

National Credit Union Administration



Operating Fund

***Financial Highlights
July 31, 2008***

**Mary Ann Woodson
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
July 31, 2008

Balance Sheet

Overnight Investments decreased \$6.6 million primarily for payment of operating expenses.

Accounts Receivable: Operating fees of \$72.4 million have been collected year-to-date with \$28,000 remaining to be collected.

The Home Purchase Program increased \$845,000 due to the purchase of two employee homes.

Accounts Payable decreased \$993,000 primarily due to a payment of \$764,000 for a refund of an overpayment on the overhead transfer rate from the Share Insurance Fund.

Accrued Employee Compensation increased \$818,000 due to the accrual for 8 days at the end of July versus 6 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$6.2 million. This decrease is due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period.

Statement of Revenue and Expenses

Net income for the month was \$1,500 higher than planned primarily due to increased revenue as well as employee benefits, employee travel, rent/communications/utilities and contracted services being under budget.

Statement of Cash Flow

Cash decreased by \$7.1 million for the month, reflecting payments for operating expenses, notes payable, two homes under the home purchase program, and capital leases in excess of receipts for operating fee assessments, interest income and publication sales.

Budget (Year-to-Date)

Agency spending was under budget by \$5.5 million or 5.9 percent, compared to \$6.3 million or 7.1 percent in July 2007. Pay and benefits were under budget by 2.1 percent. The remaining variance of \$4.0 million was derived mainly from travel and contracted services.

Vacancies

The agency had 21 vacancies as of August 2 -- down 7 from June 21. Of the 21 vacancies, there were 11 vacancies in the central office, 5 vacancies in the regional offices and AMAC, and 5 vacancies in the field staff. The 21 vacancies represent 2.2 percent of total authorized staff of 964.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
July 31, 2008

	July 2007	June 2008	July 2008
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,480.77	\$ 500,341.29	\$ 5,354.39
Overnight Investments	55,891,000.00	60,702,000.00	54,072,000.00
Accounts Receivable	815,323.93	767,667.97	630,587.72
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	856,360.22	1,055,108.43	988,128.44
Home Purchase Program	871,439.60	277,446.38	1,122,345.49
Other	(119.76)	0.00	(2,756.92)
<i>Total Current Assets</i>	<u>58,439,484.76</u>	<u>63,302,564.07</u>	<u>56,815,659.12</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	26,546,998.00	26,161,350.00	26,082,305.00
Capital Lease	1,477,828.60	702,084.16	630,381.79
Equipment	1,802,924.00	1,524,472.00	1,415,006.00
Assets Under Construction	468,892.66	815,268.33	815,268.33
<i>Total Property, Plant, and Equipment</i>	<u>34,242,907.21</u>	<u>33,149,438.44</u>	<u>32,889,225.07</u>
TOTAL ASSETS	<u><u>\$ 92,682,391.97</u></u>	<u><u>\$ 96,452,002.51</u></u>	<u><u>\$ 89,704,884.19</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,081,830.97	\$ 2,286,172.88	\$ 1,293,611.14
Accrued Employee Compensation	16,161,441.20	12,808,200.40	13,625,799.73
Other Current Liabilities	26,744,818.59	35,773,935.80	29,592,475.13
<i>Total Current Liabilities</i>	<u>44,988,090.76</u>	<u>50,868,309.08</u>	<u>44,511,886.00</u>
Non-Current Liabilities			
Notes Payable	21,678,490.40	20,449,297.71	20,337,552.92
Other	1,604,963.11	925,137.80	693,982.01
<i>Total Non-Current Liabilities</i>	<u>23,283,453.51</u>	<u>21,374,435.51</u>	<u>21,031,534.93</u>
TOTAL LIABILITIES	<u>68,271,544.27</u>	<u>72,242,744.59</u>	<u>65,543,420.93</u>
FUND BALANCE:			
Unappropriated	23,410,847.70	23,209,257.92	23,161,463.26
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u>24,410,847.70</u>	<u>24,209,257.92</u>	<u>24,161,463.26</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 92,682,391.97</u></u>	<u><u>\$ 96,452,002.51</u></u>	<u><u>\$ 89,704,884.19</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
July 31, 2008

	July 2008 Monthly Actual	July 2008 Monthly Budget	July 2008 Year-To-Date Actual	July 2008 Year-To-Date Budget	July 2007 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 106,834.89	\$ 175,000.00	\$ 591,882.26	\$ 1,225,000.00	\$ 1,365,584.73
Program-related Income	6,182,550.00	6,088,000.00	42,878,941.69	42,616,000.00	37,249,032.28
Other Income	21,167.50	33,000.00	100,563.81	231,000.00	200,670.40
Total Revenue	<u>6,310,552.39</u>	<u>6,296,000.00</u>	<u>43,571,387.76</u>	<u>44,072,000.00</u>	<u>38,815,287.41</u>
EXPENSES:					
Employee Pay	3,728,127.61	3,667,955.31	25,470,802.63	25,675,688.06	23,811,167.60
Employee Benefits	1,005,727.81	1,043,305.58	6,800,054.18	7,303,143.04	6,366,483.68
Employee Travel	622,385.00	662,608.53	4,059,358.96	4,638,260.33	3,341,973.14
Rent/Communications/Utilities	119,496.01	163,539.41	931,946.69	997,593.70	896,523.29
Administrative Costs	553,455.36	444,664.92	2,820,555.73	3,112,654.74	2,362,709.79
Contracted Services	329,155.26	363,183.28	1,711,511.53	2,542,282.87	1,669,807.83
Total Expenses	<u>6,358,347.05</u>	<u>6,345,257.04</u>	<u>41,794,229.72</u>	<u>44,269,622.75</u>	<u>38,448,665.33</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (47,794.66)</u>	<u>\$ (49,257.04)</u>	<u>\$ 1,777,158.04</u>	<u>\$ (197,622.75)</u>	<u>\$ 366,622.08</u>

* Reflects approved mid-session budget with category re-allocations and no change in total from the original approved budget.

National Credit Union Administration Operating Fund
Statement of Cash Flow
July 31, 2008

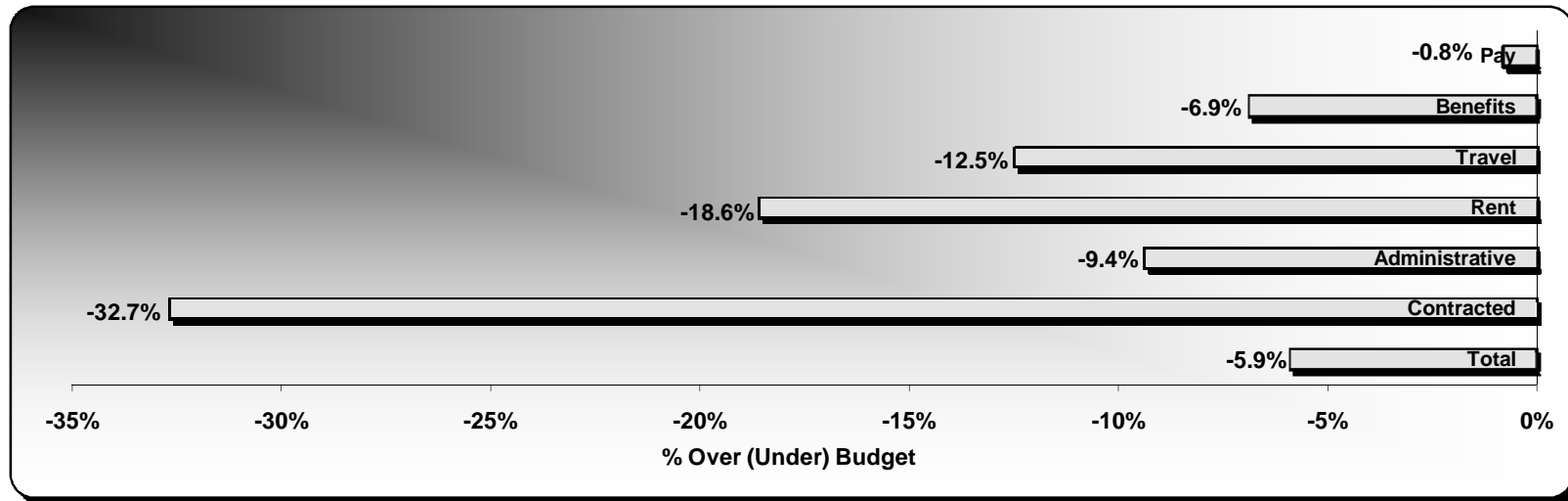
	Month July 2007	Month July 2008	Y-T-D July 2007	Y-T-D July 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 341,204.08	\$ 25,324.71	\$ 65,284,407.54	\$ 72,396,341.05
Interest received from cash and cash equivalents	263,474.31	106,834.89	1,373,378.20	591,882.26
Other income received	25,437.60	21,167.50	200,670.40	100,563.81
(Cash paid for operating expenses)	(4,926,450.83)	(5,995,815.91)	(33,946,724.71)	(40,531,145.75)
Net cash (used) in operating activities	<u>(4,296,334.84)</u>	<u>(5,842,488.81)</u>	<u>32,911,731.43</u>	<u>32,557,641.37</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(27,144.00)	0.00	(775,576.53)	(623,152.59)
Proceeds (purchases) home purchase program	219,069.65	(844,899.11)	136,925.58	(260,791.39)
Net cash (used) in investing activities	<u>191,925.65</u>	<u>(844,899.11)</u>	<u>(638,650.95)</u>	<u>(883,943.98)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(782,213.53)	(782,213.53)
(Capital lease payments)	(328,016.42)	(325,854.19)	(988,597.31)	(989,618.02)
Net cash (used) in financing activities	<u>(439,761.21)</u>	<u>(437,598.98)</u>	<u>(1,770,810.84)</u>	<u>(1,771,831.55)</u>
NET INCREASE (DECREASE) IN CASH	(4,544,170.40)	(7,124,986.90)	30,502,269.64	29,901,865.84
Cash and cash equivalents at beginning of period	60,440,651.17	61,202,341.29	25,394,211.13	24,175,488.55
Cash and cash equivalents at end of period	<u>\$ 55,896,480.77</u>	<u>\$ 54,077,354.39</u>	<u>\$ 55,896,480.77</u>	<u>\$ 54,077,354.39</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	\$ (205,886.17)	\$ (47,794.66)	\$ 366,622.08	\$ 1,777,158.04
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	268,283.66	260,213.37	1,887,942.83	1,946,610.03
Unrealized (gain) loss	0.00	0.00	0.00	0.00
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	12,253.92	0.00	32,587.98	139,279.97
Interest expense on leases	3,572.08	1,209.44	15,711.89	13,863.83
Miscellaneous allowances	0.00	0.00	0.00	0.00
Change in current assets and liabilities				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	90,058.97	90,058.97	270,176.91	270,176.91
Accounts receivable	(106,807.75)	137,080.25	365,659.99	(49,507.42)
Interest receivable	7,537.59	0.00	7,793.47	0.00
Prepaid expenses	8,714.95	66,979.99	(313,275.23)	(190,065.20)
Other assets	19.76	2,756.92	119.76	2,756.92
Increase (decrease) in liabilities:				
Accounts payable	104,647.88	(992,561.74)	(773,730.52)	(1,637,992.82)
Accrued employee compensation	846,131.14	817,599.33	4,396,267.29	728,026.50
Other non current liabilities	8,985.92	3,429.99	(41,285.80)	441.86
Other current liabilities	(5,333,846.79)	(6,181,460.67)	26,697,140.78	29,556,892.75
Total adjustments	<u>(4,090,448.67)</u>	<u>(5,794,694.15)</u>	<u>32,545,109.35</u>	<u>30,780,483.33</u>
Net cash (used) in operating activities	<u>\$ (4,296,334.84)</u>	<u>\$ (5,842,488.81)</u>	<u>\$ 32,911,731.43</u>	<u>\$ 32,557,641.37</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
July 31, 2008**

	2008				2007			
	BUDGET *	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	53,491,017	53,064,172	(426,845)	-0.8%	52,095,216	50,987,511	(1,107,705)	-2.1%
Benefits	15,214,881	14,166,780	(1,048,102)	-6.9%	14,163,651	13,632,727	(530,924)	-3.7%
Travel	9,663,042	8,456,998	(1,206,045)	-12.5%	7,970,643	7,156,259	(814,383)	-10.2%
Rent, Communications, & Utilities	2,384,950	1,941,556	(443,395)	-18.6%	2,318,025	1,919,750	(398,275)	-17.2%
Administrative	6,484,697	5,876,158	(608,540)	-9.4%	6,993,647	5,059,336	(1,934,311)	-27.7%
Contracted Services	5,296,423	3,565,649	(1,730,774)	-32.7%	5,103,547	3,575,606	(1,527,942)	-29.9%
TOTAL	92,535,011	87,071,312	(5,463,699)	-5.9%	88,644,728	82,331,189	(6,313,539)	-7.1%

* Reflects approved mid-session budget with category re-allocations and no change in total from the original approved budget

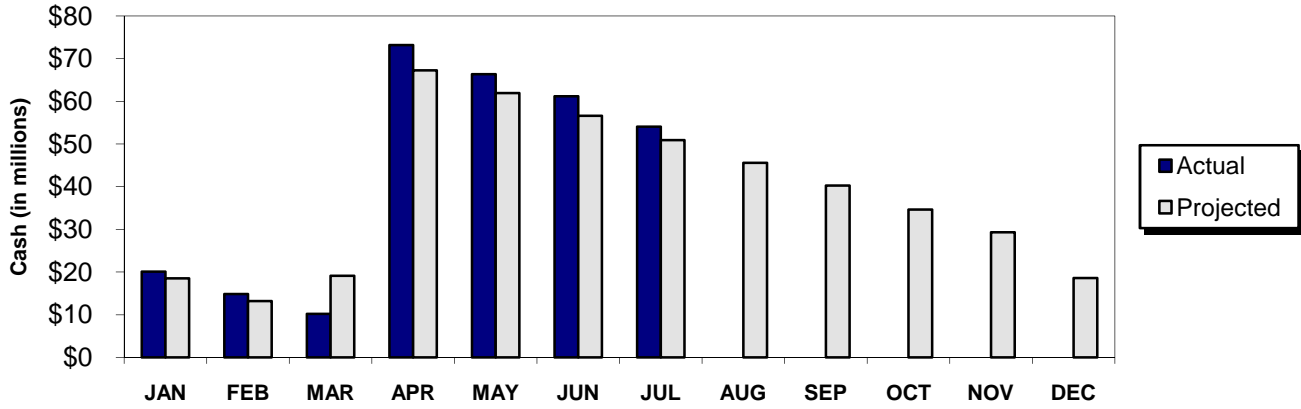
**Percent Over (Under) Budget
July 31, 2008**



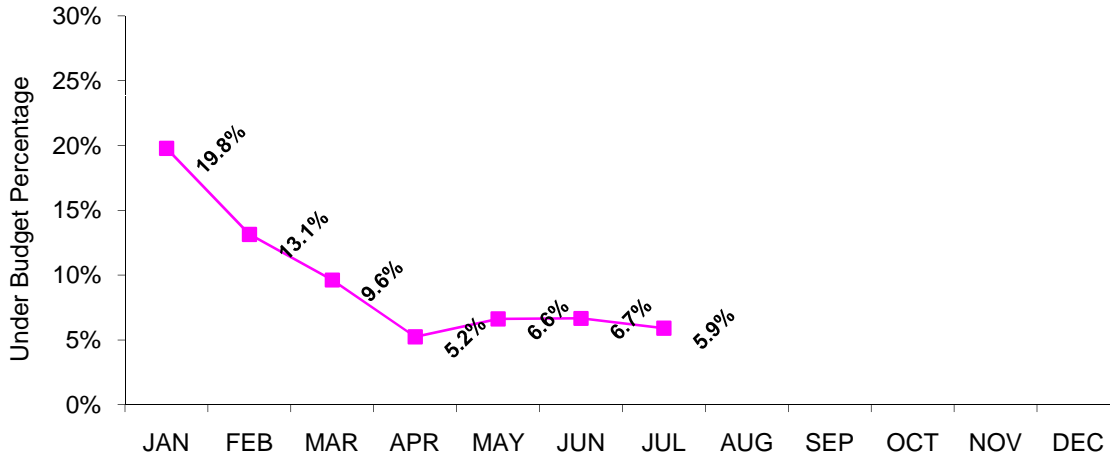
National Credit Union Administration Operating Fund

Graphs
July 31, 2008

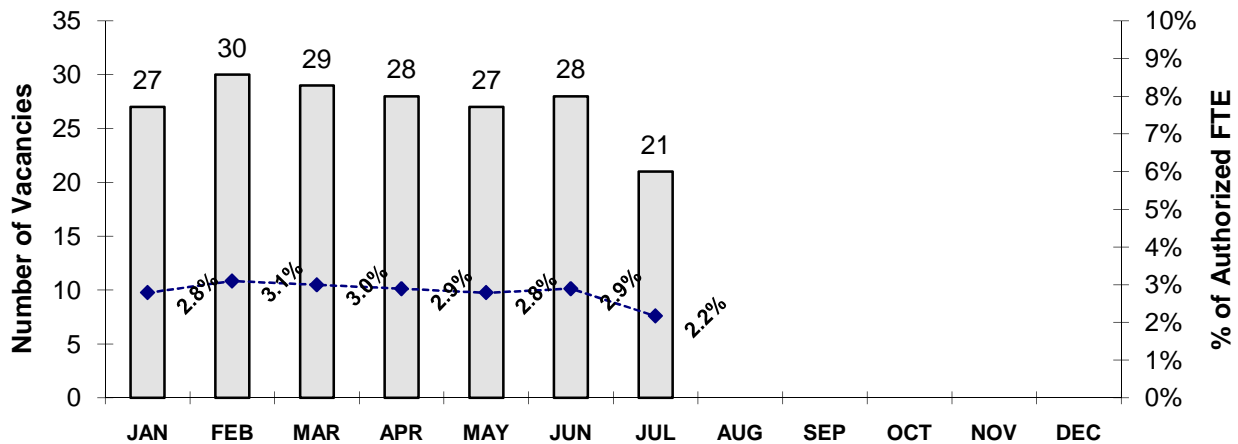
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
July 31, 2008

BALANCE SHEET	July 2007	July 2008
<u>Liquid assets / Total assets</u>	60.31%	60.28%
<u>Current assets / Total assets</u>	63.05%	63.34%
<u>Fixed assets / Total assets</u>	36.95%	36.66%
<u>Current liabilities / Total assets</u>	48.54%	49.62%
<u>Non current liabilities / Total assets</u>	25.12%	23.45%
<u>Retained earnings / Total assets</u>	26.34%	26.93%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	95.96%	98.41%
<u>YTD Interest & other income / Total revenue</u>	4.04%	1.59%
<u>YTD Expenses / Total revenue</u>	99.06%	95.92%
<u>YTD Net income / Total revenue</u>	0.94%	4.08%
<u>Monthly interest income to average investments (annualized)</u>	5.44%	2.02%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$13,909	\$16,772
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$30.5	\$29.9
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	120.1%	123.7%
<u>Cash and cash equivalents / Total assets</u>	60.3%	60.3%