

National Credit Union Administration



Operating Fund

***Financial Highlights
November 30, 2006***

**Dennis Winans
Chief Financial Officer**

***National Credit Union Administration Operating Fund
Financial Highlights
November 30, 2006***

Balance Sheet

Overnight Investments decreased \$5.5 million for payment of operating expenses.

Home Purchase Program increased \$550,000 as a result of the purchase of one employee's residence.

Accounts Payable decreased \$1.2 million due to payment of routine vendor invoices.

Accrued Employee Compensation increased \$777,000 due to the accrual for 14 days of payroll at the end of November versus 12 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.1 million as a result of deferred income that will be recognized evenly over the remaining calendar period.

Appropriated Retained Earnings of \$1 million for building repairs was established to more transparently disclose and communicate to stakeholders, earnings that are needed for major projects or contingencies that cannot be accrued or that do not warrant inclusion in the annual operating expense budget. The existence of this account does not imply that there is an equivalent amount of cash set aside, but rather to communicate resources must be retained to fulfill significant future commitments.

Statement of Revenue and Expenses

Net income for the month was \$752,000 higher than planned primarily due to increased revenue as well as employee pay and benefits, administrative costs, and contracted services expense categories being under budget.

Statement of Cash Flow

Cash decreased by \$5.5 million for the month, reflecting payments for operating expenses, home purchase program (one home purchase), notes payable, and capital leases in excess of receipts from interest income and other income.

Budget (Year-to-Date)

Agency spending was under budget by \$9.1 million or 6.6 percent. Pay, benefits and travel were under budget by 3.6 percent. The remaining variance of \$4.9 million (net) was derived mainly from administrative and contracted services.

Vacancies

The agency had 27 vacancies as of November 25 -- up from 23 as of October 28. Of the 27 vacancies, there were 19 vacancies in the central office, 4 vacancies in the regional offices and AMAC, and 4 vacancies in the field staff. The 27 vacancies represent 2.8 percent of total authorized staff of 957.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
November 30, 2006

	November 2005	October 2006	November 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,830.88	\$ 5,587.47	\$ 5,574.05
Overnight Investments	31,187,000.00	39,109,000.00	33,615,000.00
Accounts Receivable	634,478.67	933,324.24	1,064,056.62
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	473,320.43	524,504.00	608,600.06
Home Purchase Program	281,564.13	381,372.90	931,153.53
Other	0.00	66,146.19	(250.00)
<i>Total Current Assets</i>	<u>32,582,194.11</u>	<u>41,019,934.80</u>	<u>36,224,134.26</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,759,332.00	27,195,277.10	27,122,372.10
Capital Lease	419,618.75	2,184,271.95	2,108,905.95
Equipment	2,526,329.09	2,585,059.09	2,444,175.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>34,651,543.79</u>	<u>35,910,872.09</u>	<u>35,621,717.09</u>
TOTAL ASSETS	<u><u>\$ 67,233,737.90</u></u>	<u><u>\$ 76,930,806.89</u></u>	<u><u>\$ 71,845,851.35</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,514,878.94	\$ 2,765,470.06	\$ 1,539,773.51
Accrued Employee Compensation	16,111,778.99	15,389,891.51	16,166,566.09
Other Current Liabilities	5,214,368.19	10,628,337.93	5,498,912.68
<i>Total Current Liabilities</i>	<u>23,841,026.12</u>	<u>28,783,699.50</u>	<u>23,205,252.28</u>
Non-Current Liabilities			
Notes Payable	23,913,386.20	22,684,193.51	22,572,448.72
Other	482,601.03	2,304,444.34	2,301,866.52
<i>Total Non-Current Liabilities</i>	<u>24,395,987.23</u>	<u>24,988,637.85</u>	<u>24,874,315.24</u>
TOTAL LIABILITIES	<u><u>48,237,013.35</u></u>	<u><u>53,772,337.35</u></u>	<u><u>48,079,567.52</u></u>
FUND BALANCE:			
Unappropriated	18,996,724.55	23,158,469.54	22,766,283.83
Appropriated	0.00	0.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>18,996,724.55</u></u>	<u><u>23,158,469.54</u></u>	<u><u>23,766,283.83</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 67,233,737.90</u></u>	<u><u>\$ 76,930,806.89</u></u>	<u><u>\$ 71,845,851.35</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
November 30, 2006

	November 2006 Monthly Actual	November 2006 Monthly Budget	November 2006 Year-To-Date Actual	November 2006 Year-To-Date Budget	November 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 171,269.03	\$ 108,334.00	\$ 2,049,400.61	\$ 1,191,666.00	\$ 1,217,109.30
Program-related Income	5,313,737.00	5,204,166.00	58,272,465.00	57,245,834.00	56,818,747.13
Other Income	3,351.60	8,334.00	164,809.48	91,666.00	137,897.88
Total Revenue	<u>5,488,357.63</u>	<u>5,320,834.00</u>	<u>60,486,675.09</u>	<u>58,529,166.00</u>	<u>58,173,754.31</u>
EXPENSES:					
Employee Pay	3,104,382.12	3,218,409.00	33,979,198.50	34,963,622.00	32,888,858.75
Employee Benefits	629,538.88	871,674.00	9,110,835.76	9,469,547.00	8,383,491.50
Employee Travel	552,209.52	494,746.00	4,955,279.78	5,442,206.00	4,460,051.34
Rent/Communications/Utilities	158,116.09	142,878.00	1,458,206.57	1,571,658.00	1,531,066.66
Administrative Costs	291,210.20	419,259.00	3,723,879.61	4,611,849.00	4,642,096.38
Contracted Services	145,086.53	318,261.00	2,413,087.22	3,500,871.00	2,206,089.08
Total Expenses	<u>4,880,543.34</u>	<u>5,465,227.00</u>	<u>55,640,487.44</u>	<u>59,559,753.00</u>	<u>54,111,653.71</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 607,814.29</u>	<u>\$ (144,393.00)</u>	<u>\$ 4,846,187.65</u>	<u>\$ (1,030,587.00)</u>	<u>\$ 4,062,100.60</u>

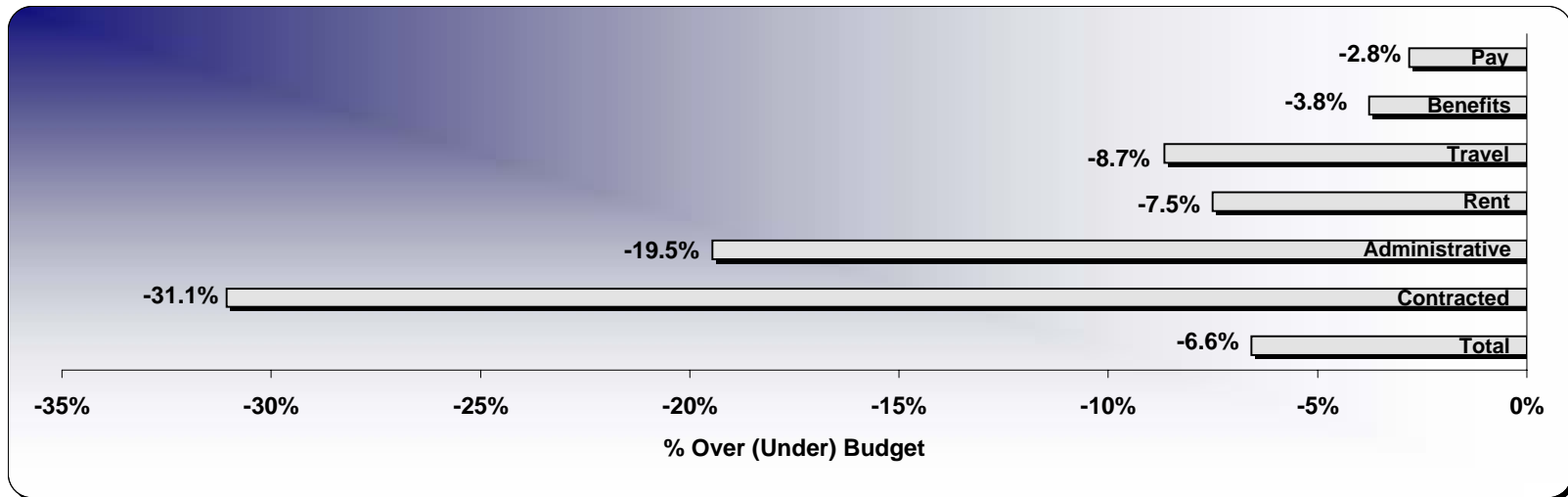
National Credit Union Administration Operating Fund
Statement of Cash Flow
November 30, 2006

	Month November 2005	Month November 2006	Y-T-D November 2005	Y-T-D November 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 2,044.01	\$ -	\$ 61,951,243.75	\$ 63,780,937.04
Interest received from cash and cash equivalents	125,319.75	171,269.03	1,217,109.30	2,049,400.61
Other income received	8,855.50	3,351.60	137,897.88	164,809.48
(Cash paid for operating expenses)	<u>(5,776,272.23)</u>	<u>(5,003,290.69)</u>	<u>(45,703,339.24)</u>	<u>(55,175,113.53)</u>
Net cash (used) in operating activities	<u>(5,640,052.97)</u>	<u>(4,828,670.06)</u>	<u>17,602,911.69</u>	<u>10,820,033.60</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(29,237.00)	0.00	(1,655,902.89)	(1,027,019.88)
Proceeds (purchases) home purchase program	0.00	(549,780.63)	(265,977.13)	(694,300.23)
Net cash (used) in investing activities	<u>(29,237.00)</u>	<u>(549,780.63)</u>	<u>(1,921,880.02)</u>	<u>(1,721,320.11)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,229,192.69)	(1,229,192.69)
(Capital lease payments)	<u>(3,358.47)</u>	<u>(3,817.94)</u>	<u>(1,485,810.77)</u>	<u>(1,364,290.64)</u>
Net cash (used) in financing activities	<u>(115,103.26)</u>	<u>(115,562.73)</u>	<u>(2,715,003.46)</u>	<u>(2,593,483.33)</u>
NET INCREASE (DECREASE) IN CASH	(5,784,393.23)	(5,494,013.42)	12,966,028.21	6,505,230.16
Cash and cash equivalents at beginning of period	36,977,224.11	39,114,587.47	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$ 31,192,830.88</u>	<u>\$ 33,620,574.05</u>	<u>\$ 31,192,830.88</u>	<u>\$ 33,620,574.05</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ 306,779.01</u>	<u>\$ 607,814.29</u>	<u>\$ 4,062,100.60</u>	<u>\$ 4,846,187.65</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	282,748.35	289,155.00	3,030,986.79	3,385,711.96
Unrealized (gain) loss	0.00	0.00	87,640.02	0.00
(Gain) loss on disposal of fixed assets	0.00	0.00	1,839.00	0.00
(Gain) loss on disposal of homes	0.00	0.00	14,871.14	5,907.42
Interest expense on leases	555.00	835.40	20,219.79	9,786.44
Miscellaneous allowances	0.00	0.00	102.69	(0.00)
Change in current assets and liabilities				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	423,494.12	376,050.44
Accounts receivable	(256,770.36)	(130,732.38)	193,083.38	102,529.20
Interest receivable	0.00	0.00	0.00	2,605.57
Prepaid expenses	121,573.94	(84,096.06)	114,686.67	(204,736.53)
Other assets	40.00	66,396.19	0.00	33,330.89
Increase (decrease) in liabilities:				
Accounts payable	(2,116,286.31)	(1,225,696.55)	196,299.47	(2,852,354.37)
Accrued employee compensation	1,062,334.79	776,674.58	4,150,991.75	(345,239.61)
Other non current liabilities	153,586.08	404.72	153,586.08	16,774.45
Other current liabilities	<u>(5,194,613.47)</u>	<u>(5,129,425.25)</u>	<u>5,153,010.19</u>	<u>5,443,480.09</u>
Total adjustments	<u>(5,946,831.98)</u>	<u>(5,436,484.35)</u>	<u>13,540,811.09</u>	<u>5,973,845.95</u>
Net cash (used) in operating activities	<u>\$ (5,640,052.97)</u>	<u>\$ (4,828,670.06)</u>	<u>\$ 17,602,911.69</u>	<u>\$ 10,820,033.60</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
November 30, 2006**

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	81,311,089	79,021,392	(2,289,697)	-2.8%	81,808,743	76,485,718	(5,323,025)	-6.5%
Benefits	22,019,597	21,187,990	(831,607)	-3.8%	21,140,984	19,496,492	(1,644,492)	-7.8%
Travel	12,617,329	11,523,906	(1,093,423)	-8.7%	11,750,655	10,372,212	(1,378,443)	-11.7%
Rent, Communications, & Utilities	3,666,487	3,391,178	(275,308)	-7.5%	3,602,592	3,560,620	(41,971)	-1.2%
Administrative	10,752,737	8,660,185	(2,092,552)	-19.5%	9,623,504	10,795,573	1,172,069	12.2%
Contracted Services	8,141,548	5,611,831	(2,529,717)	-31.1%	7,595,883	5,130,440	(2,465,443)	-32.5%
TOTAL	138,508,787	129,396,482	(9,112,305)	-6.6%	135,522,361	125,841,055	(9,681,305)	-7.1%

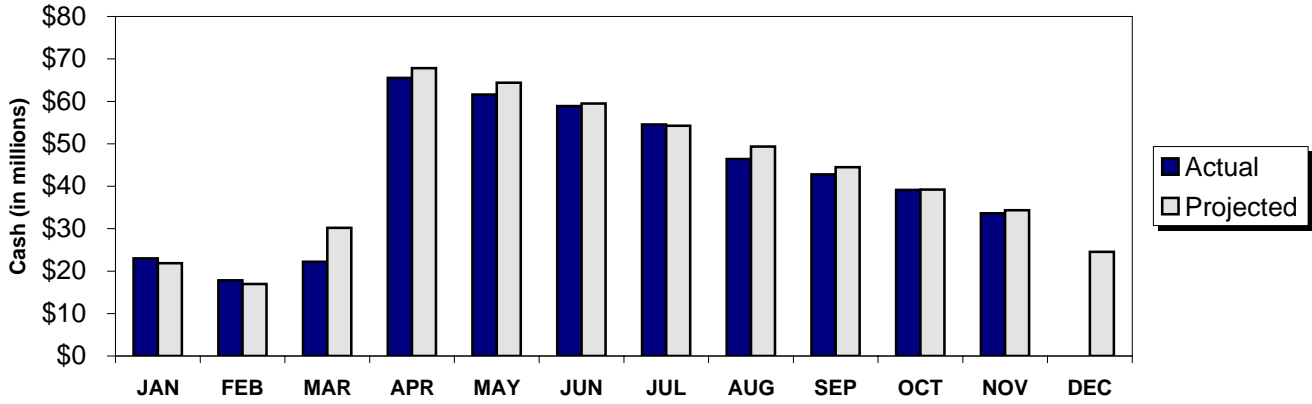
**Percent Over (Under) Budget
November 30, 2006**



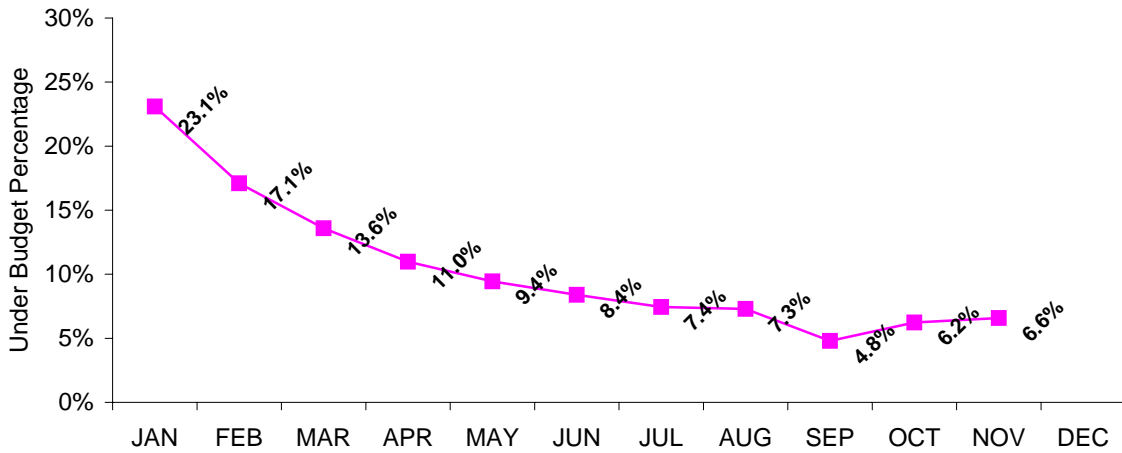
National Credit Union Administration Operating Fund

Graphs
November 30, 2006

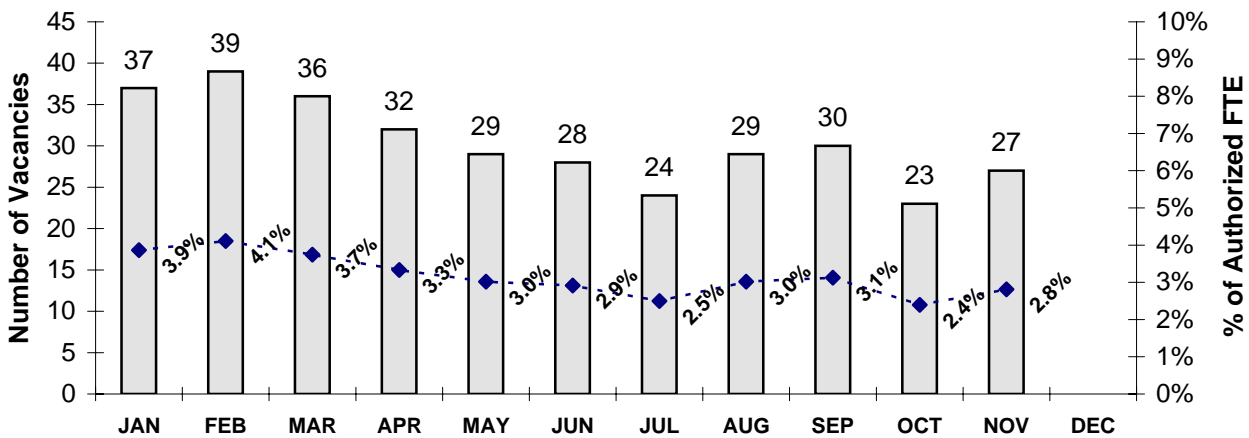
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
November 30, 2006

BALANCE SHEET	November 2005	November 2006
<u>Liquid assets / Total assets</u>	46.39%	46.80%
<u>Current assets / Total assets</u>	48.46%	50.42%
<u>Fixed assets / Total assets</u>	51.54%	49.58%
<u>Current liabilities / Total assets</u>	35.46%	32.30%
<u>Non current liabilities / Total assets</u>	36.29%	34.62%
<u>Retained earnings / Total assets</u>	28.25%	33.08%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	97.67%	96.34%
<u>YTD Interest & other income / Total revenue</u>	2.33%	3.66%
<u>YTD Expenses / Total revenue</u>	93.02%	91.99%
<u>YTD Net income / Total revenue</u>	6.98%	8.01%
<u>Monthly interest income to average investments (annualized)</u>	4.41%	5.26%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$11,775	\$13,124
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$13.0	\$6.5
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	71.1%	24.0%
<u>Cash and cash equivalents / Total assets</u>	46.4%	46.8%