <u>89,537</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 156,579</u>	 <u>\$ 132,162</u>

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 February 29, 2020 and February 28, 2019
(Dollars in thousands)

	February 2020	Year-to-Date February 2020	Year-to-Date February 2019
REVENUES			
Operating fees	\$ 12,074	\$ 24,149	\$ 23,463
Interest	98	212	310
Other	91	166	156
Total Revenues	12,263	24,527	23,929
EXPENSES, NET¹			
Employee wages and benefits	6,643	14,544	14,038
Travel	599	890	847
Rent, communications, and utilities	199	382	449
Contracted services	1,206	2,506	2,075
Depreciation and amortization	247	477	401
Administrative	383	781	646
Total Expenses, Net	9,277	19,580	18,456
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,986	4,947	5,473
FUND BALANCE—Beginning of period	107,912	105,951	84,064
FUND BALANCE—End of period	\$ 110,898	\$ 110,898	\$ 89,537

¹Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 61.3% and 60.5% for 2020 and 2019, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF CASH FLOWS

For the periods ended February 29, 2020 and February 28, 2019

(Dollars in thousands)

	<u>February 2020</u>	<u>Year-to-Date February 2020</u>	<u>Year-to-Date February 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 2,986	\$ 4,947	\$ 5,473
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	638	1,233	1,015
(Gain) Provision for loss on disposal of assets held for sale	(11)	(11)	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	31	2,188	2,135
Employee advances	-	-	331
Other accounts receivable, net	(12,141)	(24,027)	(23,201)
Prepaid expenses and other assets	(263)	(956)	(682)
(Decrease) increase in liabilities:			
Accounts payable	(843)	(1,177)	(5,947)
Accrued wages and benefits	(1,294)	(1,389)	(3,083)
Accrued annual leave	-	-	(34)
Accrued employee travel	-	(708)	(619)
Net Cash Provided by Operating Activities	<u>(10,897)</u>	<u>(19,900)</u>	<u>(24,612)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	890	282	(1,328)
Proceeds from sale of assets held for sale	434	434	-
Net Cash (Used)/Provided by Investing Activities	<u>1,324</u>	<u>716</u>	<u>(1,328)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(223)	(223)
Principal payments under capital lease obligations	(27)	(552)	-
Net Cash Used in Financing Activities	<u>(139)</u>	<u>(775)</u>	<u>(223)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,712)	(19,959)	(26,163)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>84,245</u>	<u>94,492</u>	<u>92,122</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 74,533</u>	<u>\$ 74,533</u>	<u>\$ 65,959</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ 83</u>	<u>\$ 83</u>	<u>\$ -</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 7</u>	<u>\$ 15</u>	<u>\$ 20</u>

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