

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

January 31, 2020

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

EUGENE H. SCHIED
ACTING CHIEF FINANCIAL OFFICER

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
JANUARY 31, 2020**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$84.2 million. The balance decreased by \$10.2 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 \$2.2 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$12.2 million. Its balance increased by approximately \$11.9 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 \$334 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 \$2.0 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 \$10.2 million from prior month. In the current month, \$9.0 million was used by operating activities and \$608 thousand was used by investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable and on capital lease obligations totaled \$636 thousand.

Other Information

The Agency had 64 vacancies as of month-end. Of the 64 vacancies, 2 were in the central office and 62 were in the regions and Asset Management and Assistance Center (AMAC). The 64 vacancies represent 5.4 percent of total authorized staff of 1,185. Annualized travel spend per employee is \$8 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 January 31, 2020 and 2019
(Dollars in thousands)**

	January 2020	January 2019
ASSETS		
Cash and cash equivalents	\$ 84,245	\$ 80,096
Due from National Credit Union Share Insurance Fund	152	415
Employee advances	7	112
Other accounts receivable, Net	12,247	11,878
Prepaid expenses and other assets	4,707	2,985
Assets held for sale	423	-
Fixed assets - Net of accumulated depreciation of \$34,985 and \$38,810 as of January 31, 2020 and January 31, 2019, respectively	31,085	27,645
Intangible assets - Net of accumulated amortization of \$20,683 and \$17,797 as of January 31, 2020 and January 31, 2019, respectively	22,920	10,694
TOTAL ASSETS	\$ 155,786	\$ 133,825
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 8,968	\$ 8,211
Obligations under capital leases	668	1,713
Accrued wages and benefits	14,376	11,605
Accrued annual leave	18,945	18,145
Note payable to National Credit Union Share Insurance Fund	4,917	6,258
TOTAL LIABILITIES	47,874	45,932
 FUND BALANCE	 107,912	 87,893
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 155,786	 \$ 133,825

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 January 31, 2020 and 2019

(Dollars in thousands)

	<u>January 2020</u>	<u>Year-to-Date January 2020</u>	<u>Year-to-Date January 2019</u>
REVENUES			
Operating fees	\$ 12,075	\$ 12,075	\$ 11,731
Interest	114	114	173
Other	75	75	72
Total Revenues	<u>12,264</u>	<u>12,264</u>	<u>11,976</u>
EXPENSES, NET¹			
Employee wages and benefits	7,901	7,901	6,778
Travel	291	291	183
Rent, communications, and utilities	183	183	(10)
Contracted services	1,300	1,300	516
Depreciation and amortization	230	230	208
Administrative	398	398	472
Total Expenses, Net	<u>10,303</u>	<u>10,303</u>	<u>8,147</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,961	1,961	3,829
FUND BALANCE—Beginning of period	<u>105,951</u>	<u>105,951</u>	<u>84,064</u>
FUND BALANCE—End of period	<u>\$ 107,912</u>	<u>\$ 107,912</u>	<u>\$ 87,893</u>

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 January 31, 2020 and 2019
(Dollars in thousands)**

	January 2020	Year-to-Date January 2020	Year-to-Date January 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 1,961	\$ 1,961	\$ 3,829
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	595	595	507
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	2,157	2,157	3,608
Employee advances	-	-	231
Other accounts receivable, net	(11,886)	(11,886)	(11,448)
Prepaid expenses and other assets	(693)	(693)	(307)
(Decrease) increase in liabilities:			
Accounts payable	(334)	(334)	(2,063)
Accrued wages and benefits	(95)	(95)	(3,172)
Accrued annual leave	-	-	(634)
Accrued employee travel	(708)	(708)	(619)
Net Cash (Used)/Provided by Operating Activities	(9,003)	(9,003)	(10,068)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(608)	(608)	(1,847)
Net Cash Used by Investing Activities	(608)	(608)	(1,847)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(111)	(111)
Principal payments under capital lease obligations	(525)	(525)	-
Net Cash Used in Financing Activities	(636)	(636)	(111)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(10,247)	(10,247)	(12,026)
CASH AND CASH EQUIVALENTS—Beginning of period	94,492	94,492	92,122
CASH AND CASH EQUIVALENTS—End of period	\$ 84,245	\$ 84,245	\$ 80,096
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
CASH PAYMENTS FOR INTEREST	\$ 8	\$ 8	\$ 11

The balances in the statement above are preliminary and unaudited.