

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

March 31, 2020

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

**EUGENE H. SCHIED
ACTING CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
MARCH 31, 2020**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$64.9 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 increased by \$4 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$145.7 million. Its balance increased by approximately \$121.3 million from prior month primarily due to the receivable for the 2020 Operating Fee. The Operating Fee was invoiced in March and is due in April 2020.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$2.9 million for the month primarily due to vendor/trade and relocation payments.

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.

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 \$2.3 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, \$9.0 million was used by operating activities and \$546 thousand was used by investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable and on capital lease obligations totaled \$130 thousand.

Other Information

The Agency had 56 vacancies as of month-end. Of the 56 vacancies, 1 was in the central office and 55 were in the regions and Asset Management and Assistance Center (AMAC). The 56 vacancies represent 4.7 percent of total authorized staff of 1,185. Annualized travel spend per employee is \$14.8 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of March 31, 2020 and 2019

(Dollars in thousands)

	March 2020	March 2019
ASSETS		
Cash and cash equivalents	\$ 64,855	\$ 54,582
Due from National Credit Union Share Insurance Fund	125	2,023
Employee advances	16	48
Other accounts receivable, Net	145,677	137,702
Prepaid expenses and other assets	4,259	6,174
Fixed assets - Net of accumulated depreciation of \$35,732 and \$39,399 as of March 31, 2020 and March 31, 2019, respectively	30,421	28,504
Intangible assets - Net of accumulated amortization of \$21,166 and \$18,310 as of March 31, 2020 and March 31, 2019, respectively	22,093	10,180
TOTAL ASSETS	\$ 267,446	\$ 239,213
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 5,215	\$ 6,479
Obligations under capital leases	706	1,182
Accrued wages and benefits	14,665	12,417
Deferred revenue ¹	109,195	103,306
Accrued annual leave	19,804	19,417
Note payable to National Credit Union Share Insurance Fund	4,693	6,034
TOTAL LIABILITIES	154,278	148,835
 FUND BALANCE	 113,168	 90,378
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 267,446	 \$ 239,213

¹The 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.

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 March 31, 2020 and 2019

(Dollars in thousands)

	<u>March 2020</u>	<u>Year-to-Date March 2020</u>	<u>Year-to-Date March 2019</u>
REVENUES			
Operating fees	\$ 12,249	\$ 36,398	\$ 34,435
Interest	31	243	429
Other	121	287	268
Total Revenues	<u>12,401</u>	<u>36,928</u>	<u>35,132</u>
EXPENSES, NET¹			
Employee wages and benefits	7,542	22,086	20,870
Travel	722	1,612	1,557
Rent, communications, and utilities	157	539	716
Contracted services	1,388	3,894	4,007
Depreciation and amortization	229	706	636
Administrative	93	874	1,032
Total Expenses, Net	<u>10,131</u>	<u>29,711</u>	<u>28,818</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,270	7,217	6,314
FUND BALANCE—Beginning of period	<u>110,898</u>	<u>105,951</u>	<u>84,064</u>
FUND BALANCE—End of period	<u>\$ 113,168</u>	<u>\$ 113,168</u>	<u>\$ 90,378</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 March 31, 2020 and 2019

(Dollars in thousands)

	March 2020	Year-to-Date March 2020	Year-to-Date March 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 2,270	\$ 7,217	\$ 6,314
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	592	1,825	1,610
(Gain) Provision for loss on disposal of assets held for sale	-	(11)	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(4)	2,184	2,000
Employee advances	(9)	(9)	295
Other accounts receivable, net	(121,289)	(145,316)	(137,272)
Prepaid expenses and other assets	711	(245)	(3,496)
(Decrease) increase in liabilities:			
Accounts payable	(2,910)	(4,087)	(3,795)
Accrued wages and benefits	1,583	194	(2,360)
Deferred revenue	109,195	109,195	103,306
Accrued annual leave	859	859	638
Accrued employee travel	-	(708)	(619)
Net Cash (Used)/Provided by Operating Activities	(9,002)	(28,902)	(33,379)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(546)	(264)	(3,295)
Proceeds from sale of assets held for sale	-	434	-
Net Cash Used by Investing Activities	(546)	170	(3,295)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(335)	(335)
Principal payments under capital lease obligations	(18)	(570)	(531)
Net Cash Used in Financing Activities	(130)	(905)	(866)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,678)	(29,637)	(37,540)
CASH AND CASH EQUIVALENTS—Beginning of period	74,533	94,492	92,122
CASH AND CASH EQUIVALENTS—End of period	\$ 64,855	\$ 64,855	\$ 54,582
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 83	\$ -
CASH PAYMENTS FOR INTEREST	\$ 7	\$ 22	\$ 31

The balances in the statement above are preliminary and unaudited.