

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
November 30, 2019**

A handwritten signature in blue ink, which appears to read 'Rendell L. Jones', is positioned above the printed name.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
NOVEMBER 30, 2019**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$104.3 million. The balance decreased by \$8.7 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 2020.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. The balance decreased by \$1.1 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$1.3 million. Its balance increased by approximately \$86 thousand from prior month primarily due to the receivable from the Central Liquidity Facility for administrative expenses paid by the Operating Fund and payroll receivable.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$126 thousand for the month primarily due to vendor/trade and relocation payables.

Accrued wages and benefits are earned by NCUA staff, but unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not 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 \$2.4 million for the month. Operating fees reflects one-twelfth of the 2019 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 60.5 percent of expenses to the Share Insurance Fund. Operating Fund expenses are higher in 2019 because the Overhead Transfer Rate dropped to 60.5 percent from 61.5 percent for the prior year.

Statements of Cash Flow

The cash position decreased \$8.7 million from prior month. In the current month, \$6.2 million was used by operating activities and \$2.4 million was used by investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building were \$112 thousand.

Other Information

The Agency had 47 vacancies as of month-end. Of the 47 vacancies, 1 was in the central office and 46 were in the regions and Asset Management and Assistance Center (AMAC). The 47 vacancies represent 4.0 percent of total authorized staff of 1,182. Annualized travel spend per employee is \$20 thousand.

Note: Minor modifications to the form and content of the Operating Fund's monthly financial highlights were made to conform to the annual financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of November 30, 2019 and 2018

(Dollars in thousands)

	<u>November 2019</u>	<u>November 2018</u>
ASSETS		
Cash and cash equivalents	\$ 104,292	\$ 101,337
Due from National Credit Union Share Insurance Fund	433	161
Employee advances	7	114
Other accounts receivable, Net	1,275	122
Prepaid expenses and other assets	5,443	3,424
Assets held for sale	427	216
Fixed assets - Net of accumulated depreciation of \$41,124 and \$40,244 as of November 30, 2019 and November 30, 2018, respectively	31,163	26,847
Intangible assets - Net of accumulated amortization of \$20,174 and \$20,145 as of November 30, 2019 and November 30, 2018, respectively	<u>17,894</u>	<u>7,148</u>
TOTAL ASSETS	<u><u>\$ 160,934</u></u>	<u><u>\$ 139,369</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 6,370	\$ 6,057
Obligations under capital leases	1,189	1,638
Accrued wages and benefits	11,176	9,868
Deferred revenue ¹	11,478	10,847
Accrued annual leave	20,887	19,861
Note payable to National Credit Union Share Insurance Fund	<u>5,140</u>	<u>6,481</u>
TOTAL LIABILITIES	<u>56,240</u>	<u>54,752</u>
 FUND BALANCE	 <u>104,694</u>	 <u>84,617</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 160,934</u></u>	 <u><u>\$ 139,369</u></u>

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, 2019 and 2018

(Dollars in thousands)

	<u>November 2019</u>	<u>Year-to-Date November 2019</u>	<u>Year-to-Date November 2018</u>
REVENUES			
Operating fees	\$ 11,478	\$ 126,254	\$ 119,316
Interest	142	2,356	1,937
Other	<u>63</u>	<u>951</u>	<u>1,061</u>
Total Revenues	<u>11,683</u>	<u>129,561</u>	<u>122,314</u>
 EXPENSES, NET¹			
Employee wages and benefits	7,004	77,796	74,147
Travel	755	8,238	8,318
Rent, communications, and utilities	125	2,593	1,990
Contracted services	1,066	15,154	11,783
Depreciation and amortization	227	2,322	1,924
Administrative	<u>88</u>	<u>2,828</u>	<u>2,881</u>
Total Expenses, Net	<u>9,265</u>	<u>108,931</u>	<u>101,043</u>
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES	 2,418	 20,630	 21,271
 FUND BALANCE—Beginning of period	 <u>102,276</u>	 <u>84,064</u>	 <u>63,346</u>
 FUND BALANCE—End of period	 <u>\$ 104,694</u>	 <u>\$ 104,694</u>	 <u>\$ 84,617</u>

¹Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 60.5% and 61.5% for 2019 and 2018, 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, 2019 and 2018

(Dollars in thousands)

	<u>November 2019</u>	<u>Year-to-Date November 2019</u>	<u>Year-to-Date November 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 2,418	\$ 20,630	\$ 21,271
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	575	5,198	5,018
Provision for loss on disposal of assets held for sale	45	92	
(Gain) loss on fixed asset retirements	-	-	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	1,069	3,590	4,992
Employee advances	-	336	(103)
Other accounts receivable, net	(86)	(845)	222
Prepaid expenses and other assets	(186)	(2,765)	(1,038)
(Decrease) increase in liabilities:			
Accounts payable	126	(3,904)	(1,454)
Accrued wages and benefits	1,044	(3,601)	(2,412)
Deferred revenue	(11,477)	11,478	10,847
Accrued annual leave	286	2,108	1,469
Accrued employee travel	-	(619)	(607)
Net Cash (Used)/Provided by Operating Activities	<u>(6,186)</u>	<u>31,698</u>	<u>38,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(1,919)	(17,221)	(5,134)
Purchases of assets held for sale	(472)	(919)	(216)
Proceeds from sale of assets held for sale	-	400	-
Net Cash Used by Investing Activities	<u>(2,391)</u>	<u>(17,740)</u>	<u>(5,350)</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	-	(559)	(53)
Net Cash Used in Financing Activities	<u>(112)</u>	<u>(1,788)</u>	<u>(1,282)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,689)	12,170	31,573
CASH AND CASH EQUIVALENTS—Beginning of period	<u>112,981</u>	<u>92,122</u>	<u>69,764</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 104,292</u>	<u>\$ 104,292</u>	<u>\$ 101,337</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 35	\$ 1,480
CASH PAYMENTS FOR INTEREST	<u>\$ 9</u>	<u>\$ 104</u>	<u>\$ 112</u>

The balances in the statement above are preliminary and unaudited.