

National Credit Union Administration



Operating Fund

***Financial Highlights
January 31, 2007***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
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Balance Sheet

Overnight Investments decreased \$4.1 million for payment of operating expenses.

Prepaid expenses increased by \$254,000 primarily due to annual payments for publications and software licenses.

Other assets increased \$5.3 million in order to recognize 1/12th of the 2007 operating fee (deferred income) that is due April 16, 2007.

Accrued Employee Compensation increased by \$1.1 million due to the accrual for 8 days at the end of January versus 5 days in the previous month. On the first working day of the month, accruals are reversed.

Other non-current liabilities decreased \$215,000 due to payment of capital lease liabilities.

Statement of Revenue and Expenses

Net income for the month was \$1.4 million higher than planned primarily due to employee travel, administrative costs, and contracted services being significantly under budgeted amounts. Contracted services were significantly under budget due to the reversal of the 2006 year-end accrual for outstanding invoices.

Statement of Cash Flow

Cash decreased by \$4.1 million for the month, reflecting payment of operating expenses, leases and notes payable.

During January, a lease obligation of \$18,010 was incurred for the acquisition of a photocopier.

Budget (Year-to-Date)

Agency spending was under budget by \$3 million or 22.6 percent. Pay, benefits, and travel were under budget by 14.3 percent. The remaining variance of \$1.4 million (net) was derived mainly from 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 26 vacancies as of January 20 -- up 7 from December 31, 2006. Of the 26 vacancies, there were 10 vacancies in the central office, 3 vacancies in the regional offices and AMAC, and 13 vacancies in the field staff. The 26 vacancies represent 2.7 percent of total authorized staff of 957.92.

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

	January 2006	December 2006	January 2007
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,247.37	\$ -	\$ 5,049.36
Overnight Investments	22,974,000.00	25,394,211.13	21,312,000.00
Accounts Receivable	1,141,515.68	1,180,983.92	1,295,022.93
Interest Receivable	0.00	7,793.47	0.00
Prepaid Expenses	526,827.64	543,084.99	797,066.47
Home Purchase Program	275,841.61	1,040,953.16	1,040,953.16
Other	5,116,456.87	0.00	5,298,408.73
<i>Total Current Assets</i>	<u>30,039,889.17</u>	<u>28,167,026.67</u>	<u>29,748,500.65</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,613,515.00	26,836,530.00	26,763,413.00
Capital Lease	247,966.78	2,019,361.62	1,961,976.65
Equipment	3,093,466.09	2,368,033.00	2,230,240.00
Other	0.00	138,858.79	138,858.79
<i>Total Property, Plant, and Equipment</i>	<u>34,901,211.82</u>	<u>35,309,047.36</u>	<u>35,040,752.39</u>
TOTAL ASSETS	<u><u>\$ 64,941,100.99</u></u>	<u><u>\$ 63,476,074.03</u></u>	<u><u>\$ 64,789,253.04</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 3,779,838.39	\$ 2,855,561.49	\$ 2,810,549.23
Accrued Employee Compensation	17,275,201.91	11,765,173.91	12,849,910.55
Other Current Liabilities	31,397.32	47,677.81	28,387.35
<i>Total Current Liabilities</i>	<u>21,086,437.62</u>	<u>14,668,413.21</u>	<u>15,688,847.13</u>
Non-Current Liabilities			
Notes Payable	23,689,896.62	22,460,703.93	22,348,959.14
Other	223,694.02	2,302,731.27	2,087,868.23
<i>Total Non-Current Liabilities</i>	<u>23,913,590.64</u>	<u>24,763,435.20</u>	<u>24,436,827.37</u>
TOTAL LIABILITIES	<u><u>45,000,028.26</u></u>	<u><u>39,431,848.41</u></u>	<u><u>40,125,674.50</u></u>
FUND BALANCE:			
Unappropriated	19,941,072.73	23,044,225.62	23,663,578.54
Appropriated	0.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>19,941,072.73</u></u>	<u><u>24,044,225.62</u></u>	<u><u>24,663,578.54</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 64,941,100.99</u></u>	<u><u>\$ 63,476,074.03</u></u>	<u><u>\$ 64,789,253.04</u></u>

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

	January 2007 Monthly Actual	January 2007 Monthly Budget	January 2007 Year-To-Date Actual	January 2007 Year-To-Date Budget	January 2006 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 130,598.35	\$ 166,667.00	\$ 130,598.35	\$ 166,667.00	\$ 95,967.10
Program-related Income	5,299,284.28	5,299,167.00	5,299,284.28	5,299,167.00	5,116,223.78
Other Income	22,508.00	16,667.00	22,508.00	16,667.00	11,309.80
Total Revenue	<u>5,452,390.63</u>	<u>5,482,501.00</u>	<u>5,452,390.63</u>	<u>5,482,501.00</u>	<u>5,223,500.68</u>
EXPENSES:					
Employee Pay	3,580,474.71	3,754,692.14	3,580,474.71	3,754,692.14	3,051,197.80
Employee Benefits	926,989.08	998,539.87	926,989.08	998,539.87	770,862.57
Employee Travel	22,307.75	531,755.62	22,307.75	531,755.62	51,377.14
Rent/Communications/Utilities	64,780.36	154,645.18	64,780.36	154,645.18	112,108.15
Administrative Costs	314,981.68	466,575.96	314,981.68	466,575.96	270,946.65
Contracted Services	(76,495.87)	340,479.43	(76,495.87)	340,479.43	(53,968.18)
Total Expenses	<u>4,833,037.71</u>	<u>6,246,688.20</u>	<u>4,833,037.71</u>	<u>6,246,688.20</u>	<u>4,202,524.13</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 619,352.92</u>	<u>\$ (764,187.20)</u>	<u>\$ 619,352.92</u>	<u>\$ (764,187.20)</u>	<u>\$ 1,020,976.55</u>

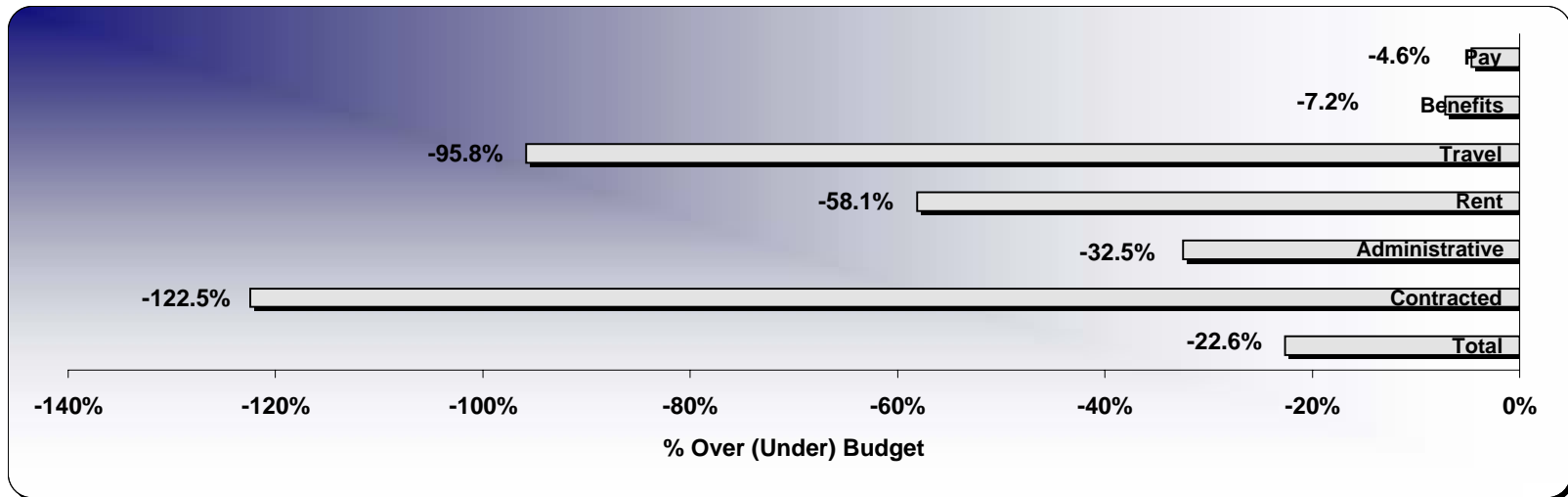
National Credit Union Administration Operating Fund
Statement of Cash Flow
January 31, 2007

	Month January 2006	Month January 2007	Y-T-D January 2006	Y-T-D January 2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ -	\$ -	\$ -	\$ -
Interest received from cash and cash equivalents	95,967.10	138,391.82	95,967.10	138,391.82
Other income received	11,309.80	22,508.00	11,309.80	22,508.00
(Cash paid for operating expenses)	<u>(3,763,044.91)</u>	<u>(3,800,265.33)</u>	<u>(3,763,044.91)</u>	<u>(3,800,265.33)</u>
Net cash (used) in operating activities	<u>(3,655,768.01)</u>	<u>(3,639,365.51)</u>	<u>(3,655,768.01)</u>	<u>(3,639,365.51)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(1,106.25)	0.00	(1,106.25)	0.00
Proceeds (purchases) home purchase program	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net cash (used) in investing activities	<u>(1,106.25)</u>	<u>0.00</u>	<u>(1,106.25)</u>	<u>0.00</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(111,744.79)	(111,744.79)
(Capital lease payments)	<u>(367,477.47)</u>	<u>(326,051.47)</u>	<u>(367,477.47)</u>	<u>(326,051.47)</u>
Net cash (used) in financing activities	<u>(479,222.26)</u>	<u>(437,796.26)</u>	<u>(479,222.26)</u>	<u>(437,796.26)</u>
NET INCREASE (DECREASE) IN CASH	(4,136,096.52)	(4,077,161.77)	(4,136,096.52)	(4,077,161.77)
Cash and cash equivalents at beginning of period	27,115,343.89	25,394,211.13	27,115,343.89	25,394,211.13
Cash and cash equivalents at end of period	<u>\$ 22,979,247.37</u>	<u>\$ 21,317,049.36</u>	<u>\$ 22,979,247.37</u>	<u>\$ 21,317,049.36</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ 1,020,976.55</u>	<u>\$ 619,352.92</u>	<u>\$ 1,020,976.55</u>	<u>\$ 619,352.92</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	298,903.60	286,305.00	298,903.60	286,305.00
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	0.00	0.00
Interest expense on leases	0.00	767.48	0.00	767.48
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	105,873.53	90,058.97	105,873.53	90,058.97
Accounts receivable	25,070.14	(114,039.01)	25,070.14	(114,039.01)
Interest receivable	2,605.57	7,793.47	2,605.57	7,793.47
Prepaid expenses	(122,964.11)	(253,981.48)	(122,964.11)	(253,981.48)
Other assets	(5,116,456.87)	(5,298,408.73)	(5,116,456.87)	(5,298,408.73)
Increase (decrease) in liabilities:				
Accounts payable	(612,289.49)	(45,012.26)	(612,289.49)	(45,012.26)
Accrued employee compensation	763,396.21	1,084,736.64	763,396.21	1,084,736.64
Other non current liabilities	3,152.13	2,351.95	3,152.13	2,351.95
Other current liabilities	<u>(24,035.27)</u>	<u>(19,290.46)</u>	<u>(24,035.27)</u>	<u>(19,290.46)</u>
Total adjustments	<u>(4,676,744.56)</u>	<u>(4,258,718.43)</u>	<u>(4,676,744.56)</u>	<u>(4,258,718.43)</u>
Net cash (used) in operating activities	<u>\$ (3,655,768.01)</u>	<u>\$ (3,639,365.51)</u>	<u>\$ (3,655,768.01)</u>	<u>\$ (3,639,365.51)</u>

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

	2007				2006			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	8,040,026	7,666,969	(373,056)	-4.6%	7,484,842	7,095,809	(389,033)	-5.2%
Benefits	2,138,201	1,984,987	(153,214)	-7.2%	2,025,846	1,792,704	(233,142)	-11.5%
Travel	1,138,663	47,768	(1,090,895)	-95.8%	1,147,030	119,482	(1,027,548)	-89.6%
Rent, Communications, & Utilities	331,146	138,716	(192,431)	-58.1%	333,317	260,717	(72,600)	-21.8%
Administrative	999,092	674,479	(324,613)	-32.5%	977,521	630,108	(347,413)	-35.5%
Contracted Services	729,078	(163,803)	(892,881)	-122.5%	740,141	(125,507)	(865,648)	-117.0%
TOTAL	13,376,207	10,349,117	(3,027,090)	-22.6%	12,708,697	9,773,312	(2,935,385)	-23.1%

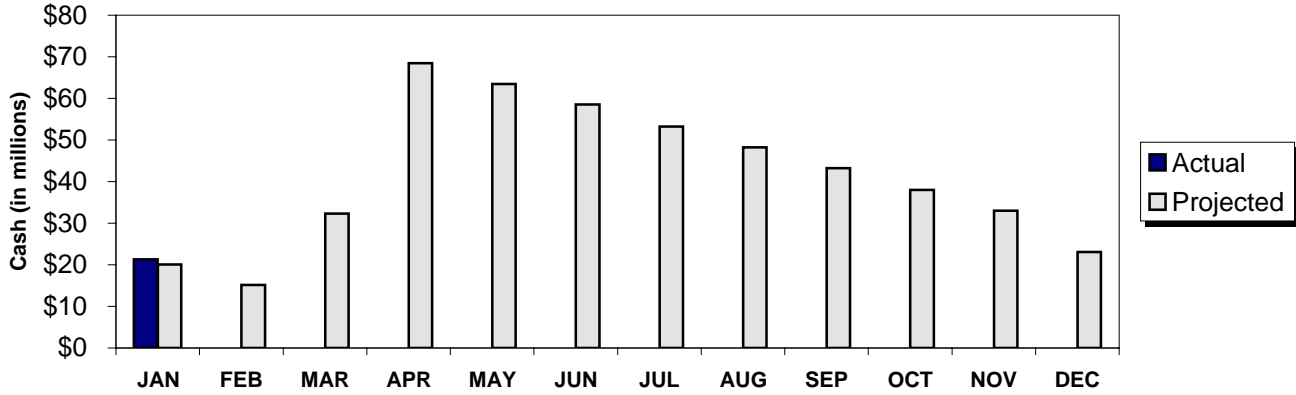
**Percent Over (Under) Budget
January 31, 2007**



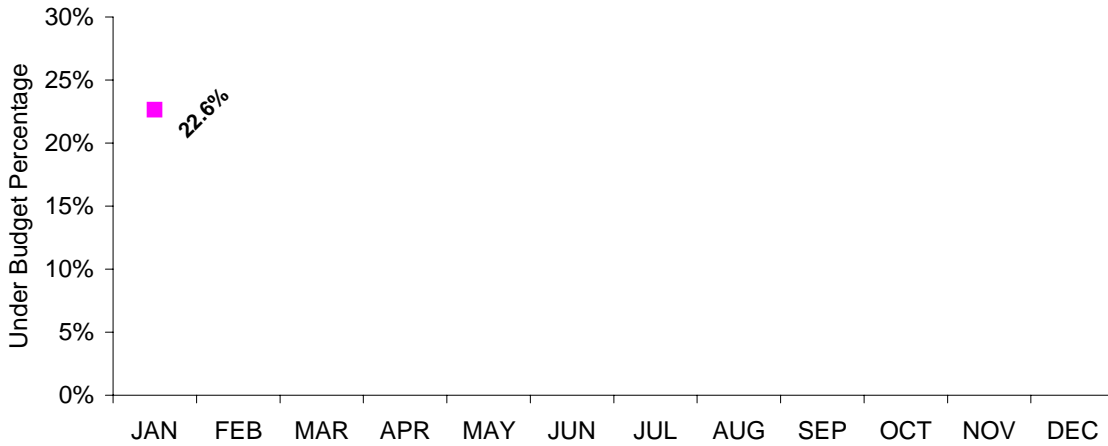
National Credit Union Administration Operating Fund

Graphs
January 31, 2007

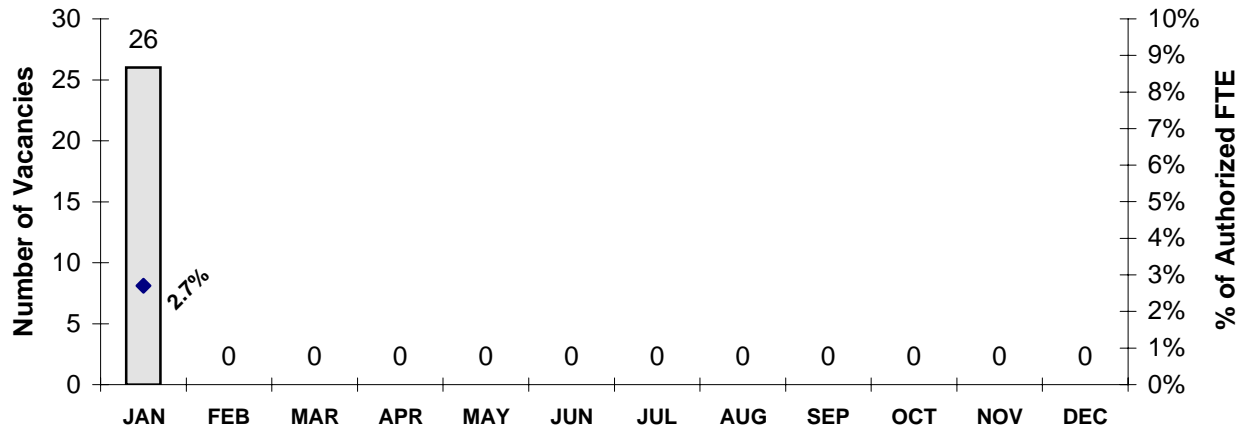
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
January 31, 2007

BALANCE SHEET	January 2006	January 2007
<u>Liquid assets / Total assets</u>	35.38%	32.90%
<u>Current assets / Total assets</u>	46.26%	45.92%
<u>Fixed assets / Total assets</u>	53.74%	54.08%
<u>Current liabilities / Total assets</u>	32.47%	24.22%
<u>Non current liabilities / Total assets</u>	36.82%	37.72%
<u>Retained earnings / Total assets</u>	30.71%	38.07%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	97.95%	97.19%
<u>YTD Interest & other income / Total revenue</u>	2.05%	2.81%
<u>YTD Expenses / Total revenue</u>	80.45%	88.64%
<u>YTD Net income / Total revenue</u>	19.55%	11.36%
<u>Monthly interest income to average investments (annualized)</u>	5.01%	5.20%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$1,497	\$650
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	(\$4.1)	(\$4.1)
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	-15.3%	-16.1%
<u>Cash and cash equivalents / Total assets</u>	35.4%	32.9%