

National Credit Union Administration



Operating Fund

***Financial Highlights
March 31, 2007***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
March 31, 2007

Balance Sheet

Overnight Investments increased \$4.3 million primarily for receipts of operating fee assessments that were paid early.

Accounts Receivable increased \$53.9 million due to establishing the operating fee receivable. As operating fees are collected, the accounts receivable account will decrease.

The Home Purchase Program decreased \$128,000 due to the sale of one home, \$492,000, and the purchase of two homes, \$364,000.

Other assets decreased \$4.9 million due to establishing the operating fee receivable.

Accounts Payable decreased \$1.1 million due to payment of vendor invoices.

Accrued Employee Compensation increase \$808,000 due to the accrual for 10 days at the end of March versus 8 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities increased \$53.5 million. This large increase is primarily the result of deferred operating fee income that will be recognized evenly over the remaining calendar period.

Statement of Revenue and Expenses

Net income for the month was \$85,000 lower than planned primarily due to increased pay and benefits from the annual merit pay adjustment.

Statement of Cash Flow

Cash increased by \$4.3 million for the month, reflecting receipts of operating fee assessments over payments for operating expenses, fixed assets, and notes payable.

Budget (Year-to-Date)

Agency spending was under budget by \$4.6 million or 12.1 percent. Pay and benefits were under budget by 1.6 percent. The remaining variance of \$4.1 million was derived mainly from travel, administrative, and contracted services. Administrative and contracted services are usually lower at the start of the year because the agency is in the process of planning, implementing, and contracting for services.

Vacancies

The agency had 29 vacancies as of March 31, -- up 3 from February 17. Of the 29 vacancies, there were 11 vacancies in the central office, 3 vacancies in the regional offices and AMAC, and 15 vacancies in the field staff. The 29 vacancies represent 3.0 percent of total authorized staff of 957.92.

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

	March 2006	February 2007	March 2007
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,291.50	\$ 5,206.43	\$ 5,916.03
Overnight Investments	22,197,000.00	16,388,000.00	20,711,000.00
Accounts Receivable	51,583,631.55	697,468.19	54,584,582.67
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	574,729.99	760,773.24	711,159.04
Home Purchase Program	348,292.01	1,721,715.33	1,594,612.39
Other	2,120,498.80	10,810,123.21	5,950,323.62
<i>Total Current Assets</i>	<u>76,829,443.85</u>	<u>30,383,286.40</u>	<u>83,557,593.75</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,467,698.00	26,690,294.00	26,617,176.00
Capital Lease	2,711,551.00	1,858,186.62	1,742,763.23
Equipment	2,923,966.17	2,102,737.00	2,111,434.00
Assets Under Construction	0.00	138,858.79	138,858.79
<i>Total Property, Plant, and Equipment</i>	<u>37,049,479.12</u>	<u>34,736,340.36</u>	<u>34,556,495.97</u>
TOTAL ASSETS	<u><u>\$ 113,878,922.97</u></u>	<u><u>\$ 65,119,626.76</u></u>	<u><u>\$ 118,114,089.72</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 1,893,212.34	\$ 2,457,286.45	\$ 1,362,128.62
Accrued Employee Compensation	14,590,019.66	12,911,415.94	13,719,951.90
Other Current Liabilities	49,981,625.57	227,864.75	53,992,667.72
<i>Total Current Liabilities</i>	<u>66,464,857.57</u>	<u>15,596,567.14</u>	<u>69,074,748.24</u>
Non-Current Liabilities			
Notes Payable	23,466,407.04	22,237,214.35	22,125,469.56
Other	3,004,112.62	2,085,354.93	2,029,204.30
<i>Total Non-Current Liabilities</i>	<u>26,470,519.66</u>	<u>24,322,569.28</u>	<u>24,154,673.86</u>
TOTAL LIABILITIES	<u>92,935,377.23</u>	<u>39,919,136.42</u>	<u>93,229,422.10</u>
FUND BALANCE:			
Unappropriated	20,943,545.74	24,200,490.34	23,884,667.62
Appropriated	0.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u>20,943,545.74</u>	<u>25,200,490.34</u>	<u>24,884,667.62</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 113,878,922.97</u></u>	<u><u>\$ 65,119,626.76</u></u>	<u><u>\$ 118,114,089.72</u></u>

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

	March 2007 Monthly Actual	March 2007 Monthly Budget	March 2007 Year-To-Date Actual	March 2007 Year-To-Date Budget	March 2006 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 85,903.00	\$ 166,667.00	\$ 314,040.91	\$ 500,001.00	\$ 241,559.17
Program-related Income	5,324,958.00	5,299,167.00	15,949,200.28	15,897,501.00	15,747,388.78
Other Income	64,318.00	16,667.00	123,264.50	50,001.00	40,921.75
Total Revenue	<u>5,475,179.00</u>	<u>5,482,501.00</u>	<u>16,386,505.69</u>	<u>16,447,503.00</u>	<u>16,029,869.70</u>
EXPENSES:					
Employee Pay	3,655,454.02	3,317,761.93	10,274,980.94	10,261,199.19	8,930,650.00
Employee Benefits	923,143.08	902,262.61	2,705,951.92	2,774,224.17	2,384,557.42
Employee Travel	452,647.52	531,755.71	934,124.46	1,595,266.95	750,940.40
Rent/Communications/Utilities	119,057.62	154,645.39	310,645.79	463,935.75	379,552.68
Administrative Costs	400,708.52	466,576.07	917,037.72	1,399,728.00	1,097,080.73
Contracted Services	239,990.96	340,479.51	403,322.86	1,021,438.36	463,638.91
Total Expenses	<u>5,791,001.72</u>	<u>5,713,481.22</u>	<u>15,546,063.69</u>	<u>17,515,792.43</u>	<u>14,006,420.14</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (315,822.72)</u>	<u>\$ (230,980.22)</u>	<u>\$ 840,442.00</u>	<u>\$ (1,068,289.43)</u>	<u>\$ 2,023,449.56</u>

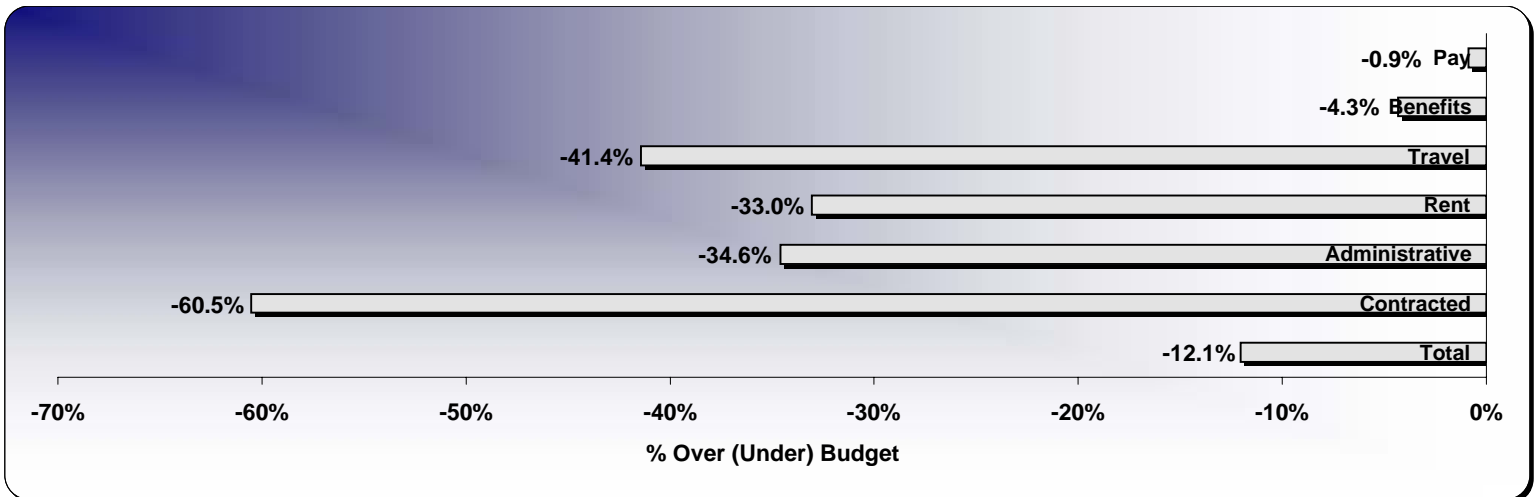
National Credit Union Administration Operating Fund
Statement of Cash Flow
March 31, 2007

	Month March 2006	Month March 2007	Y-T-D March 2006	Y-T-D March 2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 13,629,724.11	\$ 11,276,947.90	\$ 13,629,724.11	\$ 11,276,947.90
Interest received from cash and cash equivalents	70,609.71	85,903.00	241,559.17	321,834.38
Other income received	10,567.15	64,318.00	40,921.75	123,264.50
(Cash paid for operating expenses)	(9,103,963.76)	(7,094,593.09)	(17,910,310.40)	(15,150,378.60)
Net cash (used) in operating activities	<u>4,606,937.21</u>	<u>4,332,575.81</u>	<u>(3,998,105.37)</u>	<u>(3,428,331.82)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(18,583.08)	(23,206.67)	(116,141.85)	(29,906.67)
Proceeds (purchases) home purchase program	(91,146.39)	128,409.44	(91,146.39)	(552,352.73)
Net cash (used) in investing activities	<u>(109,729.47)</u>	<u>105,202.77</u>	<u>(207,288.24)</u>	<u>(582,259.40)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(335,234.37)	(335,234.37)
(Capital lease payments)	(2,473.47)	(2,324.19)	(372,424.41)	(331,469.51)
Net cash (used) in financing activities	<u>(114,218.26)</u>	<u>(114,068.98)</u>	<u>(707,658.78)</u>	<u>(666,703.88)</u>
NET INCREASE (DECREASE) IN CASH	4,382,989.48	4,323,709.60	(4,913,052.39)	(4,677,295.10)
Cash and cash equivalents at beginning of period	17,819,302.02	16,393,206.43	27,115,343.89	25,394,211.13
Cash and cash equivalents at end of period	<u>\$ 22,202,291.50</u>	<u>\$ 20,716,916.03</u>	<u>\$ 22,202,291.50</u>	<u>\$ 20,716,916.03</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	\$ 144,919.42	\$ (315,822.72)	\$ 2,023,449.56	\$ 840,442.00
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	447,493.64	203,051.06	1,047,071.90	800,468.09
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	18,695.99	(1,306.50)	18,695.99	(1,306.50)
Interest expense on leases	6,365.95	336.00	6,365.95	1,472.48
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	105,873.53	90,058.97
Accounts receivable	(50,109,067.02)	(53,887,114.48)	(50,417,045.73)	(53,403,598.75)
Interest receivable	0.00	0.00	2,605.57	7,793.47
Prepaid expenses	(110,158.19)	49,614.20	(170,866.46)	(168,074.05)
Other assets	8,310,893.07	4,859,799.59	(2,120,498.80)	(5,950,323.62)
Increase (decrease) in liabilities:				
Accounts payable	(1,391,576.76)	(1,095,157.83)	(2,498,915.54)	(1,493,432.87)
Accrued employee compensation	(2,665,451.51)	808,535.96	(1,921,786.04)	1,954,777.99
Other non current liabilities	(4,389.68)	(54,162.44)	751.72	(51,598.94)
Other current liabilities	49,959,212.30	53,764,802.97	49,926,192.98	53,944,989.91
Total adjustments	<u>4,462,017.79</u>	<u>4,648,398.53</u>	<u>(6,021,554.93)</u>	<u>(4,268,773.82)</u>
Net cash (used) in operating activities	<u>\$ 4,606,937.21</u>	<u>\$ 4,332,575.81</u>	<u>\$ (3,998,105.37)</u>	<u>\$ (3,428,331.82)</u>

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

	2007				2006			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	22,199,056	22,002,101	(196,956)	-0.9%	22,113,802	20,768,954	(1,344,848)	-6.1%
Benefits	6,057,378	5,794,330	(263,049)	-4.3%	5,989,303	5,545,482	(443,821)	-7.4%
Travel	3,415,990	2,000,267	(1,415,723)	-41.4%	3,441,090	1,746,373	(1,694,717)	-49.2%
Rent, Communications, & Utilities	993,439	665,194	(328,245)	-33.0%	999,951	882,681	(117,270)	-11.7%
Administrative	2,997,277	1,960,807	(1,036,470)	-34.6%	2,932,565	2,551,351	(381,214)	-13.0%
Contracted Services	2,187,235	863,646	(1,323,588)	-60.5%	2,220,422	1,078,230	(1,142,192)	-51.4%
TOTAL	37,850,375	33,286,344	(4,564,031)	-12.1%	37,697,132	32,573,070	(5,124,062)	-13.6%

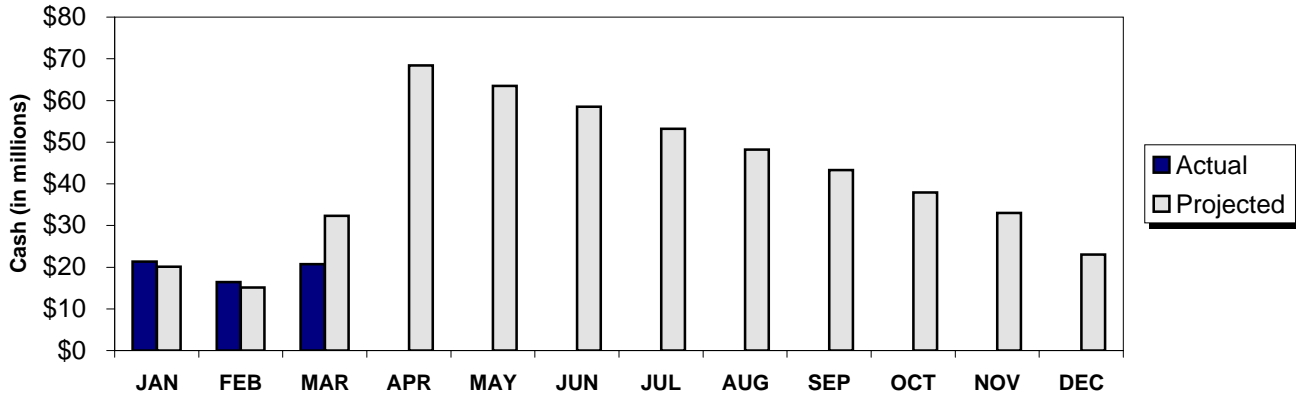
**Percent Over (Under) Budget
March 31, 2007**



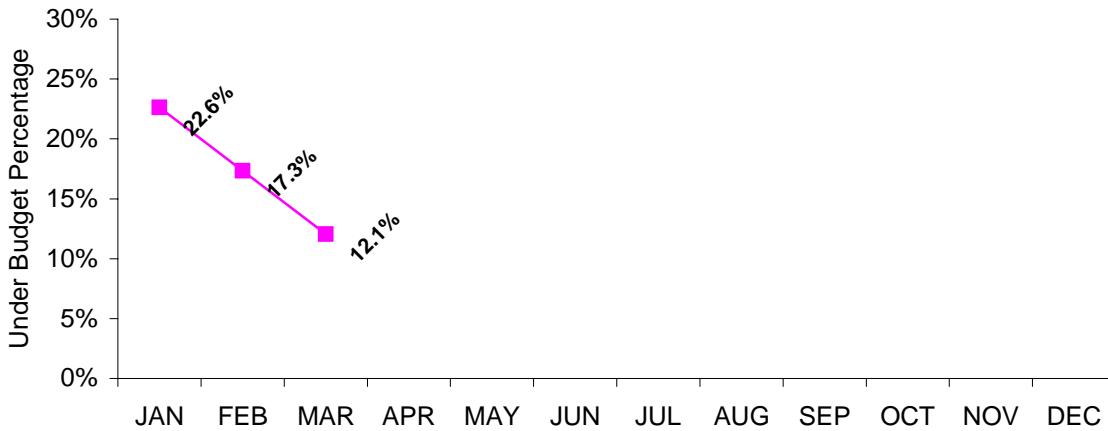
National Credit Union Administration Operating Fund

Graphs
March 31, 2007

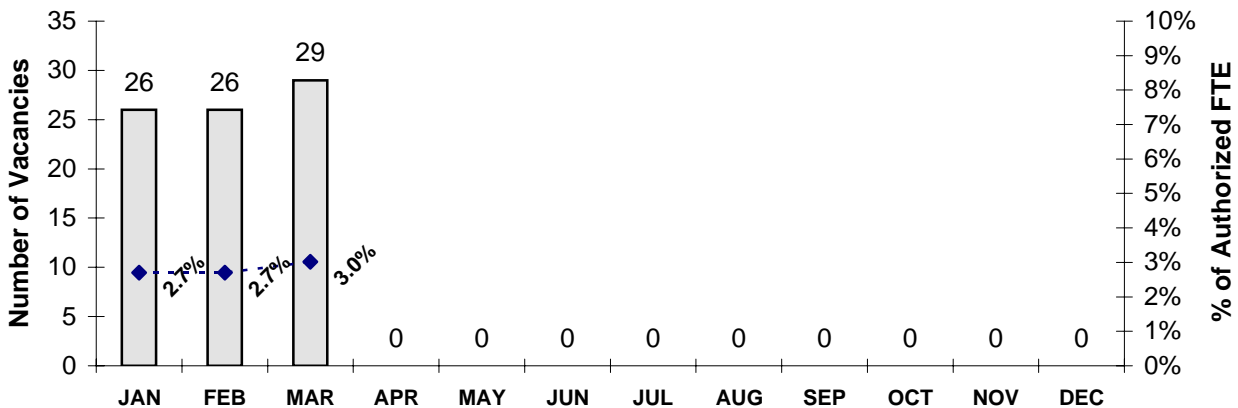
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
March 31, 2007

BALANCE SHEET	March 2006	March 2007
<u>Liquid assets / Total assets</u>	19.50%	17.54%
<u>Current assets / Total assets</u>	67.47%	70.74%
<u>Fixed assets / Total assets</u>	32.53%	29.26%
<u>Current liabilities / Total assets</u>	58.36%	58.48%
<u>Non current liabilities / Total assets</u>	23.24%	20.45%
<u>Retained earnings / Total assets</u>	18.39%	21.07%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	98.24%	97.33%
<u>YTD Interest & other income / Total revenue</u>	1.76%	2.67%
<u>YTD Expenses / Total revenue</u>	87.38%	94.87%
<u>YTD Net income / Total revenue</u>	12.62%	5.13%
<u>Monthly interest income to average investments (annualized)</u>	4.24%	5.28%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$7,292	\$9,071
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	(\$4.9)	(\$4.7)
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	-18.1%	-18.4%
<u>Cash and cash equivalents / Total assets</u>	19.5%	17.5%