

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

November 30, 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
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
NOVEMBER 30, 2020**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$126.9 million. The balance decreased by \$6.5 million for the month primarily reflecting 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 decreased by \$76 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$206 thousand. Its balance increased by approximately \$63 thousand from prior month primarily due to the receivable from the Central Liquidity Facility for payroll and administrative expenses.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.8 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.

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 \$3.8 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 \$6.5 million from prior month. In the current month, \$5.6 million was used in operating activities and \$833 thousand was used in investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building \$112 thousand.

Other Information

The Agency had 54 vacancies as of month-end. The 54 vacancies represent 4.5 percent of total authorized staff of 1,186. Annualized travel spend per employee is \$4.6 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of November 30, 2020 and 2019

(Dollars in thousands)

	November 2020	November 2019
ASSETS		
Cash and cash equivalents	\$ 126,857	\$ 104,292
Due from National Credit Union Share Insurance Fund	93	433
Employee advances	16	7
Other accounts receivable, Net	206	1,275
Prepaid expenses and other assets	5,856	5,443
Assets held for sale	-	427
Fixed assets - Net of accumulated depreciation of \$38,410 and \$41,124 as of November 30, 2020 and November 30, 2019, respectively	28,508	31,163
Intangible assets - Net of accumulated amortization of \$22,739 and \$20,174 as of November 30, 2020 and November 30, 2019, respectively	33,492	17,894
TOTAL ASSETS	\$ 195,028	\$ 160,934
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 8,782	\$ 6,370
Obligations under capital leases	108	1,189
Accrued wages and benefits	12,312	11,176
Deferred revenue ¹	12,132	11,478
Accrued annual leave	21,097	20,887
Note payable to National Credit Union Share Insurance Fund	3,799	5,140
TOTAL LIABILITIES	58,230	56,240
 FUND BALANCE	 136,798	 104,694
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 195,028	 \$ 160,934

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 November 30, 2020 and 2019

(Dollars in thousands)

	<u>November 2020</u>	<u>Year-to-Date November 2020</u>	<u>Year-to-Date November 2019</u>
REVENUES			
Operating fees	\$ 12,132	\$ 133,457	\$ 126,254
Interest	9	346	2,356
Other	29	481	951
Total Revenues	<u>12,170</u>	<u>134,284</u>	<u>129,561</u>
 EXPENSES, NET¹			
Employee wages and benefits	6,885	80,854	77,796
Travel	9	1,852	8,238
Rent, communications, and utilities	158	1,908	2,593
Contracted services	1,109	14,510	15,154
Depreciation and amortization	207	2,467	2,322
Administrative	24	1,846	2,828
Total Expenses, Net	<u>8,392</u>	<u>103,437</u>	<u>108,931</u>
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES	 3,778	 30,847	 20,630
 FUND BALANCE—Beginning of period	 <u>133,020</u>	 <u>105,951</u>	 <u>84,064</u>
 FUND BALANCE—End of period	 <u>\$ 136,798</u>	 <u>\$ 136,798</u>	 <u>\$ 104,694</u>

¹ 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 November 30, 2020 and 2019

(Dollars in thousands)

	<u>November 2020</u>	<u>Year-to-Date November 2020</u>	<u>Year-to-Date November 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 3,778	\$ 30,847	\$ 20,630
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	534	6,374	5,198
(Gain) Provision for loss on disposal of assets held for sale	-	(11)	92
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	76	2,216	3,590
Employee advances	-	(9)	336
Other accounts receivable, net	(63)	155	(845)
Prepaid expenses and other assets	(359)	(1,842)	(2,765)
(Decrease) increase in liabilities:			
Accounts payable	1,819	(520)	(3,904)
Accrued wages and benefits	768	(2,159)	(3,601)
Deferred revenue	(12,133)	12,132	11,478
Accrued annual leave	-	2,152	2,108
Accrued employee travel	-	(708)	(619)
Net Cash Used in Operating Activities	<u>(5,580)</u>	<u>48,627</u>	<u>31,698</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(833)	(14,299)	(17,221)
Purchases of assets held for sale	-	-	(919)
Proceeds from sale of assets held for sale	-	434	400
Net Cash Used in Investing Activities	<u>(833)</u>	<u>(13,865)</u>	<u>(17,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(1,229)	(1,229)
Principal payments under capital lease obligations	-	(1,168)	(559)
Net Cash Used in Financing Activities	<u>(112)</u>	<u>(2,397)</u>	<u>(1,788)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(6,525)	32,365	12,170
CASH AND CASH EQUIVALENTS—Beginning of period	<u>133,382</u>	<u>94,492</u>	<u>92,122</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 126,857</u>	<u>\$ 126,857</u>	<u>\$ 104,292</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ 35</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 5</u>	<u>\$ 67</u>	<u>\$ 104</u>

The balances in the statement above are preliminary and unaudited.