

National Credit Union Administration



Operating Fund

***Financial Highlights
July 31, 2007***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
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Balance Sheet

Overnight Investments decreased \$4.5 million primarily for payment of operating expenses.

Accounts Receivable: Operating fees of \$65.3 million have been collected year-to-date with \$28,000 remaining to be collected.

Accrued Employee Compensation increased \$846,000 due to the accrual for 17 days at the end of July versus 15 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.3 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 \$356,000 higher than planned primarily due to increased revenue as well as employee pay, employee benefits, rent/communication/utilities and contracted services being under budget.

Statement of Cash Flow

Cash decreased by \$4.5 million for the month, reflecting payments for operating expenses, notes payable, and capital leases in excess of receipts for operating fee assessments, interest income and sale of a home under the home purchase program.

Budget (Year-to-Date)

Agency spending was under budget by \$6.3 million or 7.1 percent, compared to \$6.5 million or 7.4 percent in July 2006. Pay and benefits were under budget by 2.5 percent. The remaining variance of \$3.9 million was derived mainly from travel, administrative, and contracted services.

Vacancies

The agency had 22 vacancies as of July 21 -- down 8 from June 23. Of the 22 vacancies, there were 14 vacancies in the central office, 5 vacancies in the regional offices and AMAC, and 3 vacancies in the field staff. The 22 vacancies represent 2.3 percent of total authorized staff of 957.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
July 31, 2007

	July 2006	June 2007	July 2007
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,791.93	\$ 5,651.17	\$ 5,480.77
Overnight Investments	54,558,000.00	60,435,000.00	55,891,000.00
Accounts Receivable	1,234,807.30	708,516.18	815,323.93
Interest Receivable	0.00	7,537.59	0.00
Prepaid Expenses	697,938.32	865,075.17	856,360.22
Home Purchase Program	729,642.29	1,102,763.17	871,439.60
Other	191,406.34	(100.00)	(119.76)
<i>Total Current Assets</i>	<u>57,417,586.18</u>	<u>63,124,443.28</u>	<u>58,439,484.76</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,176,066.00	26,622,014.00	26,546,998.00
Capital Lease	2,410,450.87	1,552,373.26	1,477,828.60
Equipment	2,911,575.09	1,894,503.00	1,802,924.00
Assets Under Construction	0.00	468,892.66	468,892.66
<i>Total Property, Plant, and Equipment</i>	<u>36,444,355.91</u>	<u>34,484,046.87</u>	<u>34,242,907.21</u>
TOTAL ASSETS	<u><u>\$ 93,861,942.09</u></u>	<u><u>\$ 97,608,490.15</u></u>	<u><u>\$ 92,682,391.97</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,238,160.24	\$ 1,977,183.09	\$ 2,081,830.97
Accrued Employee Compensation	16,943,497.20	15,315,310.06	16,161,441.20
Other Current Liabilities	26,773,673.96	32,078,665.38	26,744,818.59
<i>Total Current Liabilities</i>	<u>45,955,331.40</u>	<u>49,371,158.53</u>	<u>44,988,090.76</u>
Non-Current Liabilities			
Notes Payable	23,019,427.88	21,790,235.19	21,678,490.40
Other	2,538,629.41	1,830,362.56	1,604,963.11
<i>Total Non-Current Liabilities</i>	<u>25,558,057.29</u>	<u>23,620,597.75</u>	<u>23,283,453.51</u>
TOTAL LIABILITIES	<u><u>71,513,388.69</u></u>	<u><u>72,991,756.28</u></u>	<u><u>68,271,544.27</u></u>
FUND BALANCE:			
Unappropriated	22,348,553.40	23,616,733.87	23,410,847.70
Appropriated	0.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>22,348,553.40</u></u>	<u><u>24,616,733.87</u></u>	<u><u>24,410,847.70</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 93,861,942.09</u></u>	<u><u>\$ 97,608,490.15</u></u>	<u><u>\$ 92,682,391.97</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
July 31, 2007

	July 2007 Monthly Actual	July 2007 Monthly Budget	July 2007 Year-To-Date Actual	July 2007 Year-To-Date Budget	July 2006 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 263,474.31	\$ 166,667.00	\$ 1,365,584.73	\$ 1,166,669.00	\$ 1,215,038.74
Program-related Income	5,324,958.00	5,299,167.00	37,249,032.28	37,094,169.00	37,014,966.17
Other Income	25,437.60	16,667.00	200,670.40	116,669.00	91,581.73
Total Revenue	<u>5,613,869.91</u>	<u>5,482,501.00</u>	<u>38,815,287.41</u>	<u>38,377,507.00</u>	<u>38,321,586.64</u>
EXPENSES:					
Employee Pay	3,402,106.53	3,594,547.32	23,811,167.60	24,312,257.38	21,310,305.01
Employee Benefits	886,315.69	956,833.91	6,366,483.68	6,607,242.63	5,893,005.55
Employee Travel	635,167.72	531,755.71	3,341,973.14	3,722,289.83	2,738,622.53
Rent/Communications/Utilities	83,930.98	154,645.38	896,523.29	1,082,517.31	898,344.76
Administrative Costs	486,288.79	466,576.10	2,362,709.79	3,266,032.53	2,605,273.95
Contracted Services	325,946.37	340,479.51	1,669,807.83	2,383,356.44	1,447,577.62
Total Expenses	<u>5,819,756.08</u>	<u>6,044,837.94</u>	<u>38,448,665.33</u>	<u>41,373,696.13</u>	<u>34,893,129.42</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (205,886.17)</u>	<u>\$ (562,336.94)</u>	<u>\$ 366,622.08</u>	<u>\$ (2,996,189.13)</u>	<u>\$ 3,428,457.22</u>

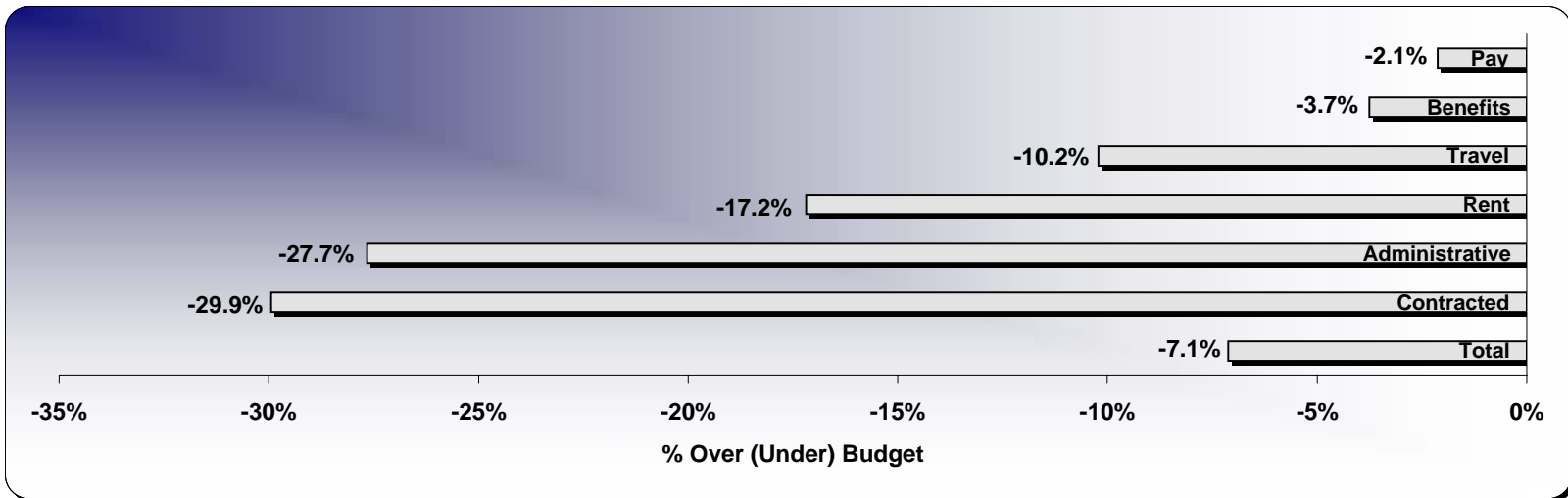
National Credit Union Administration Operating Fund
Statement of Cash Flow
July 31, 2007

	Month July 2006	Month July 2007	Y-T-D July 2006	Y-T-D July 2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 14,100.13	\$ 341,204.08	\$ 63,768,431.35	\$ 65,284,407.54
Interest received from cash and cash equivalents	261,129.43	263,474.31	1,215,038.74	1,373,378.20
Other income received	22,670.70	25,437.60	91,581.73	200,670.40
(Cash paid for operating expenses)	(4,242,111.48)	(4,926,450.83)	(34,680,568.75)	(33,946,724.71)
Net cash (used) in operating activities	<u>(3,944,211.22)</u>	<u>(4,296,334.84)</u>	<u>30,394,483.07</u>	<u>32,911,731.43</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(138,099.30)	(27,144.00)	(680,195.36)	(775,576.53)
Proceeds (purchases) home purchase program	213,434.09	219,069.65	(454,151.85)	136,925.58
Net cash (used) in investing activities	<u>75,334.79</u>	<u>191,925.65</u>	<u>(1,134,347.21)</u>	<u>(638,650.95)</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)	(326,051.47)	(328,016.42)	(1,029,474.29)	(988,597.31)
Net cash (used) in financing activities	<u>(437,796.26)</u>	<u>(439,761.21)</u>	<u>(1,811,687.82)</u>	<u>(1,770,810.84)</u>
NET INCREASE (DECREASE) IN CASH	(4,306,672.69)	(4,544,170.40)	27,448,448.04	30,502,269.64
Cash and cash equivalents at beginning of period	58,870,464.62	60,440,651.17	27,115,343.89	25,394,211.13
Cash and cash equivalents at end of period	<u>\$ 54,563,791.93</u>	<u>\$ 55,896,480.77</u>	<u>\$ 54,563,791.93</u>	<u>\$ 55,896,480.77</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ 409,518.34</u>	<u>\$ (205,886.17)</u>	<u>\$ 3,428,457.22</u>	<u>\$ 366,622.08</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	299,822.38	268,283.66	2,216,248.62	1,887,942.83
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	351.17	12,253.92	351.17	32,587.98
Interest expense on leases	(4,646.73)	3,572.08	6,201.55	15,711.89
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	285,991.47	270,176.91
Accounts receivable	(253,979.97)	(106,807.75)	(68,221.48)	365,659.99
Interest receivable	0.00	7,537.59	2,605.57	7,793.47
Prepaid expenses	55,360.05	8,714.95	(294,074.79)	(313,275.23)
Other assets	(191,406.34)	19.76	(191,406.34)	119.76
Increase (decrease) in liabilities:				
Accounts payable	265,046.30	104,647.88	(2,153,967.64)	(773,730.52)
Accrued employee compensation	543,423.22	846,131.14	431,691.50	4,396,267.29
Other non current liabilities	9,140.45	8,985.92	12,364.85	(41,285.80)
Other current liabilities	(5,166,899.06)	(5,333,846.79)	26,718,241.37	26,697,140.78
Total adjustments	<u>(4,353,729.56)</u>	<u>(4,090,448.67)</u>	<u>26,966,025.85</u>	<u>32,545,109.35</u>
Net cash (used) in operating activities	<u>\$ (3,944,211.22)</u>	<u>\$ (4,296,334.84)</u>	<u>\$ 30,394,483.07</u>	<u>\$ 32,911,731.43</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
July 31, 2007**

	2007				2006			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	52,095,216	50,987,511	(1,107,705)	-2.1%	51,371,721	49,558,849	(1,812,872)	-3.5%
Benefits	14,163,651	13,632,727	(530,924)	-3.7%	13,916,215	13,704,664	(211,551)	-1.5%
Travel	7,970,643	7,156,259	(814,383)	-10.2%	8,029,210	6,368,890	(1,660,320)	-20.7%
Rent, Communications, & Utilities	2,318,025	1,919,750	(398,275)	-17.2%	2,333,219	2,089,174	(244,045)	-10.5%
Administrative	6,993,647	5,059,336	(1,934,311)	-27.7%	6,842,651	6,058,777	(783,874)	-11.5%
Contracted Services	5,103,547	3,575,606	(1,527,942)	-29.9%	5,180,985	3,366,460	(1,814,526)	-35.0%
TOTAL	88,644,728	82,331,189	(6,313,539)	-7.1%	87,674,000	81,146,813	(6,527,187)	-7.4%

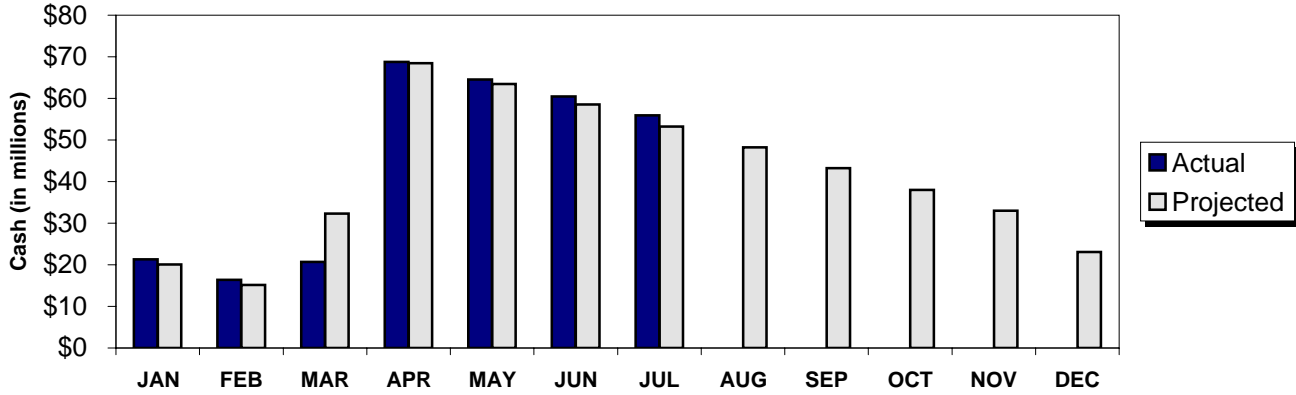
**Percent Over (Under) Budget
July 31, 2007**



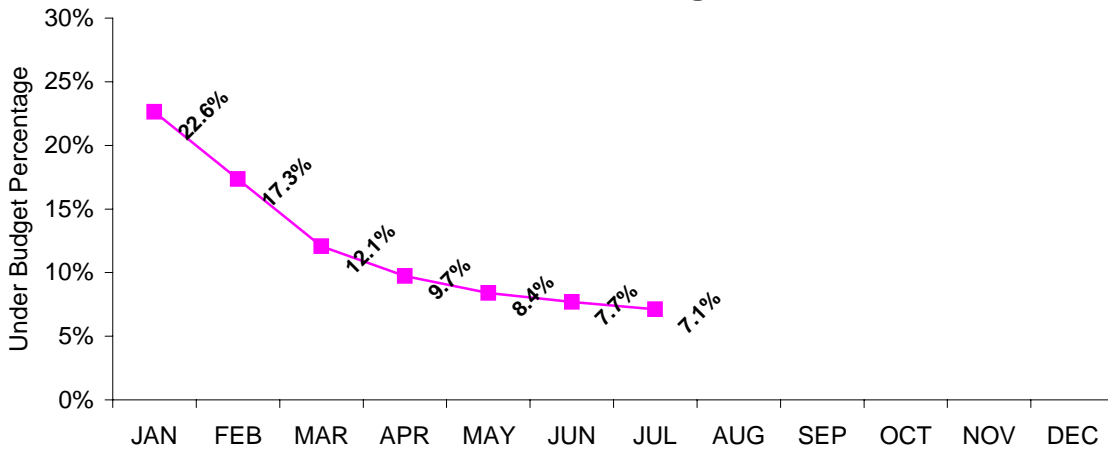
National Credit Union Administration Operating Fund

Graphs
July 31, 2007

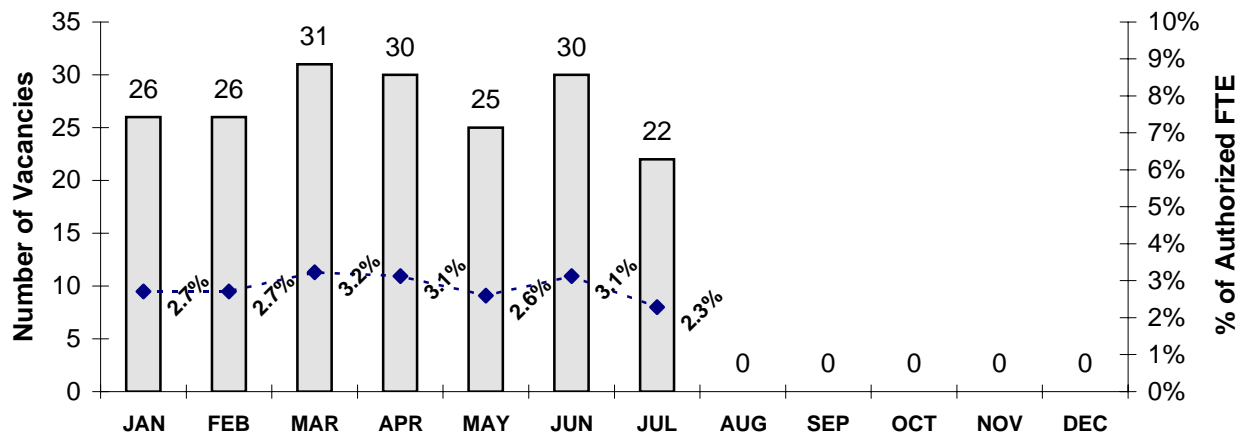
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
July 31, 2007

BALANCE SHEET	July 2006	July 2007
<u>Liquid assets / Total assets</u>	58.13%	60.31%
<u>Current assets / Total assets</u>	61.17%	63.05%
<u>Fixed assets / Total assets</u>	38.83%	36.95%
<u>Current liabilities / Total assets</u>	48.96%	48.54%
<u>Non current liabilities / Total assets</u>	27.23%	25.12%
<u>Retained earnings / Total assets</u>	23.81%	26.34%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	96.59%	95.96%
<u>YTD Interest & other income / Total revenue</u>	3.41%	4.04%
<u>YTD Expenses / Total revenue</u>	91.05%	99.06%
<u>YTD Net income / Total revenue</u>	8.95%	0.94%
<u>Monthly interest income to average investments (annualized)</u>	5.53%	5.14%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$11,398	\$13,909
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$27.4	\$30.5
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	101.2%	120.1%
<u>Cash and cash equivalents / Total assets</u>	58.1%	60.3%