

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
June 30, 2015**

A handwritten signature in blue ink, appearing 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

June 30, 2015

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$82.0 million. Its balance decreased \$3.5 million in the month primarily due to monthly operating cost, 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 \$543 thousand. Its balance decreased by approximately \$936 thousand in the month primarily due to the receipt of annual operating fees.

Deferred revenue had a month-end balance of approximately \$39.4 million. Its balance decreased by approximately \$6.6 million in the month due to the recognition of operating fee revenue.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$579 thousand and net income year-to-date was \$4.3 million. Interest income on overnight investments has averaged 0.01% year-to-date, versus 0.03% during the same period last year.

Statements of Cash Flow

The cash position decreased approximately \$3.5 million since last month. In the current month approximately \$3.1 million was used for operating expenses. Approximately \$93 thousand was invested in new capital assets. Approximately \$178 thousand in cash was used to pay capital lease liabilities. Approximately \$111 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 \$11.1 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$11.7 million or 8.4%, compared to being under the year-to-date budget by approximately \$11.4 million or 8.6% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$2.3 million or 2.3%. Travel cost were under budget by \$2.4 million or 16.7%. Contract services cost was under budget by \$3.8 million or 28.6%. The under budget amounts for travel and contract services are due to the use of straight line estimates used in this report. Actual costs will more clearly align with budgeted costs as the year progresses. The remaining expense categories combined were under budget by \$3.2 million or 29.0%.

The average annualized travel spend per Full-Time Equivalent (FTE) was \$19,863 this year, which is \$1,239 more than last year.

Vacancies

The Agency had 41 vacancies as of this month—up 1 from the prior month. Of the 41 vacancies, 9 were in the central office and 32 were in the regions and the Asset Management and Assistance Center (AMAC). The 41 vacancies represent 3.2% percent of total authorized staff of 1,268.70.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of June 30, 2015
(Dollars in thousands)

	June 2015	June 2014
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 82,029	\$ 79,007
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	75	2
EMPLOYEE ADVANCES	56	360
OTHER ACCOUNTS RECEIVABLE , Net	543	281
PREPAID EXPENSES AND OTHER ASSETS	2,323	1,612
ASSETS HELD FOR SALE	-	-
FIXED ASSETS — Net of accumulated depreciation of \$30,187	32,765	29,636
INTANGIBLE ASSETS — Net of accumulated amortization of \$16,732 as of June 30, 2015	1,988	2,861
TOTAL ASSETS	\$ 119,779	\$ 113,759
LIABILITIES		
Accounts payable	\$ 2,764	\$ 3,243
Obligations under capital leases	1,894	59
Accrued wages and benefits	11,521	9,922
Deferred revenue (1)	39,383	38,938
Accrued annual leave	15,469	14,571
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	11,063	12,404
TOTAL LIABILITIES	82,094	79,137
FUND BALANCE	37,685	34,622
TOTAL LIABILITIES AND FUND BALANCE	\$ 119,779	\$ 113,759

(1) The 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 June 30, 2015 and June 30, 2014
(Dollars in thousands)

	<u>June 2015</u>	<u>Year-to-Date June 2015</u>	<u>Year-to-Date June 2014</u>
REVENUES			
Operating fees	\$ 6,638	\$ 39,447	\$ 38,938
Interest	-	4	8
Other	<u>91</u>	<u>587</u>	<u>650</u>
Total Revenues	<u>6,729</u>	<u>40,038</u>	<u>39,596</u>
EXPENSES, NET (1)			
Employee wages and benefits, net	4,610	27,492	28,292
Travel	655	3,442	3,518
Rent, communications, and utilities	70	450	684
Contracted services	488	2,635	2,883
Depreciation and amortization	423	2,887	2,961
Administrative	<u>(96)</u>	<u>(1,125)</u>	<u>(887)</u>
Total Expenses	<u>6,150</u>	<u>35,781</u>	<u>37,451</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	<u>579</u>	<u>4,257</u>	<u>2,145</u>
FUND BALANCE—Beginning of period	<u>37,106</u>	<u>33,428</u>	<u>32,477</u>
FUND BALANCE—End of period	<u>\$ 37,685</u>	<u>\$ 37,685</u>	<u>\$ 34,622</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 71.8% and 69.2% for 2015 and 2014, 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 June 30, 2015 and June 30, 2014
(Dollars in thousands)

	June 2015	Year-to-Date June 2015	Year-to-Date June 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 579	\$ 4,257	\$ 2,145
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	423	2,887	2,961
Provision for loss on disposal of employee residences held for sale	-	47	-
(Gain) loss on fixed asset retirements	-	11	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(23)	3,434	3,311
Employee advances	(18)	6	(322)
Other accounts receivable	936	(221)	(78)
Prepaid expenses and other assets	313	(178)	(234)
(Decrease) increase in liabilities:			
Accounts payable	(138)	(3,834)	(1,475)
Accrued wages and benefits	1,449	(1,352)	(1,434)
Deferred revenue	(6,638)	39,383	38,938
Accrued employee travel	-	(491)	(1,068)
Net cash (used) or provided by operating activities	(3,117)	43,949	42,744
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(93)	(2,436)	(980)
Proceeds from insurance on fixed assets	-	-	-
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	596	-
Net cash used by investing activities	(93)	(1,840)	(980)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(670)	(670)
Principal payments under capital lease obligations	(178)	(350)	-
Net cash used by financing activities	(289)	(1,020)	(670)
NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS	(3,499)	41,089	41,094
CASH AND CASH EQUIVALENTS—Beginning of period	85,528	40,940	37,913
CASH AND CASH EQUIVALENTS—End of period	\$ 82,029	\$ 82,029	\$ 79,007
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ 3	\$ 2,030	\$ -
Cash Payments for Interest	\$ 17	\$ 105	\$ 116

The balances in the statement above are preliminary and unaudited

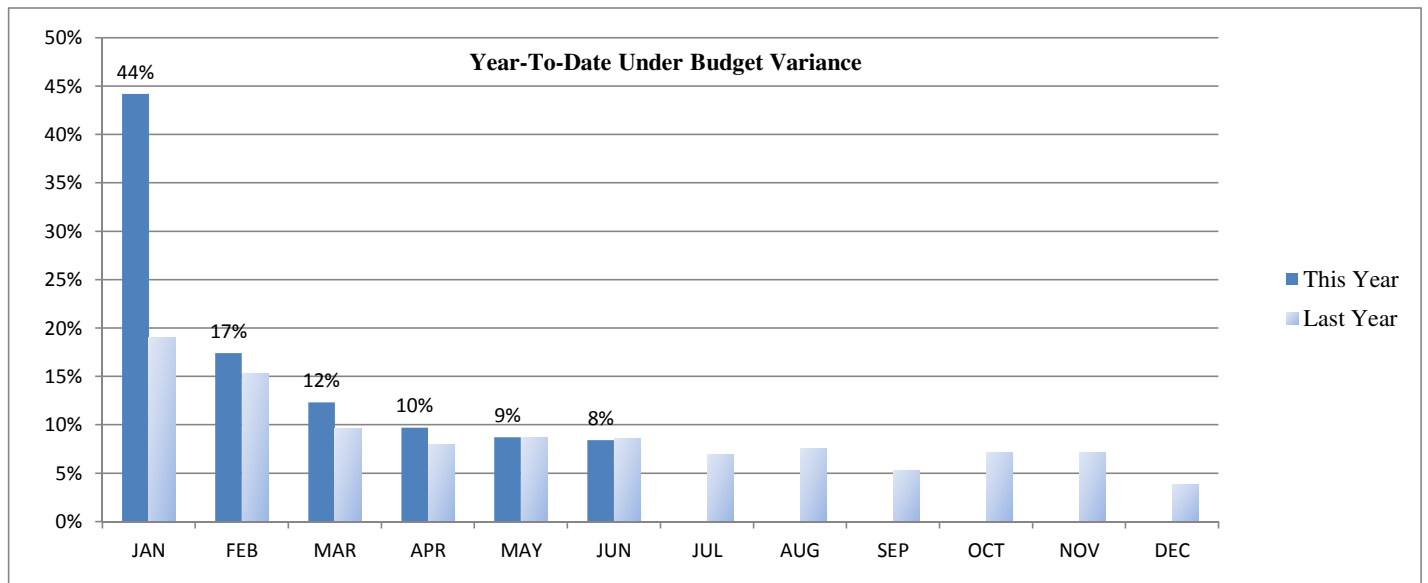
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

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

As of June 30, 2015 and June 30, 2014

(Dollars in thousands)

	Year-To-Date 2015				Year-To-Date 2014			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	99,787	97,490	(2,297)	-2.3%	96,139	91,858	(4,281)	-4.5%
Travel	14,644	12,206	(2,438)	-16.7%	14,323	11,423	(2,900)	-20.2%
Rent, Comm., & Utilities	2,886	1,597	(1,289)	-44.6%	2,807	2,221	(586)	-20.9%
Administrative	8,167	6,251	(1,917)	-23.5%	7,691	6,732	(959)	-12.5%
Contracted Services	13,094	9,343	(3,750)	-28.6%	12,068	9,358	(2,709)	-22.5%
TOTAL	138,579	126,888	(11,691)	-8.4%	133,027	121,592	(11,436)	-8.6%



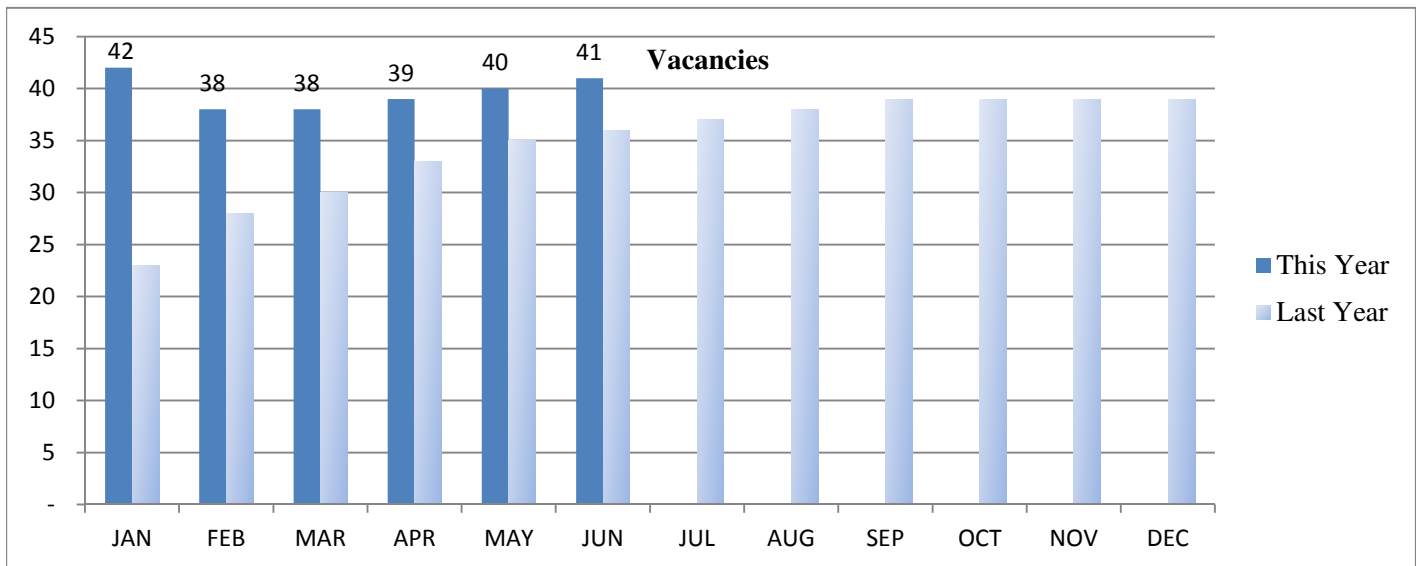
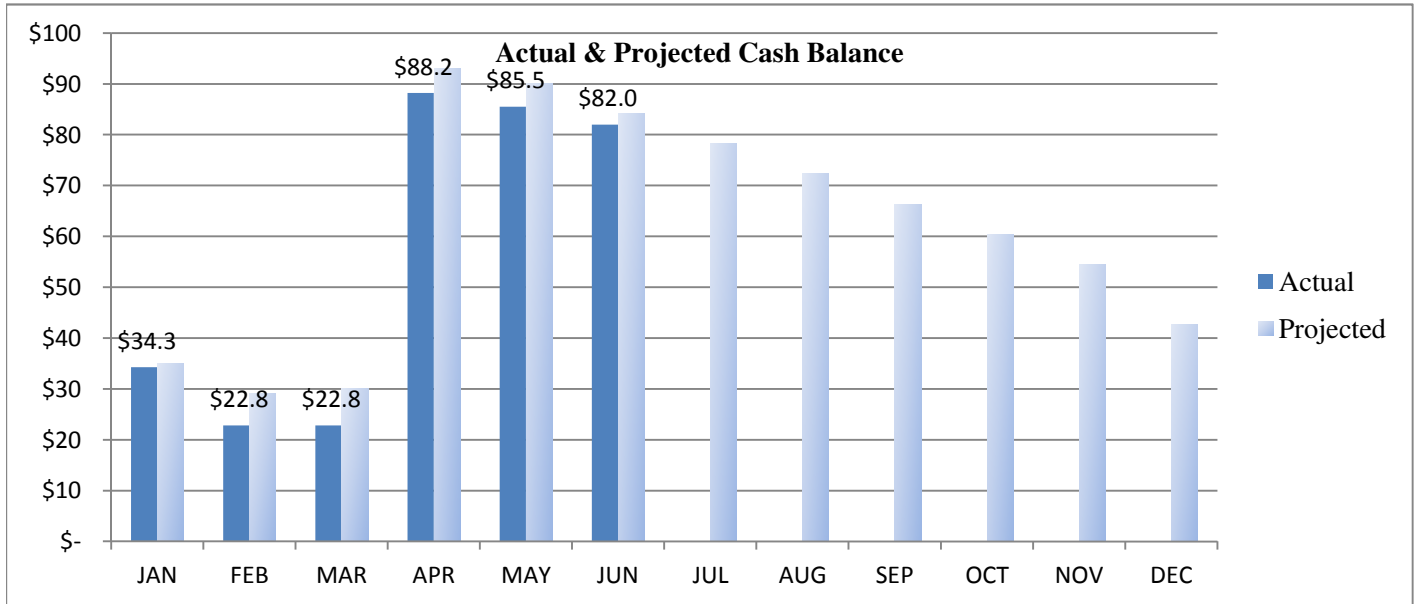
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of June 30, 2015 and June 30, 2014



	6/30/2015	6/30/2014
Fund Balance / Total assets	31.46%	30.43%
YTD interest income to average investments (annualized)	0.01%	0.03%
Annualized travel spend per employee	\$19,863	\$18,624
Net year to date cash inflow (outflow) in millions of dollars	\$41	\$41
Cash and overnight investments / Total assets	68.48%	69.45%
Overhead transfer rate	71.80%	69.20%

The balances in the supplement above are preliminary and unaudited