

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**May 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  
MAY 31, 2020**

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**Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$171.7 million. The balance decreased by \$7.1 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 2021.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. The balance increased by \$47 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$15.7 million. Its balance decreased by approximately \$6.8 million from prior month primarily due to the collection of annual operating fees.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.3 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 \$3.7 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 \$7.1 million from prior month. In the current month, \$5.5 million was used in operating activities and \$1.5 million was used in investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable totaled \$112 thousand.

**Other Information**

The Agency had 56 vacancies as of month-end. Of the 56 vacancies, 56 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 \$10.0 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION**  
**OPERATING FUND**  
**BALANCE SHEETS**  
**As of May 31, 2020 and 2019**  
**(Dollars in thousands)**

	<b>May 2020</b>	<b>May 2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 171,685	\$ 166,267
Due from National Credit Union Share Insurance Fund	145	2,546
Employee advances	16	57
Other accounts receivable, Net	15,704	333
Prepaid expenses and other assets	5,776	7,692
Fixed assets - Net of accumulated depreciation of \$36,437 and \$39,966 as of May 31, 2020 and May 31, 2019, respectively	30,558	28,180
Intangible assets - Net of accumulated amortization of \$21,681 and \$18,741 as of May 31, 2020 and May 31, 2019, respectively	25,438	12,161
<b>TOTAL ASSETS</b>	<b>\$ 249,322</b>	<b>\$ 217,236</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 8,368	\$ 4,364
Obligations under capital leases	706	1,182
Accrued wages and benefits	11,206	10,737
Deferred revenue <sup>1</sup>	84,926	80,339
Accrued annual leave	19,804	20,215
Note payable to National Credit Union Share Insurance Fund	4,470	5,811
<b>TOTAL LIABILITIES</b>	<b>129,480</b>	<b>122,648</b>
 <b>FUND BALANCE</b>	 <b>119,842</b>	 <b>94,588</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 249,322</b>	 <b>\$ 217,236</b>

<sup>1</sup>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.

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, 2020 and 2019**

**(Dollars in thousands)**

	<u>May 2020</u>	<u>Year-to-Date May 2020</u>	<u>Year-to-Date May 2019</u>
<b>REVENUES</b>			
Operating fees	\$ 12,133	\$ 60,664	\$ 57,392
Interest	14	268	987
Other	29	365	428
Total Revenues	<u>12,176</u>	<u>61,297</u>	<u>58,807</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	6,892	36,259	35,544
Travel	62	1,829	3,395
Rent, communications, and utilities	129	860	994
Contracted services	1,003	6,327	5,821
Depreciation and amortization	247	1,187	1,029
Administrative	146	944	1,500
Total Expenses, Net	<u>8,479</u>	<u>47,406</u>	<u>48,283</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	3,697	13,891	10,524
<b>FUND BALANCE—Beginning of period</b>	<u>116,145</u>	<u>105,951</u>	<u>84,064</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 119,842</u>	<u>\$ 119,842</u>	<u>\$ 94,588</u>

<sup>1</sup>Operating 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 May 31, 2020 and 2019**

**(Dollars in thousands)**

	<b>May 2020</b>	<b>Year-to-Date May 2020</b>	<b>Year-to-Date May 2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over (under) expenses	\$ 3,697	\$ 13,891	\$ 10,524
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	638	3,066	2,607
(Gain) Provision for loss on disposal of assets held for sale	-	(11)	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(47)	2,164	1,477
Employee advances	-	(9)	286
Other accounts receivable, net	6,804	(15,343)	97
Prepaid expenses and other assets	(427)	(1,762)	(5,014)
(Decrease) increase in liabilities:			
Accounts payable	1,264	(934)	(5,910)
Accrued wages and benefits	(5,263)	(3,265)	(4,040)
Deferred revenue	(12,135)	84,926	80,339
Accrued annual leave	-	859	1,436
Accrued employee travel	-	(708)	(619)
Net Cash Used in Operating Activities	(5,469)	82,874	81,183
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	(1,546)	(4,987)	(5,949)
Proceeds from sale of assets held for sale	-	434	-
Net Cash Used in Investing Activities	(1,546)	(4,553)	(5,949)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(558)	(558)
Principal payments under capital lease obligations	-	(570)	(531)
Net Cash Used in Financing Activities	(112)	(1,128)	(1,089)
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(7,127)	77,193	74,145
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	178,812	94,492	92,122
<b>CASH AND CASH EQUIVALENTS—End of period</b>	\$ 171,685	\$ 171,685	\$ 166,267
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	\$ -	\$ 83	\$ -
<b>CASH PAYMENTS FOR INTEREST</b>	\$ 6	\$ 35	\$ 50

The balances in the statement above are preliminary and unaudited.