

National Credit Union Administration



Operating Fund

***Financial Highlights
December 31, 2014
Preliminary and Unaudited***

**Rendell L. Jones
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF DECEMBER 31, 2014

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$40.9 million. Its balance decreased \$6.9 million in the month primarily for the payment of operating expenses and overhead cost due from the Share Insurance Fund. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Accounts payable had a month-end balance of approximately \$6.6 million. Its balance decreased by approximately \$3.4 million in the month primarily due to the recognition of monthly operating fees that were received and deferred in prior months.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net loss for the month was \$1.7 million and net income year to date was \$1.0 million. Interest income on overnight investments has averaged 0.04% during the year, versus 0.08% during last year.

Statements of Cash Flow

The cash position decreased \$6.9 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$1.2 million was invested in new capital assets and \$112 thousand in cash was used to reduce or repay the NCUSIF note payable long-term liability, which has a balance of \$11.7 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$13.2 million or 4.9 percent, compared to being under the year-to-date budget by approximately \$6.4 million or 2.6 percent during the same period last year. Of the total variance, employee pay and benefits was under budget by \$7.0 million or 3.6%, travel was under budget by \$1.8 million or 6.2%, and the remaining expense categories combined were under budget by \$4.4 million or 9.8%.

The average annualized travel spend per FTE was \$21,742 this year, which is \$497 less than last year.

Vacancies

The Agency had 39 vacancies as of this month -- no change from the prior month. Of the 39 vacancies, 9 were in the central office and 30 were in the regions and AMAC. The 39 vacancies represent 3.1% percent of total authorized staff of 1,262.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS

AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Dollars in thousands)

Preliminary and Unaudited

	12/31/2014	11/30/2014	12/31/2013
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 40,940	\$ 47,814	\$ 37,913
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	3,509	-	3,313
EMPLOYEE ADVANCES	62	56	38
OTHER ACCOUNTS RECEIVABLE , Net	322	261	203
PREPAID EXPENSES AND OTHER ASSETS	2,145	2,187	1,378
ASSETS HELD FOR SALE	644	644	-
FIXED ASSETS — Net of accumulated depreciation of \$28,211	30,279	29,398	30,215
INTANGIBLE ASSETS — Net of accumulated amortization of \$15,844 as of December 31, 2014	<u>2,904</u>	<u>2,515</u>	<u>4,263</u>
TOTAL	<u>\$ 80,805</u>	<u>\$ 82,875</u>	<u>\$ 77,323</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 6,598	\$ 10,002	\$ 4,718
Obligations under capital leases	213	103	59
Accrued wages and benefits	12,873	9,483	11,356
Accrued annual leave	15,469	16,282	14,571
Accrued employee travel	491	-	1,068
Note payable to National Credit Union Share Insurance Fund	<u>11,733</u>	<u>11,845</u>	<u>13,074</u>
Total Liabilities	47,377	47,715	44,846
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>33,428</u>	<u>35,160</u>	<u>32,477</u>
TOTAL	<u>\$ 80,805</u>	<u>\$ 82,875</u>	<u>\$ 77,323</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Dollars in thousands)

Preliminary and Unaudited

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
REVENUES:				
Operating fees	\$ 77,875	\$ 93,112	\$ 6,490	\$ 7,759
Interest	16	28	1	1
Other	<u>1,213</u>	<u>1,346</u>	<u>144</u>	<u>160</u>
Total Revenues	79,104	94,486	6,635	7,920
EXPENSES, NET ¹ :				
Employee wages and benefits, net	57,294	69,797	5,092	6,012
Travel	8,222	10,520	812	1,247
Rent, communications, and utilities	1,518	1,990	241	387
Contracted services	6,783	8,518	1,713	1,927
Depreciation and amortization	5,878	5,418	518	507
Administrative	<u>(1,542)</u>	<u>(634)</u>	<u>(9)</u>	<u>150</u>
Total Expenses	<u>78,153</u>	<u>95,609</u>	<u>8,367</u>	<u>10,230</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	951	(1,123)	(1,732)	(2,310)
FUND BALANCE—Beginning of period	<u>32,477</u>	<u>33,600</u>	<u>35,160</u>	<u>34,787</u>
FUND BALANCE—End of period	<u>\$ 33,428</u>	<u>\$ 32,477</u>	<u>\$ 33,428</u>	<u>\$ 32,477</u>

¹ Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate set by the board of 69.2% and 59.1% for 2014 and 2013, respectively.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Dollars in thousands)

Preliminary and Unaudited

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ 951	\$ (1,123)	\$ (1,732)	\$ (2,310)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	5,878	5,418	531	507
Provision for loss on disposal of employee residences held for sale	122	27	-	-
(Gain) loss on fixed asset retirements	13	17	-	7
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	(196)	(1,273)	(3,509)	(3,235)
Employee advances	(24)	(13)	(6)	284
Other accounts receivable	(119)	8	(61)	270
Prepaid expenses and other assets	(767)	(323)	42	598
(Decrease) increase in liabilities:				
Accounts payable	1,431	(500)	(3,853)	(5,733)
Accrued wages and benefits	1,517	1,178	3,390	2,506
Accrued employee travel	898	739	(813)	(494)
	(577)	373	491	1,068
Net cash provided or (used) by operating activities	<u>9,127</u>	<u>4,528</u>	<u>(5,520)</u>	<u>(6,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed and intangible assets	(3,969)	(2,603)	(1,235)	(768)
Purchases of employee residences held for sale	(1,125)	-	-	-
Proceeds from sale of employee residences held for sale	<u>359</u>	<u>827</u>	<u>-</u>	<u>-</u>
Net cash used by investing activities	<u>(4,735)</u>	<u>(1,776)</u>	<u>(1,235)</u>	<u>(768)</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	<u>(24)</u>	<u>(19)</u>	<u>(7)</u>	<u>(5)</u>
Net cash used by financing activities	<u>(1,365)</u>	<u>(1,360)</u>	<u>(119)</u>	<u>(117)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	3,027	1,392	(6,874)	(7,417)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>37,913</u>	<u>36,521</u>	<u>47,814</u>	<u>45,330</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 40,940</u>	<u>\$ 37,913</u>	<u>\$ 40,940</u>	<u>\$ 37,913</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Acquisition of equipment under capital lease	\$ 177	\$ -	\$ 116	\$ -
Cash Payments for Interest	<u>\$ 229</u>	<u>\$ 249</u>	<u>\$ 19</u>	<u>\$ 20</u>

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

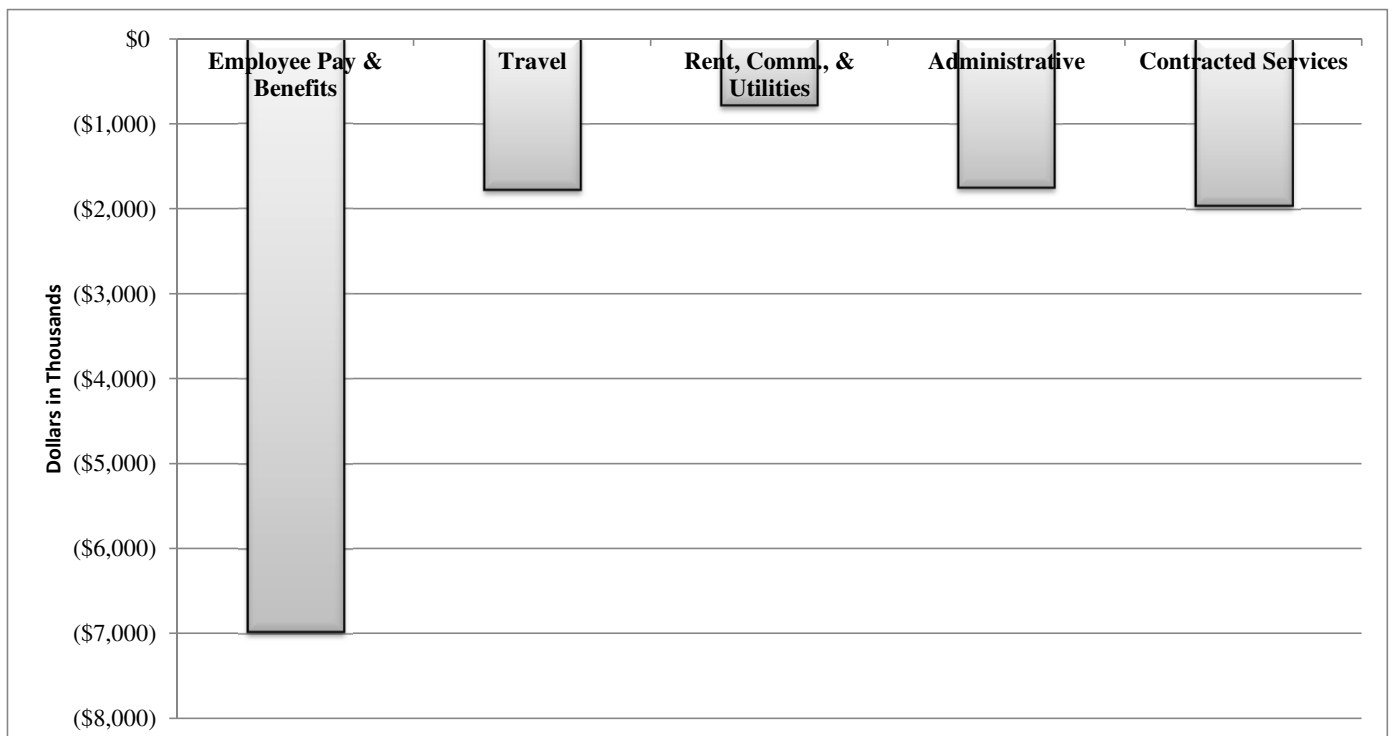
**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013**

(Dollars in thousands)

Preliminary and Unaudited

	Year-To-Date 2014				Year-To-Date 2013			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	192,988	186,021	(6,967)	-3.6%	177,338	177,728	390	0.2%
Travel	28,455	26,695	(1,759)	-6.2%	27,663	27,163	(500)	-1.8%
Rent, Comm., & Utilities	5,696	4,927	(768)	-13.5%	5,382	4,871	(512)	-9.5%
Administrative	15,812	14,080	(1,732)	-11.0%	13,638	11,713	(1,926)	-14.1%
Contracted Services	23,970	22,022	(1,948)	-8.1%	24,790	20,978	(3,812)	-15.4%
TOTAL	266,920	253,745	(13,175)	-4.9%	248,812	242,453	(6,359)	-2.6%

Amount Over (Under) Budget



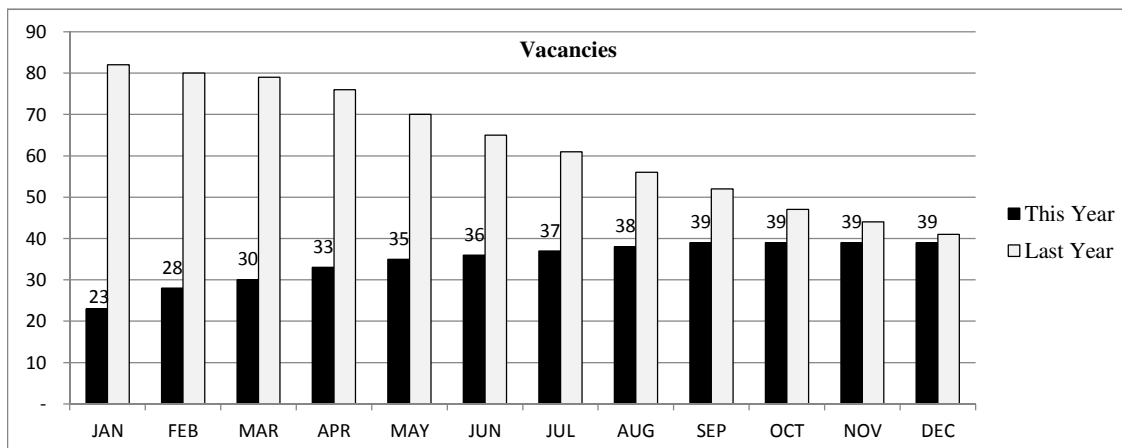
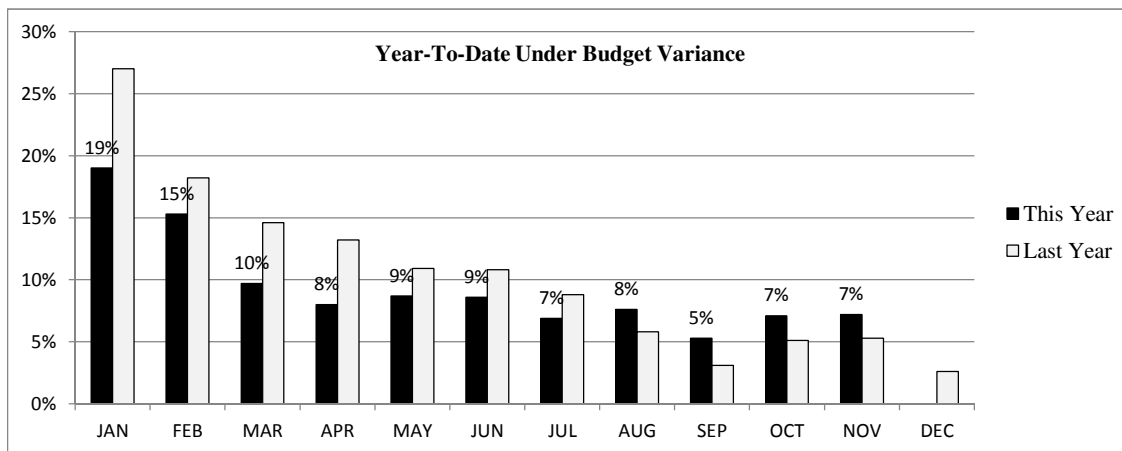
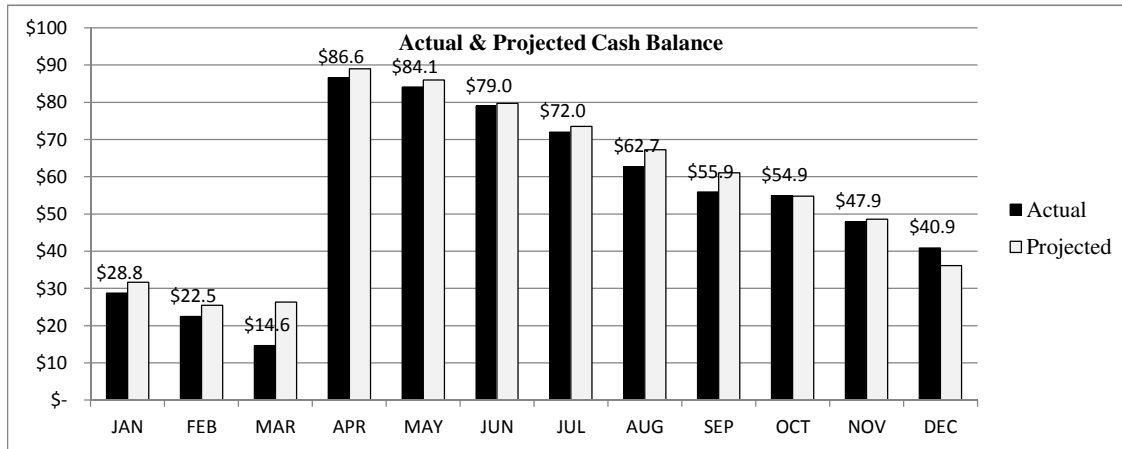
Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013

*****Preliminary and Unaudited*****



	12/31/2014	12/31/2013
Retained earnings / Total assets	41.37%	42.00%
YTD interest income to average investments (annualized)	0.04%	0.08%
Annualized travel spend per employee	\$21,742	\$22,239
Net year to date cash inflow (outflow) in millions of dollars	\$3	\$1
Cash and overnight investments / Total assets	50.67%	49.03%
Overhead transfer rate	69.20%	59.10%