

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

February 28, 2017

A handwritten signature in blue ink, which appears to read "Rendell L. Jones". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW

February 28, 2017

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$37.0 million. Its balance decreased \$10.7 million for the month primarily reflecting operating expenses. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Other accounts receivable had a month-end balance of approximately \$17.9 million. Its balance increased by \$8.8 million. The increase for the month was primarily due to the monthly accrual of 2017 credit union operating fees due April 17, 2017.

Prepaid expenses and other assets had a month-end balance of approximately \$2.4 million. Its balance increased by \$430 thousand. The increase for the month was primarily due to computer software and web-based software annual subscriptions.

Accounts payable had a month-end balance of approximately \$3.1 million. Its balance includes trade and inter-agency payables.

Accrued wages and benefits had a month-end balance of approximately \$10.5 million. Its balance increased by approximately \$765 thousand. This decrease was primarily due to the monthly payroll accrual timing differences.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$1.4 million and net income year-to-date was approximately \$4.1 million. Interest income on overnight investments has averaged 0.60% year-to-date, versus 0.34% during the same period last year.

Statements of Cash Flow

The cash position decreased approximately \$10.7 million since last month. In the current month approximately \$10.6 million was used by operating activities. Approximately \$0 thousand was invested in new capital assets. Approximately \$112 thousand in cash was used to repay the National Credit Union Share Insurance Fund note payable on the King Street Station Building, which has a balance of \$8.8 million on the balance sheet.

Other Information

The average annualized travel spend per Full-Time Equivalent (FTE) was \$8,863 this year, which is \$498 less than last year.

The Agency had 49 vacancies as of this month -- up 9 from the prior month. Of the 49 vacancies, 15 were in the central office and 34 were in the regions and AMAC. The 49 vacancies represent 4.0% percent of total authorized staff of 1,221.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of February 28, 2017 and February 29, 2016
(Dollars in thousands)

	<u>February 2017</u>	<u>February 2016</u>
ASSETS		
Cash and cash equivalents	\$ 36,974	\$ 30,584
Due from National Credit Union Share Insurance Fund	1	62
Employee advances	15	37
Other accounts receivable, Net	17,856	13,896
Prepaid expenses and other assets	2,446	1,992
Assets held for sale	-	162
Fixed assets - Net of accum. depreciation of \$35,607 as of February 28, 2017	28,737	30,336
Intangible assets - Net of accum. amortization of \$17,371 as of February 28, 2017	4,784	2,331
TOTAL ASSETS	<u>\$ 90,813</u>	<u>\$ 79,400</u>
 LIABILITIES		
Accounts payable	\$ 3,075	\$ 2,232
Obligations under capital leases	957	1,515
Accrued wages and benefits	10,474	7,235
Accrued annual leave	18,169	17,243
Note payable to National Credit Union Share Insurance Fund	8,828	10,169
TOTAL LIABILITIES	<u>41,503</u>	<u>38,394</u>
 FUND BALANCE	 <u>49,310</u>	 <u>41,006</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 90,813</u>	 <u>\$ 79,400</u>

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 February 28, 2017 and February 29, 2016
(Dollars in thousands)

	<u>February 2017</u>	<u>Year-to-Date February 2017</u>	<u>Year-to-Date February 2016</u>
REVENUES			
Operating fees	\$ 8,750	\$ 17,501	\$ 13,442
Interest	20	43	20
Other	<u>22</u>	<u>49</u>	<u>161</u>
Total Revenues	<u>8,792</u>	<u>17,593</u>	<u>13,623</u>
EXPENSES, NET¹			
Employee wages and benefits, net	5,723	11,646	9,249
Travel	486	561	510
Rent, communications, and utilities	100	104	67
Contracted services	768	816	195
Depreciation and amortization	129	257	217
Administrative	<u>150</u>	<u>153</u>	<u>174</u>
Total Expenses	<u>7,356</u>	<u>13,537</u>	<u>10,412</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	<u>1,436</u>	<u>4,056</u>	<u>3,211</u>
FUND BALANCE—Beginning of period	<u>47,874</u>	<u>45,254</u>	<u>37,795</u>
FUND BALANCE—End of period	<u>\$ 49,310</u>	<u>\$ 49,310</u>	<u>\$ 41,006</u>

¹Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 67.7% and 73.1% for 2017 and 2016, 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 February 28, 2017 and February 29, 2016
(Dollars in thousands)

	<u>February 2017</u>	<u>Year-to-Date February 2017</u>	<u>Year-to-Date February 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 1,436	\$ 4,056	\$ 3,211
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	399	795	810
Provision for loss on disposal of employee residences held for sale	-	-	4
(Gain) loss on fixed asset retirements	-	-	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	26	4,058	3,882
Employee advances	(14)	(10)	1
Other accounts receivable	(8,841)	(17,419)	(13,564)
Prepaid expenses and other assets	(430)	(602)	(260)
(Decrease) increase in liabilities:			
Accounts payable	(3,931)	(2,633)	(3,412)
Accrued wages and benefits	765	204	59
Deferred revenue	-	-	-
Accrued annual leave	-	-	-
Accrued employee travel	-	(601)	(646)
Net cash used by operating activities	<u>(10,590)</u>	<u>(12,152)</u>	<u>(9,915)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	-	-	(17)
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	-	211
Net cash (used) or provided by investing activities	<u>-</u>	<u>-</u>	<u>194</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(223)	(223)
Principal payments under capital lease obligations	-	-	-
Net cash used by financing activities	<u>(112)</u>	<u>(223)</u>	<u>(223)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(10,702)</u>	<u>(12,375)</u>	<u>(9,944)</u>
CASH AND CASH EQUIVALENTS—Beginning of period	<u>47,676</u>	<u>49,349</u>	<u>40,528</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 36,974</u>	<u>\$ 36,974</u>	<u>\$ 30,584</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Payments for Interest	<u>\$ 10</u>	<u>\$ 24</u>	<u>\$ 32</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

YEAR-TO-DATE BUDGET TO ACTUAL EXPENSES (BEFORE OVERHEAD TRANSFER RATE)

As of February 28, 2017 and February 28, 2016

(Dollars in thousands)

	Year-To-Date 2017				Year-To-Date 2016			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	34,933	36,057	1,124	3.2%	33,943	34,434	491	1.4%
Travel	4,744	1,738	(3,006)	-63.4%	4,882	1,897	(2,985)	-61.1%
Rent, Comm., & Utilities	1,121	322	(799)	-71.3%	1,128	249	(879)	-77.9%
Administrative	2,236	1,266	(970)	-43.4%	2,617	1,457	(1,160)	-44.3%
Contracted Services	5,551	2,527	(3,024)	-54.5%	4,704	727	(3,977)	-84.5%
TOTAL	48,585	41,910	(6,675)	-13.7%	47,274	38,764	(8,510)	-18.0%

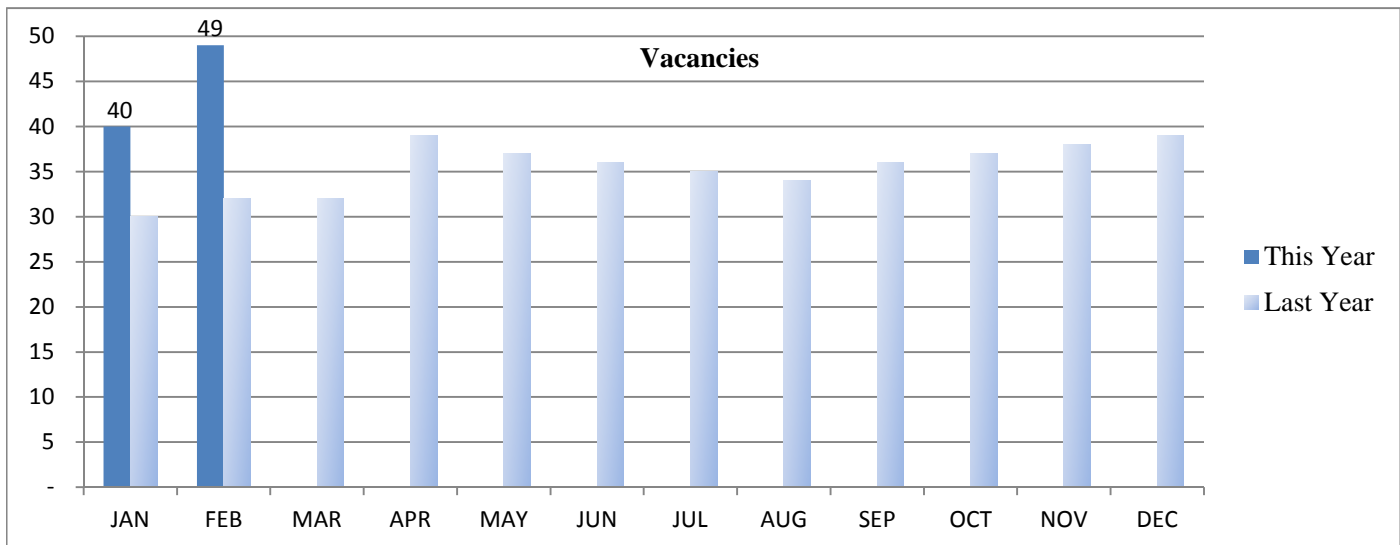
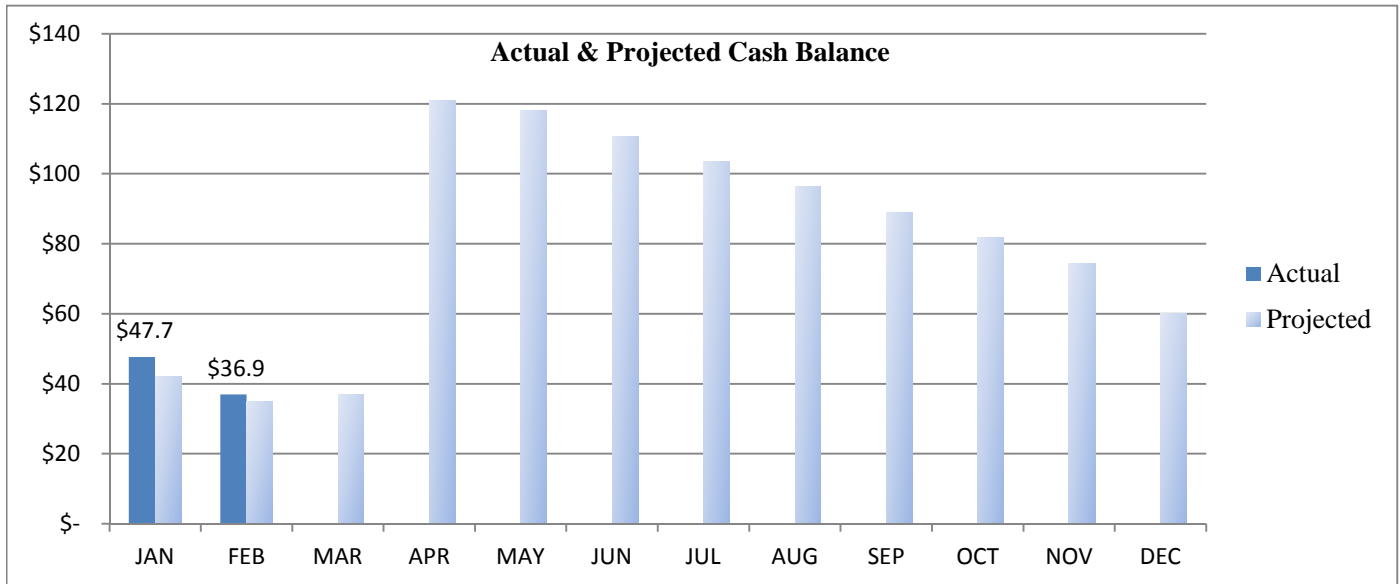
¹Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of February 28, 2017 and February 28, 2016



	2/28/2017	2/28/2016
Fund Balance / Total assets	54.30%	51.64%
YTD interest income to average investments (annualized)	0.60%	0.34%
Annualized travel spend per employee	\$8,863	\$9,361
Net year to date cash inflow (outflow) in millions of dollars	(\$12)	(\$10)
Cash and overnight investments / Total assets	40.71%	38.52%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.