

National Credit Union Administration



Operating Fund

***Audited Financial Highlights
December 31, 2013***

Mary Ann Woodson

**Mary Ann Woodson
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF DECEMBER 31, 2013

Balance Sheets

Cash and cash equivalents had a year-end balance of approximately \$37.9 million. Its balance decreased \$7.4 million in the month primarily for the payment of operating expenses. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net loss for the month was \$2.3 million and net loss for the year was \$1.1 million. Interest income on overnight investments has averaged 0.08% during the year, versus 0.13% during last year.

Statements of Cash Flow

The cash position decreased \$7.4 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$768 thousand was invested in new capital assets and \$112 thousand was used to reduce or repay the NCUSIF note payable long-term liability, which has a balance of \$13.1 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under budget in 2013, as adjusted at mid-session, by \$6.4 million or 2.6 percent. For comparison, agency spending was under budget in 2012 by approximately \$7.2 million or 3.1 percent. Of the total variance in 2013, employee pay and benefits was over budget by \$0.4 million or 0.2%, travel was under budget by \$0.5 million or 1.8%, and the remaining expense categories combined were under budget by \$6.2 million or 14.3%.

The average annualized travel spend per FTE was \$22,239 this year, which is \$731, or 3%, more than last year.

Vacancies

The Agency had 15 vacancies as of this month -- up 4 from the prior month. The 15 vacancies represent 1.2% percent of total authorized staff of 1,262.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS

AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012

(Dollars in thousands)

Audited

	12/31/2013	11/30/2013	12/31/2012
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 37,913	\$ 45,330	\$ 36,521
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	3,313	78	2,040
EMPLOYEE ADVANCES	38	322	25
OTHER ACCOUNTS RECEIVABLE , Net	203	473	211
PREPAID EXPENSES AND OTHER ASSETS	1,378	1,976	1,055
ASSETS HELD FOR SALE	-	-	854
FIXED ASSETS — Net of accumulated depreciation of \$29,121 as of December 31, 2013	30,215	29,954	31,464
INTANGIBLE ASSETS — Net of accumulated amortization of \$13,134 as of December 31, 2013	<u>4,263</u>	<u>3,656</u>	<u>5,232</u>
TOTAL	<u>\$ 77,323</u>	<u>\$ 81,789</u>	<u>\$ 77,402</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 4,718	\$ 9,837	\$ 4,604
Obligations under capital leases	59	64	78
Accrued wages and benefits	11,356	8,850	10,178
Accrued annual leave	14,571	15,065	13,832
Accrued employee travel	1,068	-	695
Note payable to National Credit Union Share Insurance Fund	<u>13,074</u>	<u>13,186</u>	<u>14,415</u>
Total Liabilities	\$ 44,846	\$ 47,002	\$ 43,802
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>32,477</u>	<u>34,787</u>	<u>33,600</u>
TOTAL	<u>\$ 77,323</u>	<u>\$ 81,789</u>	<u>\$ 77,402</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE YEARS ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2012

(Dollars in thousands)

Audited

	YEAR-TO-DATE		MONTH	
	2013	2012	2013	2012
REVENUES:				
Operating fees	\$ 93,112	\$ 88,798	\$ 7,759	\$ 7,400
Interest	28	47	1	3
Other	1,346	1,280	160	(1)
Total Revenues	94,486	90,125	7,920	7,402
EXPENSES, NET:				
Employee wages and benefits, net	69,797	66,509	6,012	5,256
Travel	10,520	9,946	1,247	1,034
Rent, communications, and utilities	1,990	1,949	387	248
Contracted services	8,518	7,123	1,927	1,908
Depreciation and amortization	5,418	6,289	507	546
Administrative	(634)	(1,170)	150	120
Total Expenses	95,609	90,646	10,230	9,112
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(1,123)	(521)	(2,310)	(1,710)
FUND BALANCE—Beginning of year	33,600	34,121	34,787	35,310
FUND BALANCE—End of year	\$ 32,477	\$ 33,600	\$ 32,477	\$ 33,600

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2012 (Dollars in thousands)

Audited

	YEAR-TO-DATE		MONTH	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over / (under) expenses	\$ (1,123)	\$ (521)	\$ (2,310)	\$ (1,710)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	5,418	6,289	507	546
Provision for loss on disposal of employee residences held for sale	27	186	-	28
(Gain) loss on fixed asset retirements	17	107	7	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	(1,273)	(858)	(3,235)	(1,864)
Employee advances	(13)	18	284	31
Other accounts receivable	8	674	270	51
Prepaid expenses and other assets	(323)	(40)	598	496
(Decrease) increase in liabilities:				
Accounts payable	(500)	(2,470)	(5,733)	(5,474)
Accrued wages and benefits	1,178	883	2,506	(1,702)
Accrued annual leave	739	1,133	(494)	(619)
Accrued employee travel	373	67	1,068	695
Net cash provided or (used) by operating activities	<u>\$ 4,528</u>	<u>\$ 5,468</u>	<u>\$ (6,532)</u>	<u>\$ (9,522)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed and intangible assets	(2,603)	(3,950)	(768)	(769)
Proceeds from insurance on fixed assets	-	25	-	-
Purchases of employee residences held for sale	-	(1,301)	-	(306)
Proceeds from sale of employee residences held for sale	827	658	-	-
Net cash used by investing activities	<u>\$ (1,776)</u>	<u>\$ (4,568)</u>	<u>\$ (768)</u>	<u>\$ (1,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of note payable to National Credit Union Share Insurance Fund	(1,341)	(1,341)	(112)	(112)
Principal payments under capital lease obligations	(19)	(20)	(5)	(5)
Net cash used by financing activities	<u>\$ (1,360)</u>	<u>\$ (1,361)</u>	<u>\$ (117)</u>	<u>\$ (117)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	1,392	(461)	(7,417)	(10,714)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>36,521</u>	<u>36,982</u>	<u>45,330</u>	<u>47,235</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 37,913</u>	<u>\$ 36,521</u>	<u>\$ 37,913</u>	<u>\$ 36,521</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Acquisition of equipment under capital lease	\$ -	\$ 40	\$ -	\$ -
Cash Payments for Interest	<u>\$ 249</u>	<u>\$ 290</u>	<u>\$ 20</u>	<u>\$ 22</u>

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

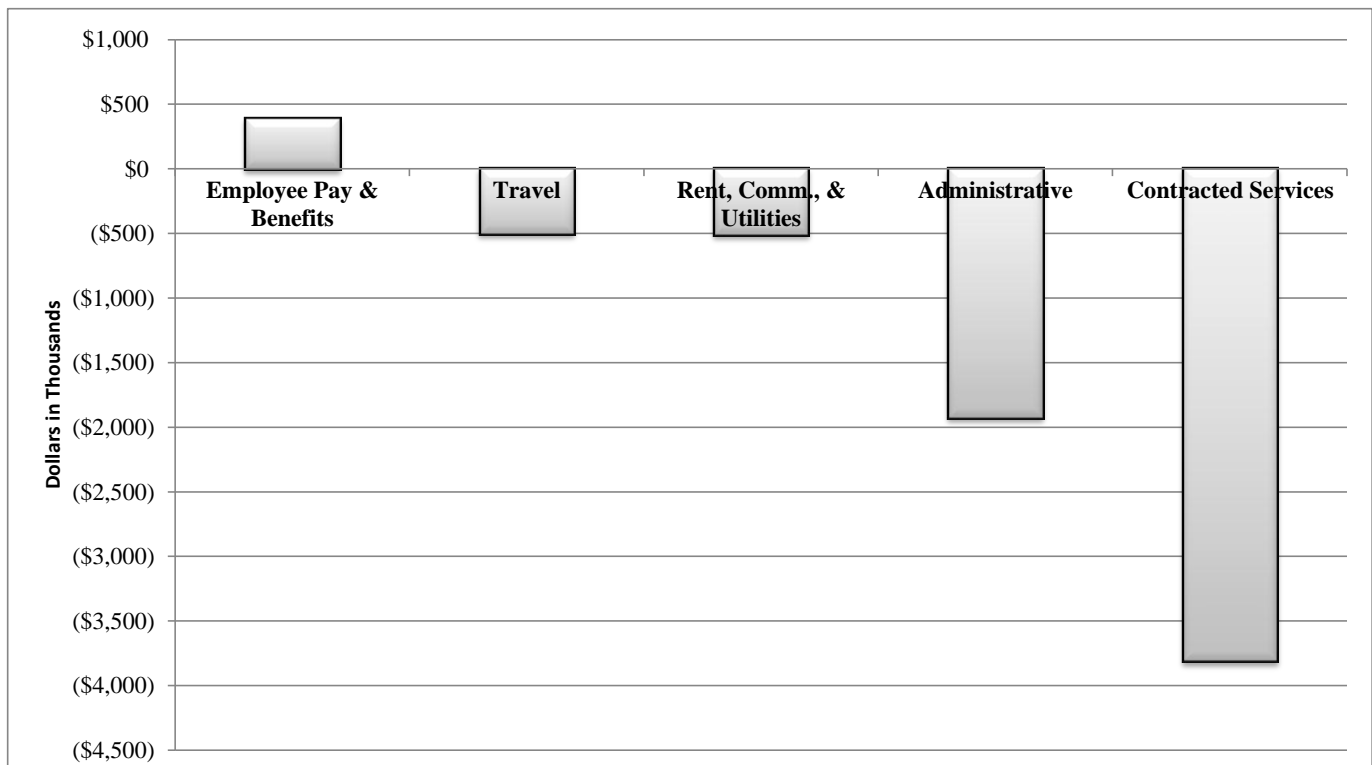
**BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2012**

(Dollars in thousands)

Audited

	2013				2012			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	177,338	177,728	390	0.2%	167,140	167,863	723	0.4%
Travel	27,663	27,163	(500)	-1.8%	27,515	25,392	(2,123)	-7.7%
Rent, Comm., & Utilities	5,382	4,871	(512)	-9.5%	5,680	4,797	(884)	-15.6%
Administrative	13,638	11,713	(1,926)	-14.1%	13,484	12,589	(895)	-6.6%
Contracted Services	24,790	20,978	(3,812)	-15.4%	21,544	17,532	(4,012)	-18.6%
TOTAL	248,812	242,453	(6,359)	-2.6%	235,364	228,173	(7,190)	-3.1%

Amount Over (Under) Budget



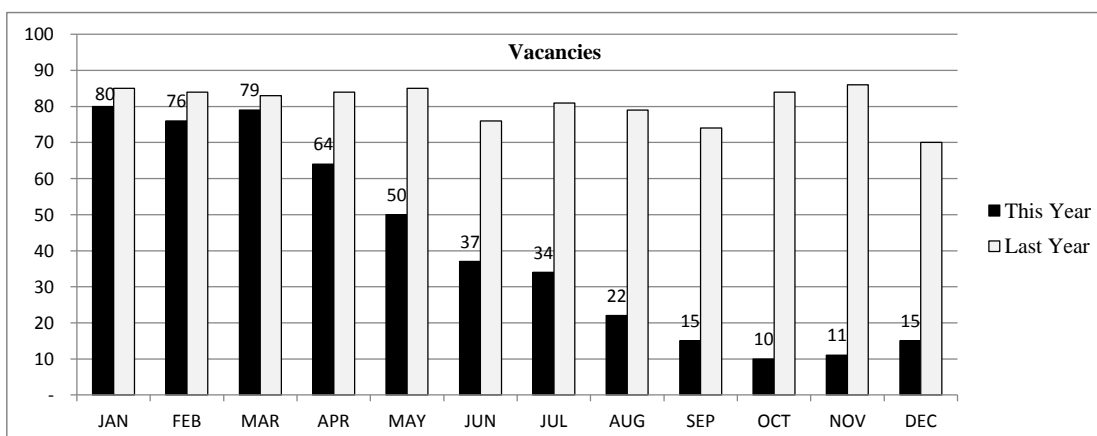
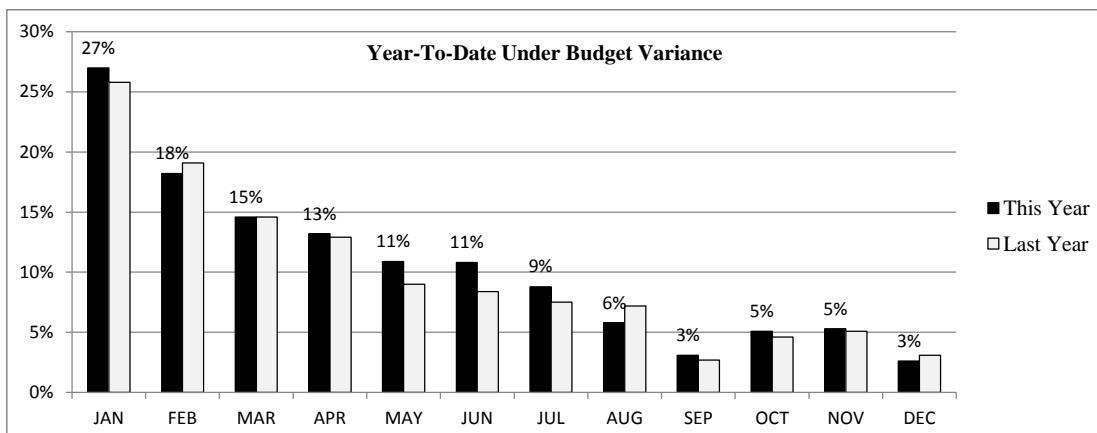
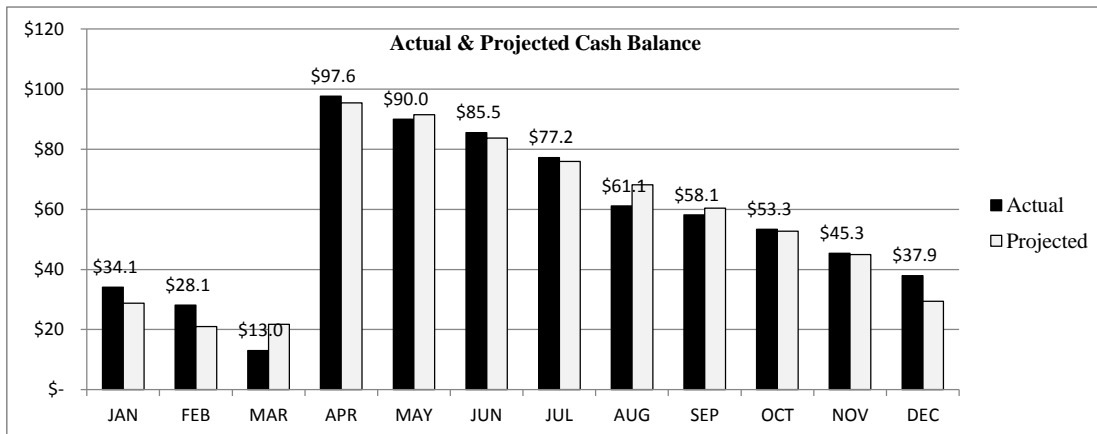
Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012

*****Audited*****



	12/31/2013	12/31/2012
Retained earnings / Total assets	42.00%	43.41%
YTD interest income to average investments (annualized)	0.08%	0.13%
Annualized travel spend per employee	\$22,239	\$21,508
Net year to date cash inflow (outflow) in millions of dollars	\$1	(\$0)
Cash and overnight investments / Total assets	49.03%	47.18%
Overhead transfer rate	59.10%	59.30%