

National Credit Union Administration



Operating Fund

***Financial Highlights
August 31, 2008***

**Mary Ann Woodson
Chief Financial Officer**

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

Balance Sheet

Cash has a \$100,000 balance in order to accommodate federal interagency disbursements that occur throughout the month, resulting in more timely and efficient payments. The balance will remain at this level each month.

Overnight Investments decreased \$4.6 million primarily for payment of operating expenses.

Accounts Receivable decreased by \$419,000 primarily due to a reduction in employee advances for relocation; operating fees of \$72.4 million have been collected year-to-date with \$10,000 remaining to be collected.

The Home Purchase Program balance of \$1.1 million consists of three employee residences awaiting sale.

Accrued Employee Compensation increased \$407,000 due to the accrual for 10 days at the end of August versus 8 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.9 million. This decrease is primarily due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period.

Statement of Revenue and Expense

Net income for the month was \$36,000 higher than planned due to an overall decline in expenses.

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 from interest income, operating fees and other income.

Budget (Year-to-Date)

Agency spending was under budget by \$6.4 million or 6.1 percent, compared to \$7.5 million and 7.3 percent in August 2007. Pay, benefits, and travel were under budget by 3.1%. The remaining variance of \$3.6 million was derived mainly from administrative and contracted services.

Vacancies

The agency had 26 vacancies as of August 30 -- up 5 from August 2. Of the 26 vacancies, there were 13 vacancies in the central office, 7 vacancies in the regional offices and AMAC, and 6 vacancies in the field staff. The 26 vacancies represent 2.7 percent of total authorized staff of 964.92.

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

	August 2007	July 2008	August 2008
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,952.01	\$ 5,354.39	\$ 100,583.66
Overnight Investments	47,749,000.00	54,072,000.00	49,517,000.00
Accounts Receivable	667,957.00	630,587.72	211,642.03
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	821,220.89	988,128.44	881,977.17
Home Purchase Program	871,439.60	1,122,345.49	1,122,345.49
Other	0.01	(2,756.92)	106.89
<i>Total Current Assets</i>	<u>50,115,569.51</u>	<u>56,815,659.12</u>	<u>51,833,655.24</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	26,471,977.00	26,082,305.00	26,003,255.00
Capital Lease	1,406,012.31	630,381.79	557,641.91
Equipment	2,053,530.00	1,415,006.00	1,311,717.00
Assets Under Construction	468,892.66	815,268.33	815,268.33
<i>Total Property, Plant, and Equipment</i>	<u>34,346,675.92</u>	<u>32,889,225.07</u>	<u>32,634,146.19</u>
TOTAL ASSETS	<u><u>\$ 84,462,245.43</u></u>	<u><u>\$ 89,704,884.19</u></u>	<u><u>\$ 84,467,801.43</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,232,144.98	\$ 1,293,611.14	\$ 1,724,769.93
Accrued Employee Compensation	13,280,537.43	13,625,799.73	14,032,848.16
Other Current Liabilities	21,419,232.17	29,592,475.13	23,645,663.27
<i>Total Current Liabilities</i>	<u>36,931,914.58</u>	<u>44,511,886.00</u>	<u>39,403,281.36</u>
Non-Current Liabilities			
Notes Payable	21,566,745.61	20,337,552.92	20,225,808.13
Other	1,600,647.11	693,982.01	690,762.01
<i>Total Non-Current Liabilities</i>	<u>23,167,392.72</u>	<u>21,031,534.93</u>	<u>20,916,570.14</u>
TOTAL LIABILITIES	<u>60,099,307.30</u>	<u>65,543,420.93</u>	<u>60,319,851.50</u>
FUND BALANCE:			
Unappropriated	23,362,938.13	23,161,463.26	23,147,949.93
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u>24,362,938.13</u>	<u>24,161,463.26</u>	<u>24,147,949.93</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 84,462,245.43</u></u>	<u><u>\$ 89,704,884.19</u></u>	<u><u>\$ 84,467,801.43</u></u>

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

	August 2008 Monthly Actual	August 2008 Monthly Budget	August 2008 Year-To-Date Actual	August 2008 Year-To-Date Budget	August 2007 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 93,021.18	\$ 175,000.00	\$ 684,903.44	\$ 1,400,000.00	\$ 1,588,199.94
Program-related Income	5,909,911.17	6,088,000.00	48,788,852.86	48,704,000.00	42,585,970.40
Other Income	40,734.40	33,000.00	141,298.21	264,000.00	210,727.90
Total Revenue	<u>6,043,666.75</u>	<u>6,296,000.00</u>	<u>49,615,054.51</u>	<u>50,368,000.00</u>	<u>44,384,898.24</u>
EXPENSES:					
Employee Pay	3,708,694.69	3,665,760.28	29,179,497.32	29,341,448.35	27,371,365.02
Employee Benefits	1,003,273.23	1,043,306.04	7,803,327.41	8,346,449.08	7,305,648.16
Employee Travel	605,330.75	662,711.73	4,664,689.71	5,300,972.06	3,841,122.79
Rent/Communications/Utilities	167,538.52	163,539.51	1,099,485.21	1,161,133.21	1,013,857.61
Administrative Costs	162,325.72	444,665.06	2,982,881.45	3,557,319.80	2,657,720.58
Contracted Services	410,017.17	365,378.38	2,121,528.70	2,907,661.25	1,876,471.57
Total Expenses	<u>6,057,180.08</u>	<u>6,345,361.00</u>	<u>47,851,409.80</u>	<u>50,614,983.75</u>	<u>44,066,185.73</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (13,513.33)</u>	<u>\$ (49,361.00)</u>	<u>\$ 1,763,644.71</u>	<u>\$ (246,983.75)</u>	<u>\$ 318,712.51</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
August 31, 2008

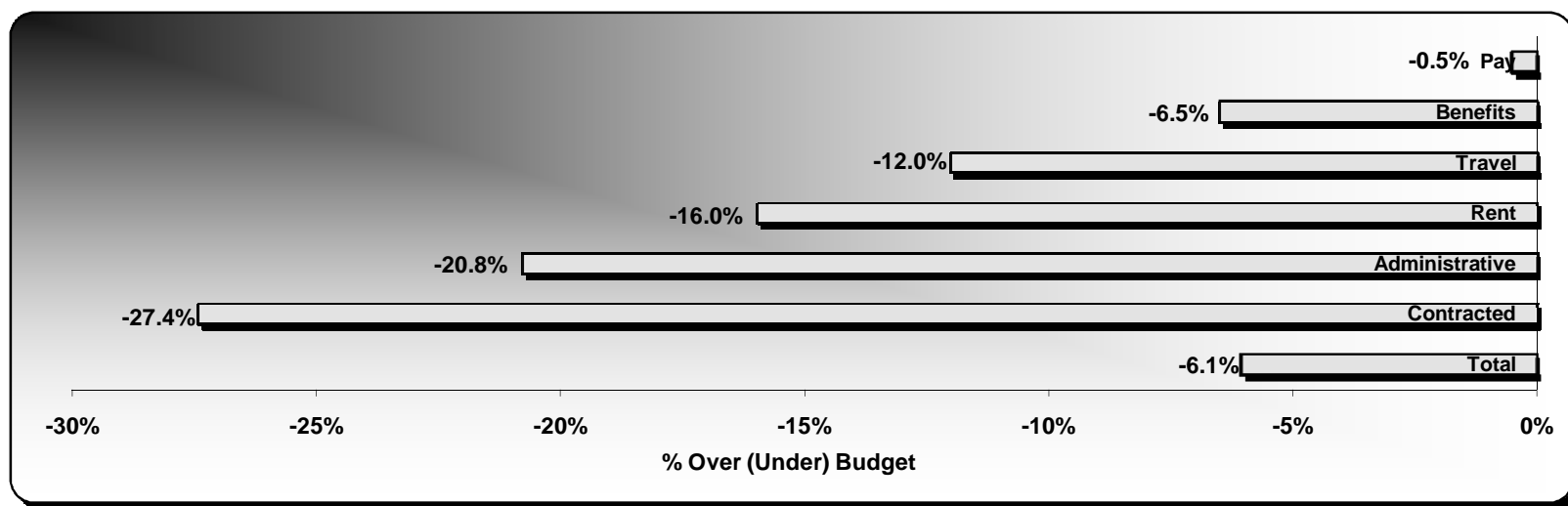
	Month August 2007	Month August 2008	Y-T-D August 2007	Y-T-D August 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 25,197.38	\$ 17,828.71	\$ 65,309,604.92	\$ 72,414,169.76
Interest received from cash and cash equivalents	222,615.21	93,021.18	1,595,993.41	684,903.44
Other income received	10,057.50	40,734.40	210,727.90	141,298.21
(Cash paid for operating expenses)	(7,895,144.94)	(4,497,197.22)	(41,841,869.65)	(45,028,342.97)
Net cash (used) in operating activities	<u>(7,637,274.85)</u>	<u>(4,345,612.93)</u>	<u>25,274,456.58</u>	<u>28,212,028.44</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(388,235.72)	0.00	(1,163,812.25)	(623,152.59)
Proceeds (purchases) home purchase program	0.00	0.00	136,925.58	(260,791.39)
Net cash (used) in investing activities	<u>(388,235.72)</u>	<u>0.00</u>	<u>(1,026,886.67)</u>	<u>(883,943.98)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(893,958.32)	(893,958.32)
(Capital lease payments)	(4,273.40)	(2,413.01)	(992,870.71)	(992,031.03)
Net cash (used) in financing activities	<u>(116,018.19)</u>	<u>(114,157.80)</u>	<u>(1,886,829.03)</u>	<u>(1,885,989.35)</u>
NET INCREASE (DECREASE) IN CASH	(8,141,528.76)	(4,459,770.73)	22,360,740.88	25,442,095.11
Cash and cash equivalents at beginning of period	55,896,480.77	54,077,354.39	25,394,211.13	24,175,488.55
Cash and cash equivalents at end of period	<u>\$ 47,754,952.01</u>	<u>\$ 49,617,583.66</u>	<u>\$ 47,754,952.01</u>	<u>\$ 49,617,583.66</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	\$ (47,909.57)	\$ (13,513.33)	\$ 318,712.51	\$ 1,763,644.71
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	284,467.01	255,078.88	2,172,409.84	2,201,688.91
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	0.00	0.00	32,587.98	139,279.97
Interest expense on leases	3,581.44	1,212.60	19,293.33	15,076.43
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	0.00	0.00	270,176.91	270,176.91
Accounts receivable	147,366.93	418,945.69	513,026.92	369,438.27
Interest receivable	0.00	0.00	7,793.47	0.00
Prepaid expenses	35,139.33	106,151.27	(278,135.90)	(83,913.93)
Other assets	(119.77)	(2,863.81)	(0.01)	(106.89)
Increase (decrease) in liabilities:				
Accounts payable	150,314.01	431,158.79	(623,416.51)	(1,206,834.03)
Accrued employee compensation	(2,880,903.77)	407,048.43	1,515,363.52	1,135,074.93
Other non current liabilities	(3,624.04)	(2,019.59)	(44,909.84)	(1,577.73)
Other current liabilities	(5,325,586.42)	(5,946,811.86)	21,371,554.36	23,610,080.89
Total adjustments	<u>(7,589,365.28)</u>	<u>(4,332,099.60)</u>	<u>24,955,744.07</u>	<u>26,448,383.73</u>
Net cash (used) in operating activities	<u>\$ (7,637,274.85)</u>	<u>\$ (4,345,612.93)</u>	<u>\$ 25,274,456.58</u>	<u>\$ 28,212,028.44</u>

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

	2008				2007			
	BUDGET *	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	61,096,005	60,790,619	(305,385)	-0.5%	59,952,131	58,611,060	(1,341,071)	-2.2%
Benefits	17,388,436	16,256,932	(1,131,503)	-6.5%	16,301,852	15,643,786	(658,066)	-4.0%
Travel	11,045,195	9,718,104	(1,327,091)	-12.0%	9,109,306	8,225,102	(884,204)	-9.7%
Rent, Communications, & Utilities	2,725,658	2,290,594	(435,063)	-16.0%	2,649,171	2,171,001	(478,170)	-18.0%
Administrative	7,411,083	5,871,074	(1,540,009)	-20.8%	7,992,739	5,691,050	(2,301,688)	-28.8%
Contracted Services	6,089,640	4,419,851	(1,669,789)	-27.4%	5,832,625	4,018,140	(1,814,485)	-31.1%
TOTAL	105,756,016	99,347,175	(6,408,842)	-6.1%	101,837,824	94,360,141	(7,477,684)	-7.3%

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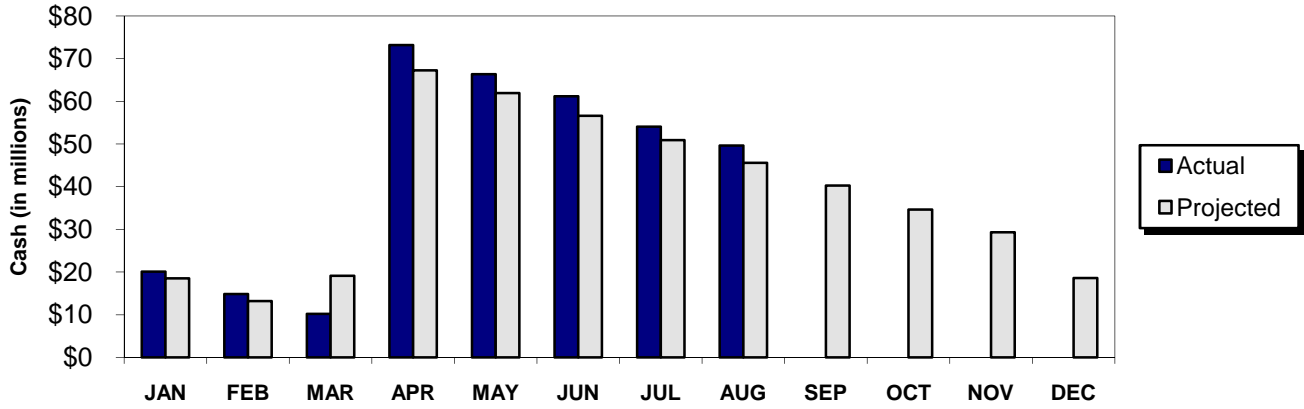
**Percent Over (Under) Budget
August 31, 2008**



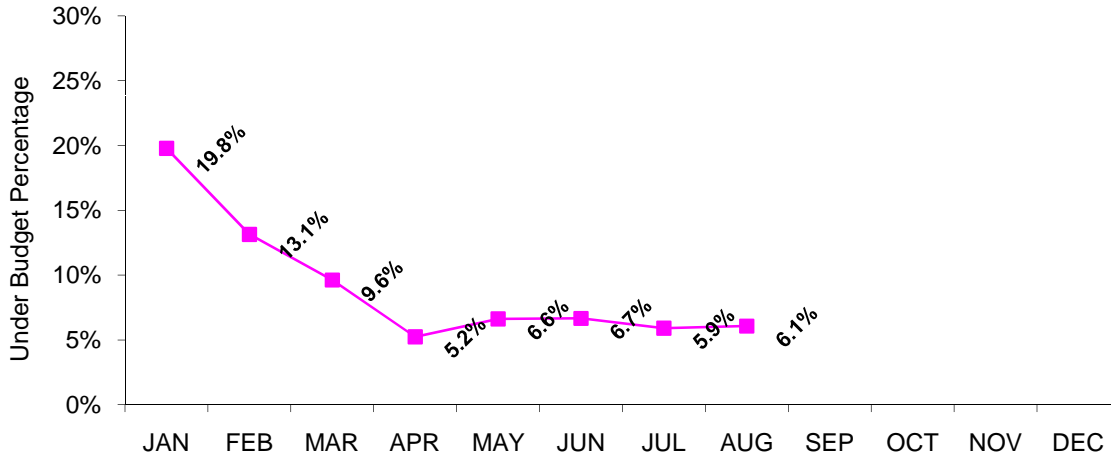
National Credit Union Administration Operating Fund

Graphs
August 31, 2008

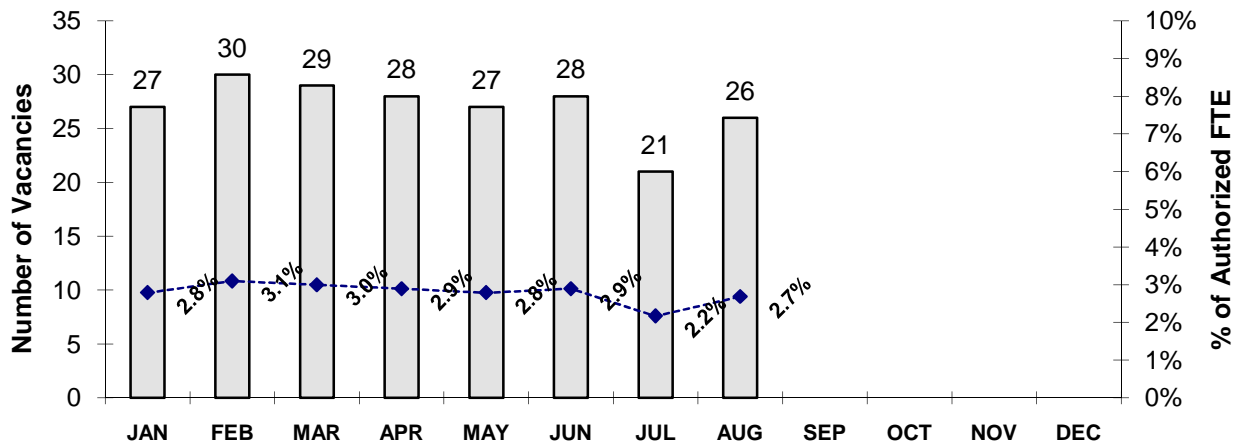
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
August 31, 2008

BALANCE SHEET	August 2007	August 2008
<u>Liquid assets / Total assets</u>	56.54%	58.74%
<u>Current assets / Total assets</u>	59.33%	61.36%
<u>Fixed assets / Total assets</u>	40.67%	38.64%
<u>Current liabilities / Total assets</u>	43.73%	46.65%
<u>Non current liabilities / Total assets</u>	27.43%	24.76%
<u>Retained earnings / Total assets</u>	28.84%	28.59%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	95.95%	98.33%
<u>YTD Interest & other income / Total revenue</u>	4.05%	1.67%
<u>YTD Expenses / Total revenue</u>	99.28%	96.45%
<u>YTD Net income / Total revenue</u>	0.72%	3.55%
<u>Monthly interest income to average investments (annualized)</u>	5.16%	2.14%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$13,988	\$16,864
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$22.4	\$25.4
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	88.1%	105.2%
<u>Cash and cash equivalents / Total assets</u>	56.5%	58.7%