

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
March 31, 2015**

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", with a long horizontal flourish extending to the right.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW

March 31, 2015

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$22.7 million. Its balance decreased \$53 thousand in the month primarily due to purchases of fixed assets and repayment of National Credit Union Share Insurance Fund long-term note payable. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Accounts receivable had a month-end balance of approximately \$74.6 million. Its balance increased by approximately \$61.0 million in the month primarily due to the billing of the annual operating fees.

Accounts payable had a month-end balance of approximately \$60.9 million. Its balance increased by approximately \$58.8 million in the month primarily due to the recording of the unrealized portion of the annual operating fees.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$296 thousand and net income year-to-date was \$3.0 million. Interest income on overnight investments has averaged 0.03% year-to-date, versus 0.05% during the same period last year.

Statements of Cash Flow

The cash position decreased approximately \$53 thousand since last month. Approximately \$584 thousand was invested in new capital assets, \$112 thousand in cash was used to reduce or repay the National Credit Union Share Insurance Fund note payable long-term liability, which has a balance of \$11.4 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$8.5 million or 12.3%, compared to being under the year-to-date budget by approximately \$6.4 million or 9.7% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$0.3 million or 0.7%. Travel cost were under budget by \$3.0 million or 41.7%. Contract services cost was under budget by \$3.1 million or 46.7%. The under budget amounts for travel and contract services are due to the use of straight line budgeting. Actual costs will catch up to the budgeted costs as the year progresses. The remaining expense categories combined were under budget by \$2.1 million or 37.4%.

The average annualized travel spend per Full-Time Equivalent (FTE) was \$13,901 this year, which is \$664 less than last year.

Vacancies

The Agency had 38 vacancies as of this month—no change from the prior month. Of the 38 vacancies, 8 were in the central office and 30 were in the regions and the Asset Management and Assistance Center (AMAC). The 38 vacancies represent 3.0% percent of total authorized staff of 1,268.70.

NATIONAL CREDIT UNION ADMINISTRATION
BALANCE SHEETS
As of March 31, 2015
(Dollars in thousands)

	<u>March 2015</u>	<u>March 2014</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 22,749	\$ 14,592
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	22	20
EMPLOYEE ADVANCES	49	59
OTHER ACCOUNTS RECEIVABLE , Net	74,584	98,163
PREPAID EXPENSES AND OTHER ASSETS	1,891	1,406
ASSETS HELD FOR SALE	428	-
FIXED ASSETS — Net of accumulated depreciation of \$29,093	30,958	29,855
INTANGIBLE ASSETS — Net of accumulated amortization of \$16,374 as of March 31, 2015	2,298	3,446
TOTAL ASSETS	<u>\$ 132,979</u>	<u>\$ 147,541</u>
LIABILITIES		
Accounts payable	\$ 60,889	\$ 79,528
Obligations under capital leases	996	59
Accrued wages and benefits	7,806	6,428
Accrued annual leave	15,469	14,571
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	11,398	12,739
TOTAL LIABILITIES	<u>96,558</u>	<u>113,325</u>
FUND BALANCE	<u>36,421</u>	<u>34,216</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 132,979</u>	<u>\$ 147,541</u>

The balances in the statement above are preliminary and unaudited

NATIONAL CREDIT UNION ADMINISTRATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Periods Ended March 31, 2015 and March 31, 2014
(Dollars in thousands)

	March 2015	Year-to-Date March 2015	Year-to-Date March 2014
REVENUES			
Operating fees	\$ 6,561	\$ 19,726	\$ 19,817
Interest	1	2	3
Other	137	275	312
Total Revenues	6,699	20,003	20,132
EXPENSES, NET (1)			
Employee wages and benefits, net	4,588	13,846	14,329
Travel	584	1,205	1,382
Rent, communications, and utilities	112	164	307
Contracted services	761	983	1,365
Depreciation and amortization	489	1,434	1,443
Administrative	(131)	(622)	(433)
Total Expenses	6,403	17,010	18,393
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	296	2,993	1,739
FUND BALANCE—Beginning of period	36,125	33,428	32,477
FUND BALANCE—End of period	\$ 36,421	\$ 36,421	\$ 34,216

(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 71.8% and 69.2% for 2015 and 2014, respectively.

The balances in the statement above are preliminary and unaudited

NATIONAL CREDIT UNION ADMINISTRATION
STATEMENTS OF CASH FLOWS
For the Periods Ended March 31, 2015 and March 31, 2014
(Dollars in thousands)

	March 2015	Year-to-Date March 2015	Year-to-Date March 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 296	\$ 2,993	\$ 1,739
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	489	1,434	1,443
Provision for loss on disposal of employee residences held for sale	-	4	-
(Gain) loss on fixed asset retirements	-	10	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(22)	3,487	3,293
Employee advances	(17)	13	(21)
Other accounts receivable	(61,046)	(74,262)	(97,960)
Prepaid expenses and other assets	624	254	(28)
(Decrease) increase in liabilities:			
Accounts payable	58,802	54,291	74,810
Accrued wages and benefits	1,517	(5,067)	(4,928)
Accrued employee travel	-	(491)	(1,068)
Net cash provided or (used) by operating activities	643	(17,334)	(22,720)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(584)	(734)	(266)
Proceeds from insurance on fixed assets	-	-	-
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	212	-
Net cash used by investing activities	(584)	(522)	(266)
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	-	-	-
Net cash used by financing activities	(112)	(335)	(335)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(53)	(18,191)	(23,321)
CASH AND CASH EQUIVALENTS—Beginning of period	22,802	40,940	37,913
CASH AND CASH EQUIVALENTS—End of period	\$ 22,749	\$ 22,749	\$ 14,592
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 783	\$ -
Cash Payments for Interest	\$ 18	\$ 53	\$ 58

The balances in the statement above are preliminary and unaudited

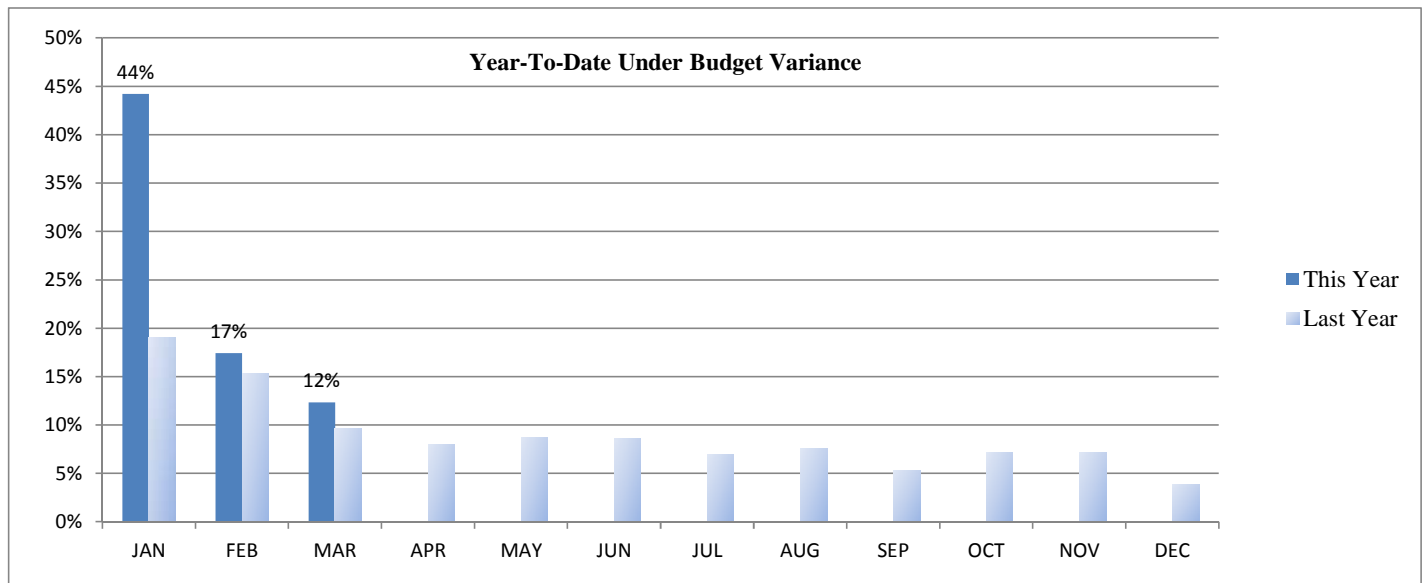
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)

As of March 31, 2015 and March 31, 2014

(Dollars in thousands)

	Year-To-Date 2015				Year-To-Date 2014			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	49,507	49,179	(328)	-0.7%	47,697	46,522	(1,174)	-2.5%
Travel	7,322	4,272	(3,050)	-41.7%	7,161	4,487	(2,675)	-37.3%
Rent, Comm., & Utilities	1,443	583	(860)	-59.6%	1,404	995	(408)	-29.1%
Administrative	4,084	2,875	(1,209)	-29.6%	3,845	3,279	(567)	-14.7%
Contracted Services	6,547	3,487	(3,060)	-46.7%	6,034	4,433	(1,601)	-26.5%
TOTAL	68,903	60,396	(8,506)	-12.3%	66,141	59,716	(6,425)	-9.7%



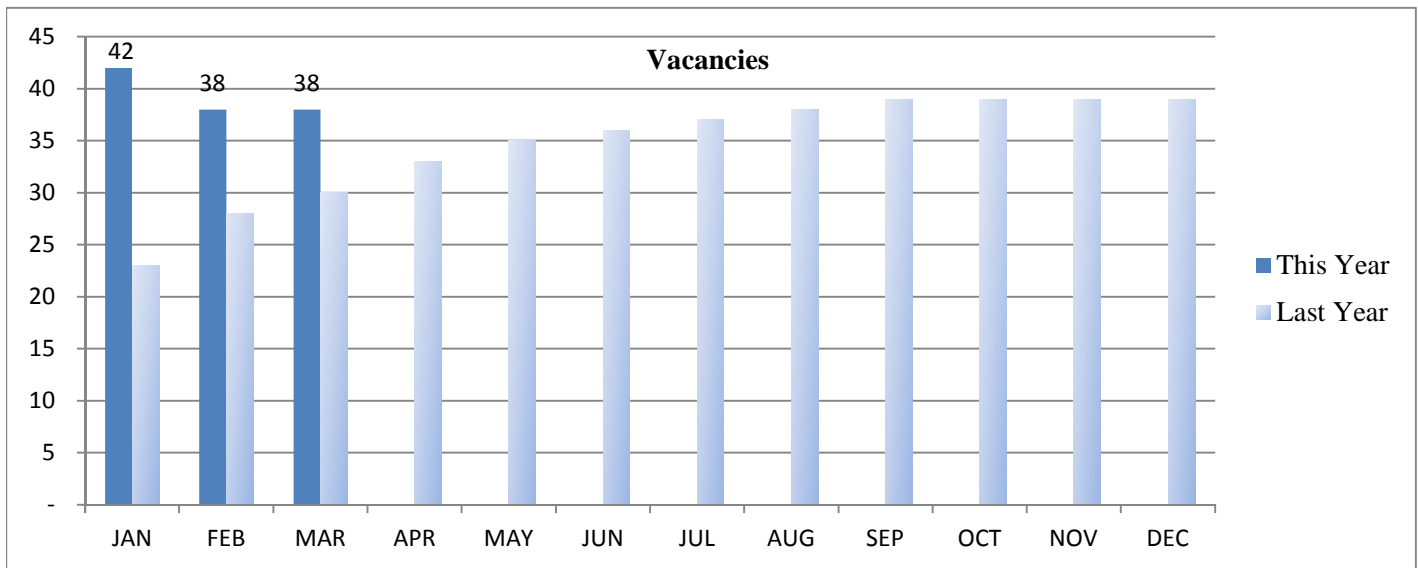
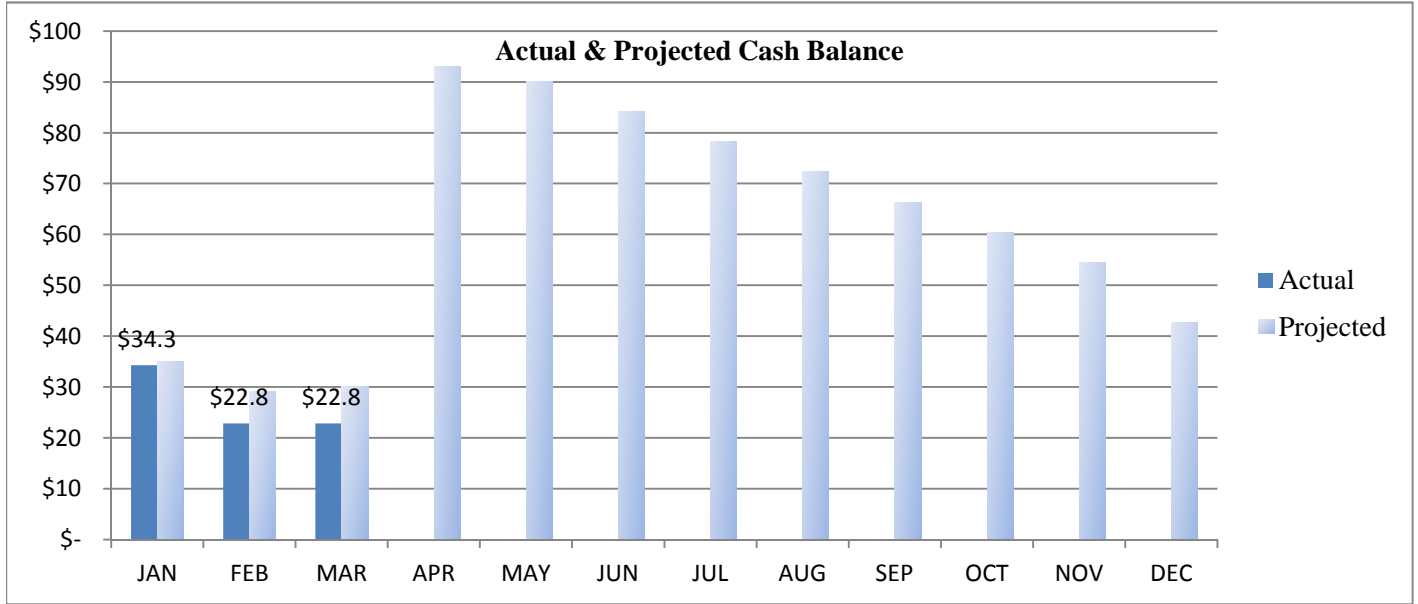
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of March 31, 2015 and March 31, 2014



	3/31/2015	3/31/2014
Fund Balance / Total assets	27.39%	23.19%
YTD interest income to average investments (annualized)	0.03%	0.05%
Annualized travel spend per employee	\$13,901	\$14,565
Net year to date cash inflow (outflow) in millions of dollars	(\$18)	(\$23)
Cash and overnight investments / Total assets	17.11%	9.89%
Overhead transfer rate	71.80%	69.20%

The balances in the supplement above are preliminary and unaudited