

National Credit Union Administration



Operating Fund

***Final
Financial Highlights
September 30, 2008***

**Mary Ann Woodson
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
September 30, 2008

Balance Sheet

Cash had a month-end balance of \$500,000 in order to accommodate federal interagency fiscal year-end disbursements. The balance will decline back to its normal level of \$100,000 on October 1.

Overnight Investments decreased \$5.6 million for payment of operating expenses.

Accounts Receivable increased \$2.0 million primarily due to an overhead transfer to the Share Insurance Fund from the Operating Fund; operating fees of \$72.5 million have been collected year-to-date with \$4,000 remaining to be collected.

The Home Purchase Program decreased \$389,000 primarily due to the sale of one employee residence.

Accrued Employee Compensation had a net increase of \$2.1 million. This is largely due to the increase of employee annual leave liability and accrued employee payroll.

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 was \$1.9 million lower than planned. This is largely explained by a \$1.3 million increase in accrued annual leave and a \$1.3 million increase in travel primarily due to the regional conference.

Statement of Cash Flow

Cash decreased by \$5.2 million for the month, reflecting payments for operating expenses, fixed assets, notes payable, and capital leases in excess of receipts from interest and other income.

Budget (Year-to-Date)

Agency spending was under its year-to-date budget by \$2.7 million or 2.3 percent, compared to \$4.2 million and 3.7 percent in September 2007. Pay and benefits were over budget by 0.03 percent due to booked accrued annual leave recognized for the government-wide fiscal year-end. The remaining variance of \$2.7 million was derived mainly from administrative and contracted services.

Vacancies

The agency had 27 vacancies as of September 27 -- up 1 from August 30. Of the 27 vacancies, there were 13 vacancies in the central office and 14 vacancies in the regional offices and AMAC. The 27 vacancies represent 2.8 percent of total authorized staff of 964.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
September 30, 2008

	September 2007	August 2008	September 2008
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 500,252.60	\$ 100,583.66	\$ 500,931.82
Overnight Investments	41,967,000.00	49,517,000.00	43,891,000.00
Accounts Receivable	1,488,488.37	211,642.03	2,255,957.02
Interest Receivable	9,302.69	0.00	0.00
Prepaid Expenses	682,725.07	881,977.17	847,144.31
Home Purchase Program	677,779.00	1,122,345.49	733,500.00
Other	456.73	106.89	0.00
<i>Total Current Assets</i>	<u>45,326,004.46</u>	<u>51,833,655.24</u>	<u>48,228,533.15</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	26,861,947.00	26,003,255.00	25,924,209.00
Capital Lease	1,321,369.35	557,641.91	485,916.54
Equipment	1,938,604.00	1,311,717.00	1,544,596.00
Assets Under Construction	334,005.00	815,268.33	1,111,412.45
<i>Total Property, Plant, and Equipment</i>	<u>34,402,189.30</u>	<u>32,634,146.19</u>	<u>33,012,397.94</u>
TOTAL ASSETS	<u><u>\$ 79,728,193.76</u></u>	<u><u>\$ 84,467,801.43</u></u>	<u><u>\$ 81,240,931.09</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 3,356,265.25	\$ 1,724,769.93	\$ 4,375,202.81
Accrued Employee Compensation	14,267,725.31	14,032,848.16	16,141,315.07
Other Current Liabilities	16,158,876.41	23,645,663.27	17,735,170.36
<i>Total Current Liabilities</i>	<u>33,782,866.97</u>	<u>39,403,281.36</u>	<u>38,251,688.24</u>
Non-Current Liabilities			
Notes Payable	21,455,000.82	20,225,808.13	20,114,063.34
Other	1,597,245.28	690,762.01	687,391.07
<i>Total Non-Current Liabilities</i>	<u>23,052,246.10</u>	<u>20,916,570.14</u>	<u>20,801,454.41</u>
TOTAL LIABILITIES	<u>56,835,113.07</u>	<u>60,319,851.50</u>	<u>59,053,142.65</u>
FUND BALANCE:			
Unappropriated	21,893,080.69	23,147,949.93	21,187,788.44
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u>22,893,080.69</u>	<u>24,147,949.93</u>	<u>22,187,788.44</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 79,728,193.76</u></u>	<u><u>\$ 84,467,801.43</u></u>	<u><u>\$ 81,240,931.09</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
September 30, 2008

	September 2008 Monthly Actual	September 2008 Monthly Budget *	September 2008 Year-To-Date Actual	September 2008 Year-To-Date Budget *	September 2007 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 70,718.97	\$ 175,000.00	\$ 755,622.41	\$ 1,575,000.00	\$ 1,787,825.71
Program-related Income	5,919,132.80	6,088,000.00	54,707,985.66	54,792,000.00	47,912,782.42
Other Income	11,334.08	33,000.00	152,632.29	297,000.00	226,879.10
Total Revenue	<u>6,001,185.85</u>	<u>6,296,000.00</u>	<u>55,616,240.36</u>	<u>56,664,000.00</u>	<u>49,927,487.23</u>
EXPENSES:					
Employee Pay	4,346,941.04	3,665,760.34	33,526,438.36	33,007,208.68	30,820,329.65
Employee Benefits	1,062,647.50	1,043,306.47	8,865,974.91	9,389,755.56	8,218,658.38
Employee Travel	1,295,718.26	662,711.77	5,960,407.97	5,963,683.83	5,032,783.58
Rent/Communications/Utilities	374,943.93	163,539.42	1,474,429.14	1,324,672.63	1,457,692.44
Administrative Costs	355,674.26	444,664.93	3,338,555.71	4,001,984.73	3,275,446.36
Contracted Services	525,422.35	365,378.45	2,646,951.05	3,273,039.71	2,273,721.75
Total Expenses	<u>7,961,347.34</u>	<u>6,345,361.38</u>	<u>55,812,757.14</u>	<u>56,960,345.13</u>	<u>51,078,632.16</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (1,960,161.49)</u>	<u>\$ (49,361.38)</u>	<u>\$ (196,516.78)</u>	<u>\$ (296,345.13)</u>	<u>\$ (1,151,144.93)</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
September 30, 2008

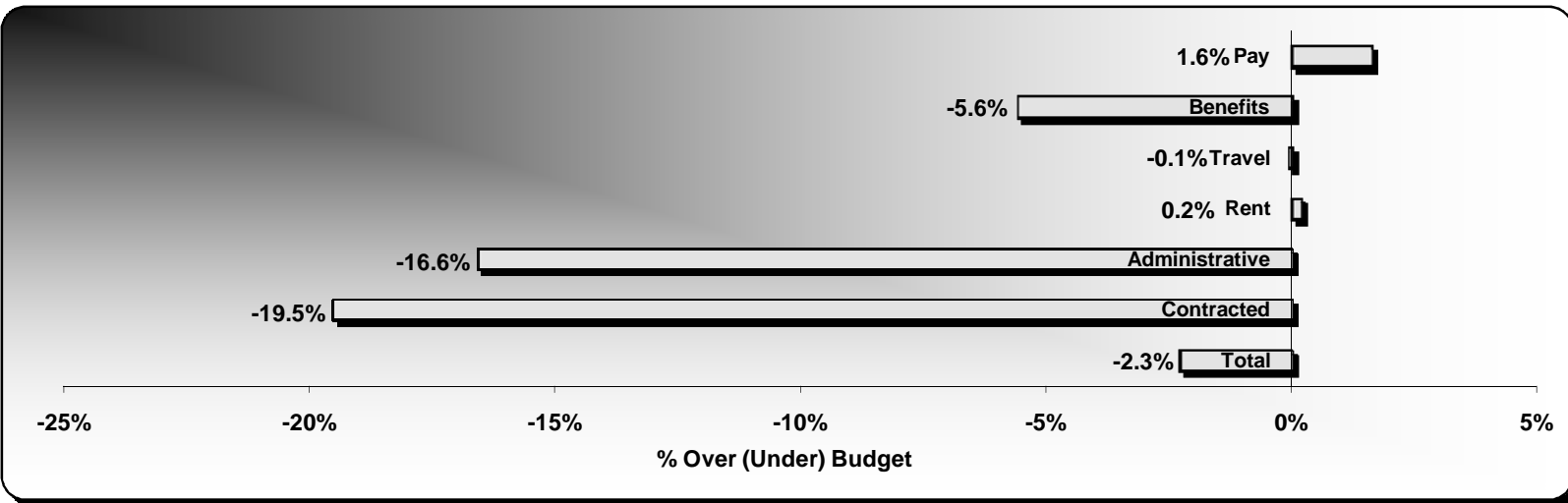
	Month September 2007	Month September 2008	Y-T-D September 2007	Y-T-D September 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 1,028.79	\$ 6,655.76	\$ 65,310,633.71	\$ 72,420,825.52
Interest received from cash and cash equivalents	199,625.77	70,718.97	1,795,619.18	755,622.41
Other income received	16,151.20	11,334.08	226,879.10	152,632.29
(Cash paid for operating expenses)	<u>(5,042,366.15)</u>	<u>(4,823,282.92)</u>	<u>(46,884,235.80)</u>	<u>(49,851,625.89)</u>
Net cash (used) in operating activities	<u>(4,825,560.39)</u>	<u>(4,734,574.11)</u>	<u>20,448,896.19</u>	<u>23,477,454.33</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(347,050.00)	(615,951.02)	(1,510,862.25)	(1,239,103.61)
Proceeds (purchases) home purchase program	0.00	238,890.03	136,925.58	(21,901.36)
Net cash (used) in investing activities	<u>(347,050.00)</u>	<u>(377,060.99)</u>	<u>(1,373,936.67)</u>	<u>(1,261,004.97)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,005,703.11)	(1,005,703.11)
(Capital lease payments)	<u>(3,344.23)</u>	<u>(2,271.95)</u>	<u>(996,214.94)</u>	<u>(994,302.98)</u>
Net cash (used) in financing activities	<u>(115,089.02)</u>	<u>(114,016.74)</u>	<u>(2,001,918.05)</u>	<u>(2,000,006.09)</u>
NET INCREASE (DECREASE) IN CASH	(5,287,699.41)	(5,225,651.84)	17,073,041.47	20,216,443.27
Cash and cash equivalents at beginning of period	47,754,952.01	49,617,583.66	25,394,211.13	24,175,488.55
Cash and cash equivalents at end of period	<u>\$ 42,467,252.60</u>	<u>\$ 44,391,931.82</u>	<u>\$ 42,467,252.60</u>	<u>\$ 44,391,931.82</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ (1,469,857.44)</u>	<u>\$ (1,960,161.49)</u>	<u>\$ (1,151,144.93)</u>	<u>\$ (196,516.78)</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	291,536.62	237,699.27	2,463,946.46	2,439,388.18
Unrealized (gain) loss	193,660.60	141,345.49	193,660.60	141,345.49
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	0.00	8,609.97	32,587.98	147,889.94
Interest expense on leases	3,590.82	1,215.78	22,884.15	16,292.21
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	(820,531.37)	(2,044,314.99)	(307,504.45)	(1,674,876.72)
Interest receivable	(9,302.69)	0.00	(1,509.22)	0.00
Prepaid expenses	138,495.82	34,832.86	(139,640.08)	(49,081.07)
Other assets	(456.72)	106.89	(456.73)	0.00
Increase (decrease) in liabilities:				
Accounts payable	1,124,120.27	2,650,432.88	500,703.76	1,443,598.85
Accrued employee compensation	987,187.88	2,108,466.91	2,502,551.40	3,243,541.84
Other non current liabilities	(3,648.42)	(2,314.77)	(48,558.26)	(3,892.50)
Other current liabilities	<u>(5,260,355.76)</u>	<u>(5,910,492.91)</u>	<u>16,111,198.60</u>	<u>17,699,587.98</u>
Total adjustments	<u>(3,355,702.95)</u>	<u>(2,774,412.62)</u>	<u>21,600,041.12</u>	<u>23,673,971.11</u>
Net cash (used) in operating activities	<u>\$ (4,825,560.39)</u>	<u>\$ (4,734,574.11)</u>	<u>\$ 20,448,896.19</u>	<u>\$ 23,477,454.33</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
September 30, 2008**

	2008				2007			
	BUDGET *	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	68,733,005	69,846,747	1,113,741	1.6%	66,597,169	65,996,423	(600,745)	-0.9%
Benefits	19,561,991	18,470,781	(1,091,210)	-5.6%	18,172,134	17,598,840	(573,294)	-3.2%
Travel	12,425,845	12,417,517	(8,328)	-0.1%	10,247,969	10,776,839	528,869	5.2%
Rent, Communications, & Utilities	3,066,365	3,071,727	5,363	0.2%	2,980,318	3,121,397	141,079	4.7%
Administrative	8,337,468	6,955,324	(1,382,144)	-16.6%	8,991,831	7,013,804	(1,978,028)	-22.0%
Contracted Services	6,850,845	5,514,481	(1,336,364)	-19.5%	6,561,704	4,868,783	(1,692,920)	-25.8%
TOTAL	118,975,519	116,276,577	(2,698,942)	-2.3%	113,551,125	109,376,086	(4,175,039)	-3.7%

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

**Percent Over (Under) Budget
September 30, 2008**

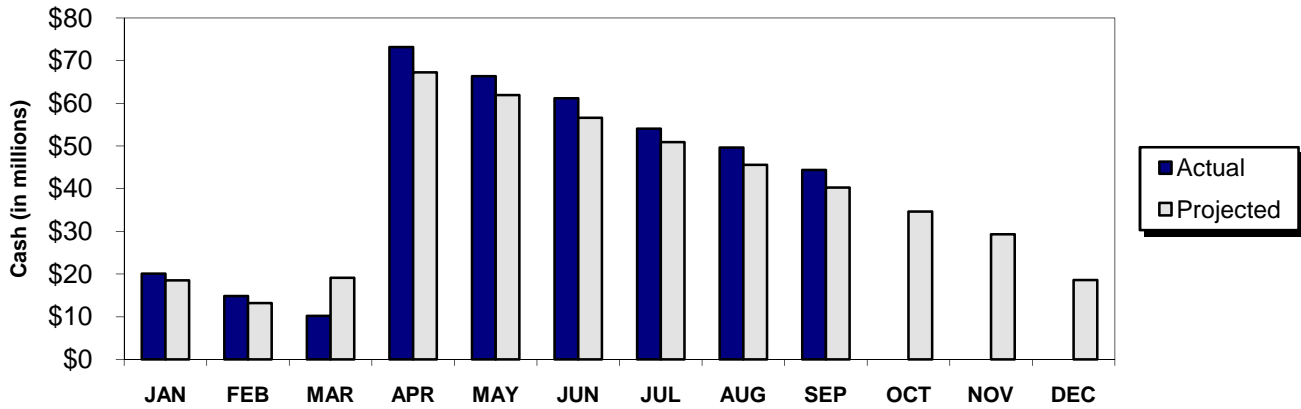


National Credit Union Administration Operating Fund

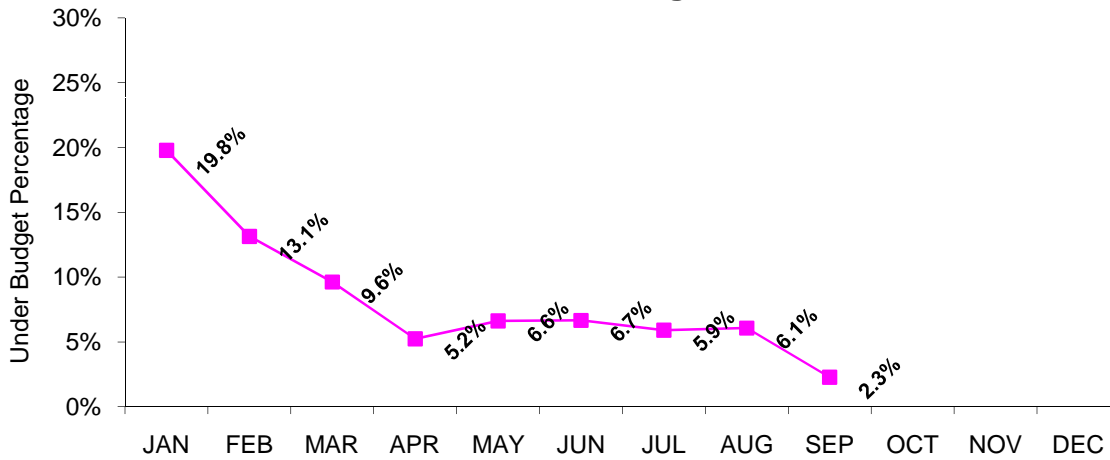
Graphs

September 30, 2008

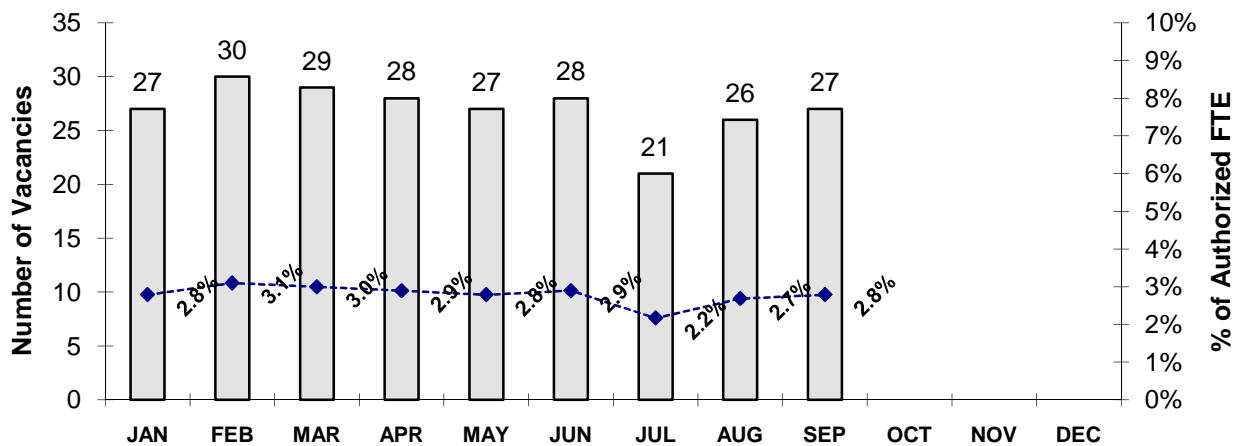
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
September 30, 2008

BALANCE SHEET	September 2007	September 2008
<u>Liquid assets / Total assets</u>	53.27%	54.64%
<u>Current assets / Total assets</u>	56.85%	59.36%
<u>Fixed assets / Total assets</u>	43.15%	40.64%
<u>Current liabilities / Total assets</u>	42.37%	47.08%
<u>Non current liabilities / Total assets</u>	28.91%	25.60%
<u>Retained earnings / Total assets</u>	28.71%	27.31%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	95.96%	98.37%
<u>YTD Interest & other income / Total revenue</u>	4.04%	1.63%
<u>YTD Expenses / Total revenue</u>	102.31%	100.35%
<u>YTD Net income / Total revenue</u>	-2.31%	-0.35%
<u>Monthly interest income to average investments (annualized)</u>	5.34%	2.14%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$16,291	\$19,154
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$17.1	\$20.2
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	67.2%	83.6%
<u>Cash and cash equivalents / Total assets</u>	53.3%	54.6%