

National Credit Union Administration



Operating Fund

***Amended Financial Highlights
November 30, 2014
Preliminary and Unaudited***

A handwritten signature in black ink, appearing 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

FINANCIAL HIGHLIGHTS AS OF NOVEMBER 30, 2014

The Operating Fund financial highlights for November 2014 were amended. This amendment was necessary due to the availability of required external reports needed to reconcile certain Operating Fund balances.

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$47.8 million. Its balance decreased \$7.1 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 \$10.0 million. Its balance decreased by approximately \$7.4 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 income for the month was \$704 thousand and net income year to date was \$2.7 million. Interest income on overnight investments has averaged 0.04% year-to-date, versus 0.07% during the same period last year.

Statements of Cash Flow

The cash position decreased \$7.1 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$227 thousand 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 \$11.8 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$17.6 million or 7.2 percent, compared to being under the year-to-date budget by approximately \$12.0 million or 5.3 percent during the same period last year. Of the total variance, employee pay and benefits was under budget by \$6.5 million or 3.7%, travel was under budget by \$2.0 million or 7.8%, and the remaining expense categories combined were under budget by \$9.1 million or 21.9%.

The average annualized travel spend per FTE was \$21,367 this year, which is \$106 less than last year.

Vacancies

The Agency had 39 vacancies as of this month -- no change from the prior month. Of the 39 vacancies, 10 were in the central office and 29 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 NOVEMBER 30, 2014 AND NOVEMBER 30, 2013

(Dollars in thousands)

Preliminary and Unaudited

	11/30/2014	10/31/2014	11/30/2013
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 47,814	\$ 54,879	\$ 45,330
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	-	-	78
EMPLOYEE ADVANCES	56	77	322
OTHER ACCOUNTS RECEIVABLE , Net	261	147	473
PREPAID EXPENSES AND OTHER ASSETS	2,187	1,836	1,976
ASSETS HELD FOR SALE	644	644	-
FIXED ASSETS — Net of accumulated depreciation of \$27,908	29,398	29,486	29,954
INTANGIBLE ASSETS — Net of accumulated amortization of \$15,613 as of November 30, 2014	<u>2,515</u>	<u>2,623</u>	<u>3,656</u>
TOTAL	<u><u>\$ 82,875</u></u>	<u><u>\$ 89,692</u></u>	<u><u>\$ 81,789</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 10,002	\$ 17,391	\$ 9,837
Obligations under capital leases	103	103	64
Accrued wages and benefits	9,483	9,503	8,850
Accrued annual leave	16,282	16,282	15,065
Accrued employee travel	-	-	-
Note payable to National Credit Union Share Insurance Fund	<u>11,845</u>	<u>11,957</u>	<u>13,186</u>
Total Liabilities	47,715	55,236	47,002
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>35,160</u>	<u>34,456</u>	<u>34,787</u>
TOTAL	<u><u>\$ 82,875</u></u>	<u><u>\$ 89,692</u></u>	<u><u>\$ 81,789</u></u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED NOVEMBER 30, 2014 AND NOVEMBER 30, 2013

(Dollars in thousands)

Preliminary and Unaudited

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
REVENUES:				
Operating fees	\$ 71,385	\$ 85,353	\$ 6,489	\$ 7,759
Interest	15	27	2	2
Other	<u>1,069</u>	<u>1,186</u>	<u>82</u>	<u>86</u>
Total Revenues	72,469	86,566	6,573	7,847
EXPENSES, NET ¹ :				
Employee wages and benefits, net	52,202	63,785	4,287	5,480
Travel	7,410	9,273	752	925
Rent, communications, and utilities	1,277	1,603	154	90
Contracted services	5,070	6,591	403	546
Depreciation and amortization	5,360	4,911	423	470
Administrative	<u>(1,533)</u>	<u>(784)</u>	<u>(150)</u>	<u>(188)</u>
Total Expenses	<u>69,786</u>	<u>85,379</u>	<u>5,869</u>	<u>7,323</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,683	1,187	704	524
FUND BALANCE—Beginning of period	<u>32,477</u>	<u>33,600</u>	<u>34,456</u>	<u>34,263</u>
FUND BALANCE—End of period	<u>\$ 35,160</u>	<u>\$ 34,787</u>	<u>\$ 35,160</u>	<u>\$ 34,787</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 NOVEMBER 30, 2014 AND NOVEMBER 30, 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	\$ 2,683	\$ 1,187	\$ 704	\$ 524
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	5,347	4,911	423	469
Provision for loss on disposal of employee residences held for sale	122	27	-	-
(Gain) loss on fixed asset retirements	13	10	-	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	3,313	1,962	-	14
Employee advances	(18)	(297)	21	4
Other accounts receivable	(58)	(262)	(114)	(226)
Prepaid expenses and other assets	(809)	(921)	(351)	(212)
(Decrease) increase in liabilities:				
Accounts payable	5,284	5,233	(7,389)	(8,824)
Accrued wages and benefits	(1,873)	(1,328)	(20)	655
Accrued employee travel	1,711	1,233	-	-
	(1,068)	(695)	-	-
Net cash provided or (used) by operating activities	<u>14,647</u>	<u>11,060</u>	<u>(6,726)</u>	<u>(7,596)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed and intangible assets	(2,734)	(1,835)	(227)	(278)
Proceeds from insurance on fixed assets	-	-	-	-
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>(3,500)</u>	<u>(1,008)</u>	<u>(227)</u>	<u>(278)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of note payable to National Credit Union Share Insurance Fund	(1,229)	(1,229)	(112)	(112)
Principal payments under capital lease obligations	<u>(17)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
Net cash used by financing activities	<u>(1,246)</u>	<u>(1,243)</u>	<u>(112)</u>	<u>(112)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	9,901	8,809	(7,065)	(7,986)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>37,913</u>	<u>36,521</u>	<u>54,879</u>	<u>53,316</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 47,814</u>	<u>\$ 45,330</u>	<u>\$ 47,814</u>	<u>\$ 45,330</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Acquisition of equipment under capital lease	\$ 61	\$ -	\$ -	\$ -
Cash Payments for Interest	<u>\$ 210</u>	<u>\$ 229</u>	<u>\$ 18</u>	<u>\$ 19</u>

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

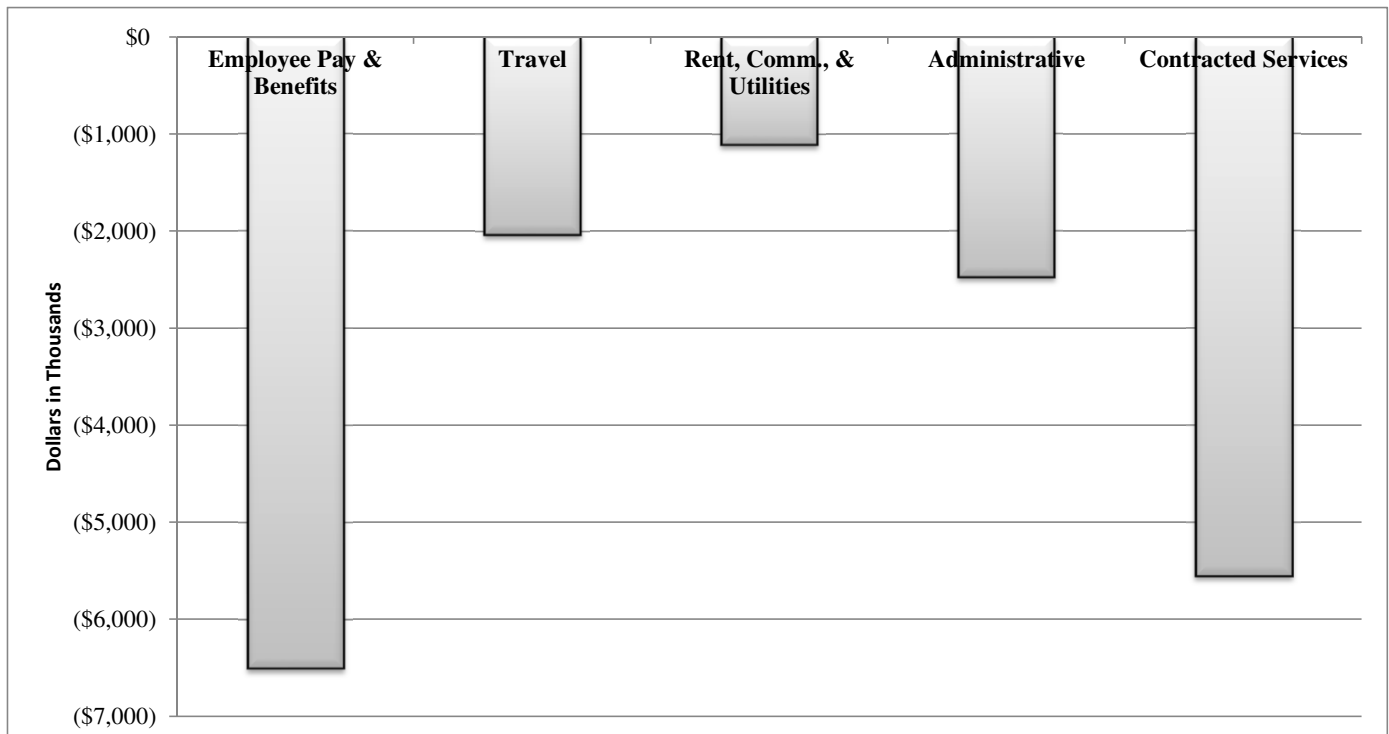
**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF NOVEMBER 30, 2014 AND NOVEMBER 30, 2013**

(Dollars in thousands)

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

	Year-To-Date 2014				Year-To-Date 2013			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	175,981	169,487	(6,494)	-3.7%	162,394	161,647	(747)	-0.5%
Travel	26,084	24,057	(2,027)	-7.8%	25,359	23,931	(1,428)	-5.6%
Rent, Comm., & Utilities	5,246	4,147	(1,099)	-21.0%	4,929	3,922	(1,008)	-20.4%
Administrative	14,448	11,981	(2,467)	-17.1%	12,473	10,102	(2,371)	-19.0%
Contracted Services	21,994	16,446	(5,548)	-25.2%	22,752	16,262	(6,490)	-28.5%
TOTAL	243,753	226,118	(17,635)	-7.2%	227,908	215,863	(12,045)	-5.3%

Amount Over (Under) Budget



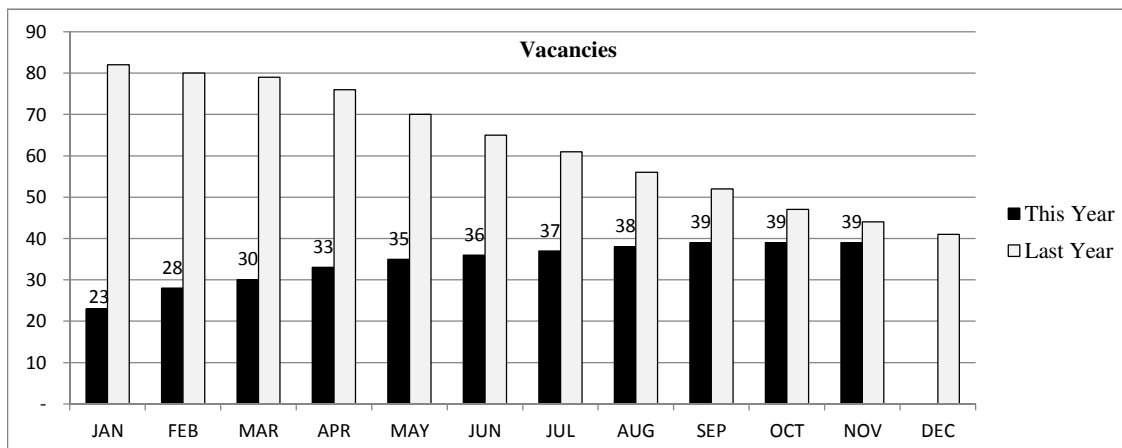
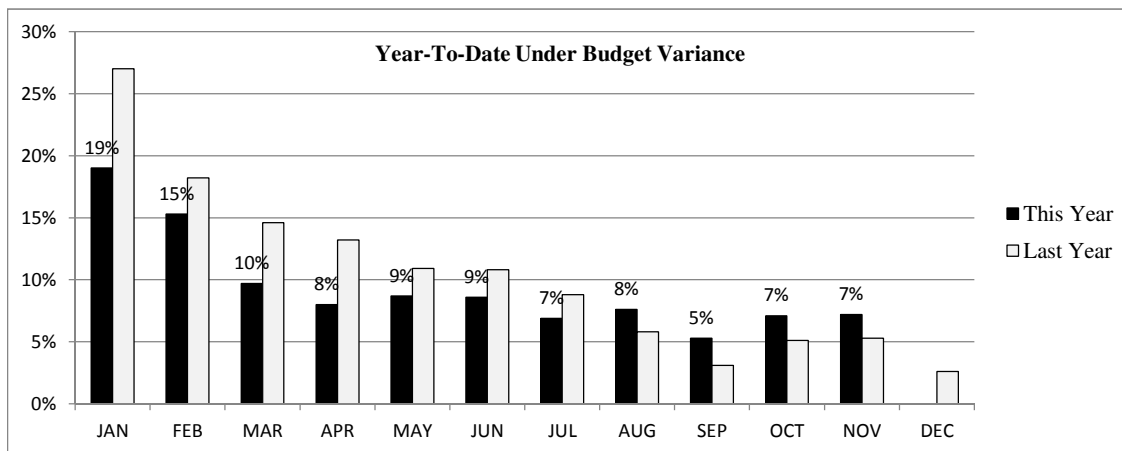
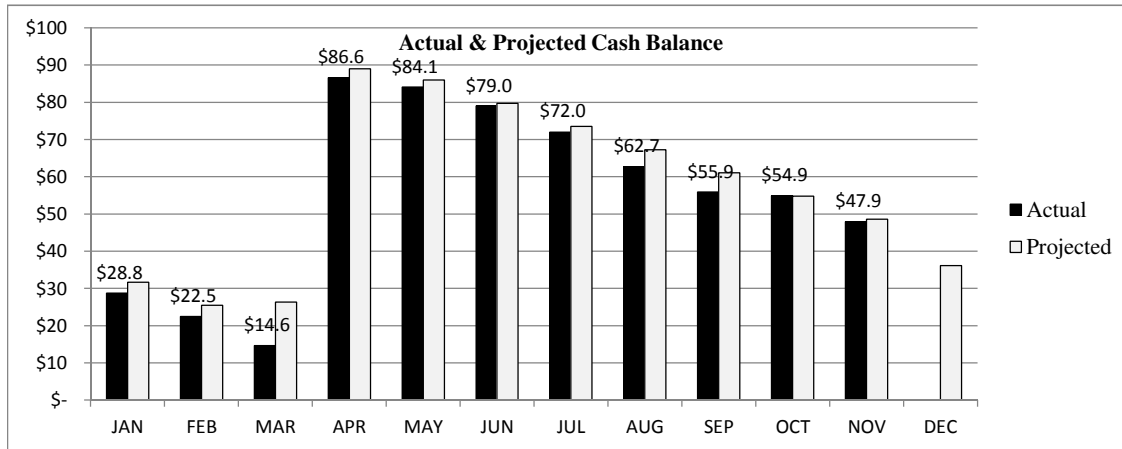
Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF NOVEMBER 30, 2014 AND NOVEMBER 30, 2013

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



	11/30/2014	11/30/2013
Retained earnings / Total assets	42.43%	42.53%
YTD interest income to average investments (annualized)	0.04%	0.07%
Annualized travel spend per employee	\$21,367	\$21,473
Net year to date cash inflow (outflow) in millions of dollars	\$10	\$9
Cash and overnight investments / Total assets	57.69%	55.42%
Overhead transfer rate	69.20%	59.10%