

National Credit Union Administration



Operating Fund

***Financial Highlights
February 29, 2008***

**Mary Ann Woodson
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
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Balance Sheet

Overnight Investments decreased \$5.2 million primarily for payment of operating expenses.

The Home Purchase Program decreased \$119,000 due to the sale of one residence.

Other assets increased \$6.2 million to represent recognizing 1/12th of the 2008 operating fee income that is due April 15, 2008.

Statement of Revenue and Expenses

Net income for the month was \$155,000 higher than planned due to expenses being more under budget (\$345,000) than revenue (\$190,000). Additionally, contracted services are normally under budget at the start of the year because the agency is in the process of planning, implementing, and contracting for services.

Statement of Cash Flow

Cash decreased by \$5.2 million for the month, reflecting payments for operating expenses in excess of receipts for operating fee assessments, interest income and a sale of home under the home purchase program.

Budget (Year-to-Date)

Agency spending was under budget by \$3.4 million or 13.1 percent. Pay, benefits, and travel were under budget by 4.8 percent. The remaining variance of \$2.5 million was derived mainly from travel and contracted services. Travel and contracted services are cyclical and usually lower at the start of the year.

Vacancies

The agency had 30 vacancies as of February 16, -- up 3 from January 19, 2008. Of the 30 vacancies, there were 21 vacancies in the central office, 6 vacancies in the regional offices and AMAC, and 3 vacancies in the field staff. The 30 vacancies represent 3.1 percent of total authorized staff of 964.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
February 29, 2008

	February 2007	January 2008	February 2008
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,206.43	\$ 5,663.24	\$ 5,288.76
Overnight Investments	16,388,000.00	20,075,000.00	14,846,000.00
Accounts Receivable	697,468.19	325,213.62	316,956.82
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	760,773.24	812,486.66	805,834.86
Home Purchase Program	1,721,715.33	1,164,221.76	1,045,646.46
Other	10,810,123.21	6,206,391.42	12,372,276.86
<i>Total Current Assets</i>	<u>30,383,286.40</u>	<u>28,588,976.70</u>	<u>29,392,003.76</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	26,690,294.00	26,556,592.00	26,477,543.00
Capital Lease	1,858,186.62	1,067,260.32	993,375.70
Equipment	2,102,737.00	2,059,625.00	1,939,536.00
Assets Under Construction	138,858.79	320,209.00	320,209.00
<i>Total Property, Plant, and Equipment</i>	<u>34,736,340.36</u>	<u>33,949,950.27</u>	<u>33,676,927.65</u>
TOTAL ASSETS	<u><u>\$ 65,119,626.76</u></u>	<u><u>\$ 62,538,926.97</u></u>	<u><u>\$ 63,068,931.41</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,457,286.45	\$ 2,527,327.07	\$ 1,960,303.41
Accrued Employee Compensation	12,911,415.94	14,414,854.17	15,037,989.25
Other Current Liabilities	227,864.75	171,548.32	273,418.89
<i>Total Current Liabilities</i>	<u>15,596,567.14</u>	<u>17,113,729.56</u>	<u>17,271,711.55</u>
Non-Current Liabilities			
Notes Payable	22,237,214.35	21,008,021.66	20,896,276.87
Other	2,085,354.93	1,171,049.10	1,167,516.80
<i>Total Non-Current Liabilities</i>	<u>24,322,569.28</u>	<u>22,179,070.76</u>	<u>22,063,793.67</u>
TOTAL LIABILITIES	<u><u>39,919,136.42</u></u>	<u><u>39,292,800.32</u></u>	<u><u>39,335,505.22</u></u>
FUND BALANCE:			
Unappropriated	24,200,490.34	22,246,126.65	22,733,426.19
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>25,200,490.34</u></u>	<u><u>23,246,126.65</u></u>	<u><u>23,733,426.19</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 65,119,626.76</u></u>	<u><u>\$ 62,538,926.97</u></u>	<u><u>\$ 63,068,931.41</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
February 29, 2008

	February 2008 Monthly Actual	February 2008 Monthly Budget	February 2008 Year-To-Date Actual	February 2008 Year-To-Date Budget	February 2007 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 47,420.95	\$ 175,000.00	\$ 126,497.08	\$ 350,000.00	\$ 228,137.91
Program-related Income	6,030,500.00	6,088,000.00	12,118,575.81	12,176,000.00	10,624,242.28
Other Income	28,539.71	33,000.00	32,705.86	66,000.00	58,946.50
Total Revenue	<u>6,106,460.66</u>	<u>6,296,000.00</u>	<u>12,277,778.75</u>	<u>12,592,000.00</u>	<u>10,911,326.69</u>
EXPENSES:					
Employee Pay	3,321,945.36	3,417,253.02	7,045,479.23	7,352,138.82	6,619,526.92
Employee Benefits	924,508.87	938,160.83	1,875,163.06	2,013,531.68	1,782,808.84
Employee Travel	576,143.62	616,648.22	707,979.53	1,233,296.33	481,476.94
Rent/Communications/Utilities	178,120.85	166,703.13	231,384.68	333,406.14	191,588.17
Administrative Costs	419,104.88	473,557.55	842,065.82	947,114.95	516,329.20
Contracted Services	199,337.54	351,224.40	226,585.46	702,448.84	163,331.90
Total Expenses	<u>5,619,161.12</u>	<u>5,963,547.15</u>	<u>10,928,657.78</u>	<u>12,581,936.76</u>	<u>9,755,061.97</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 487,299.54</u>	<u>\$ 332,452.85</u>	<u>\$ 1,349,120.97</u>	<u>\$ 10,063.24</u>	<u>\$ 1,156,264.72</u>

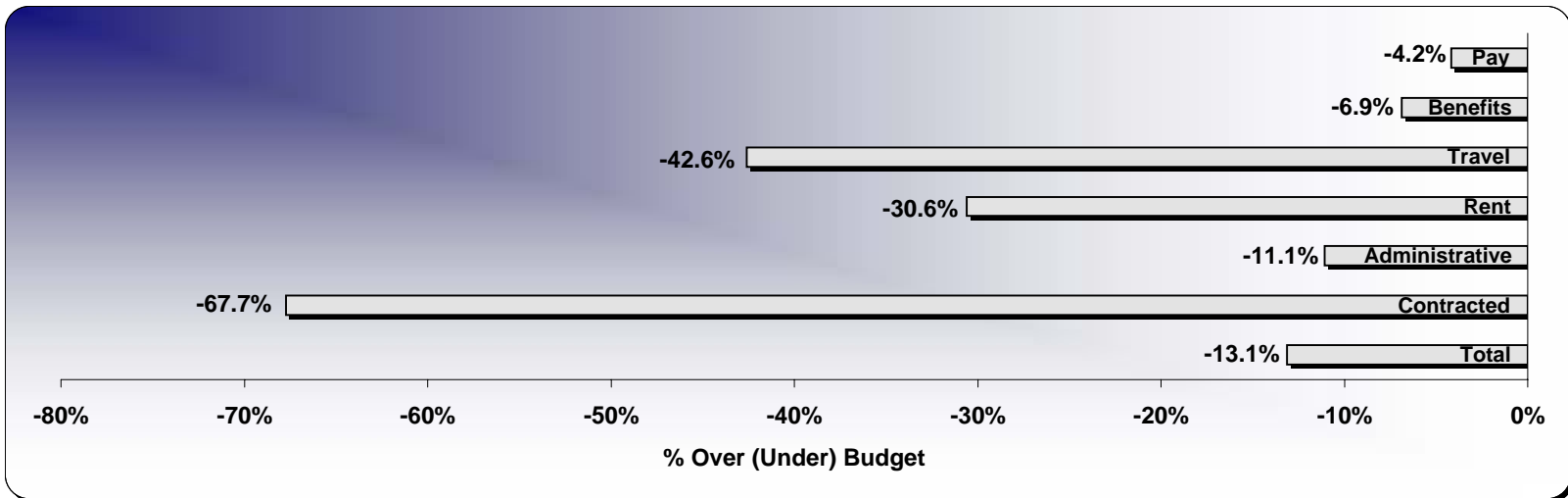
National Credit Union Administration Operating Fund
Statement of Cash Flow
February 29, 2008

	Month February 2007	Month February 2008	Y-T-D February 2007	Y-T-D February 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ -	\$ -	\$ -	\$ -
Interest received from cash and cash equivalents	97,539.56	47,420.95	235,931.38	126,497.08
Other income received	36,438.50	28,539.71	58,946.50	32,705.86
(Cash paid for operating expenses)	<u>(4,255,520.18)</u>	<u>(5,292,694.88)</u>	<u>(8,055,785.51)</u>	<u>(8,844,686.84)</u>
Net cash (used) in operating activities	<u>(4,121,542.12)</u>	<u>(5,216,734.22)</u>	<u>(7,760,907.63)</u>	<u>(8,685,483.90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(6,700.00)	(13,381.00)	(6,700.00)	(37,374.36)
Proceeds (purchases) home purchase program	<u>(680,762.17)</u>	<u>115,829.76</u>	<u>(680,762.17)</u>	<u>(47,557.93)</u>
Net cash (used) in investing activities	<u>(687,462.17)</u>	<u>102,448.76</u>	<u>(687,462.17)</u>	<u>(84,932.29)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(223,489.58)	(223,489.58)
(Capital lease payments)	<u>(3,093.85)</u>	<u>(3,344.23)</u>	<u>(329,145.32)</u>	<u>(330,294.02)</u>
Net cash (used) in financing activities	<u>(114,838.64)</u>	<u>(115,089.02)</u>	<u>(552,634.90)</u>	<u>(553,783.60)</u>
NET INCREASE (DECREASE) IN CASH	(4,923,842.93)	(5,229,374.48)	(9,001,004.70)	(9,324,199.79)
Cash and cash equivalents at beginning of period	21,317,049.36	20,080,663.24	25,394,211.13	24,175,488.55
Cash and cash equivalents at end of period	<u>\$ 16,393,206.43</u>	<u>\$ 14,851,288.76</u>	<u>\$ 16,393,206.43</u>	<u>\$ 14,851,288.76</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ 536,911.80</u>	<u>\$ 487,299.54</u>	<u>\$ 1,156,264.72</u>	<u>\$ 1,349,120.97</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	311,112.03	286,403.62	597,417.03	573,129.22
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	2,745.54	0.00	2,745.54
Interest expense on leases	369.00	2,406.32	1,136.48	4,806.35
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	90,058.97	90,058.97
Accounts receivable	597,554.74	8,256.80	483,515.73	264,123.48
Interest receivable	0.00	0.00	7,793.47	0.00
Prepaid expenses	36,293.23	6,651.80	(217,688.25)	(7,771.62)
Other assets	<u>(5,511,714.48)</u>	<u>(6,165,885.44)</u>	<u>(10,810,123.21)</u>	<u>(12,372,276.86)</u>
Increase (decrease) in liabilities:				
Accounts payable	(353,262.78)	(567,023.66)	(398,275.04)	(971,300.55)
Accrued employee compensation	61,505.39	623,135.08	1,146,242.03	2,140,216.02
Other non current liabilities	211.55	(2,594.39)	2,563.50	3,828.07
Other current liabilities	<u>199,477.40</u>	<u>101,870.57</u>	<u>180,186.94</u>	<u>237,836.51</u>
Total adjustments	<u>(4,658,453.92)</u>	<u>(5,704,033.76)</u>	<u>(8,917,172.35)</u>	<u>(10,034,604.87)</u>
Net cash (used) in operating activities	<u>\$ (4,121,542.12)</u>	<u>\$ (5,216,734.22)</u>	<u>\$ (7,760,907.63)</u>	<u>\$ (8,685,483.90)</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
February 29, 2008**

	2008				2007			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	15,316,956	14,678,082	(638,874)	-4.2%	14,868,174	14,174,576	(693,598)	-4.7%
Benefits	4,194,858	3,906,590	(288,268)	-6.9%	4,008,483	3,817,578	(190,906)	-4.8%
Travel	2,569,367	1,474,957	(1,094,410)	-42.6%	2,277,327	1,031,000	(1,246,327)	-54.7%
Rent, Communications, & Utilities	694,596	482,051	(212,545)	-30.6%	662,293	410,253	(252,040)	-38.1%
Administrative	1,973,156	1,754,304	(218,852)	-11.1%	1,998,185	1,105,630	(892,555)	-44.7%
Contracted Services	1,463,435	472,053	(991,382)	-67.7%	1,458,156	349,747	(1,108,409)	-76.0%
TOTAL	26,212,368	22,768,037	(3,444,331)	-13.1%	25,272,618	20,888,784	(4,383,834)	-17.3%

**Percent Over (Under) Budget
February 29, 2008**

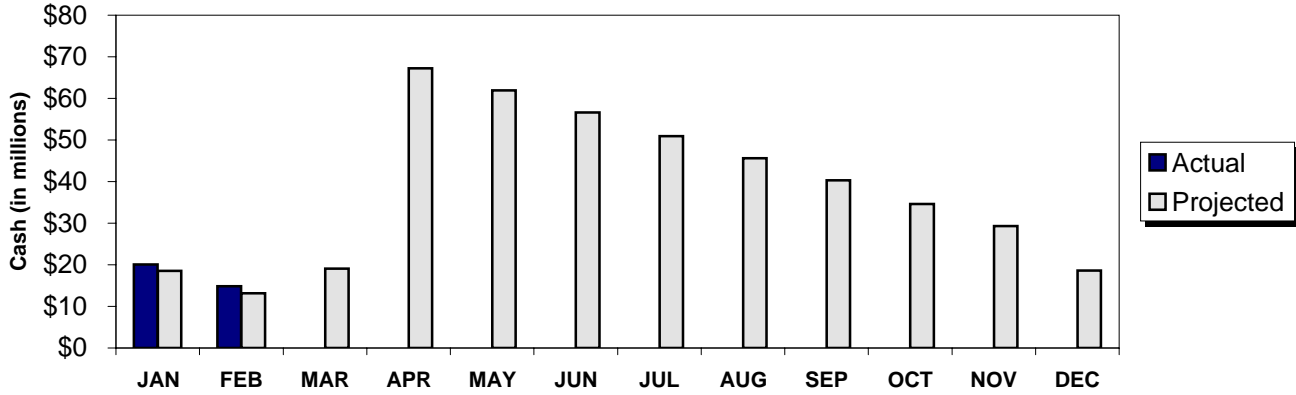


National Credit Union Administration Operating Fund

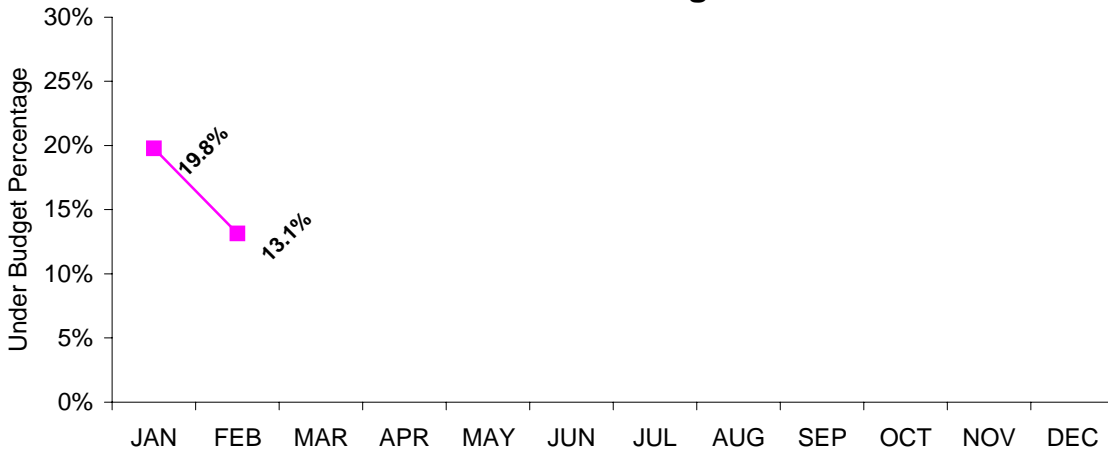
Graphs

February 29, 2008

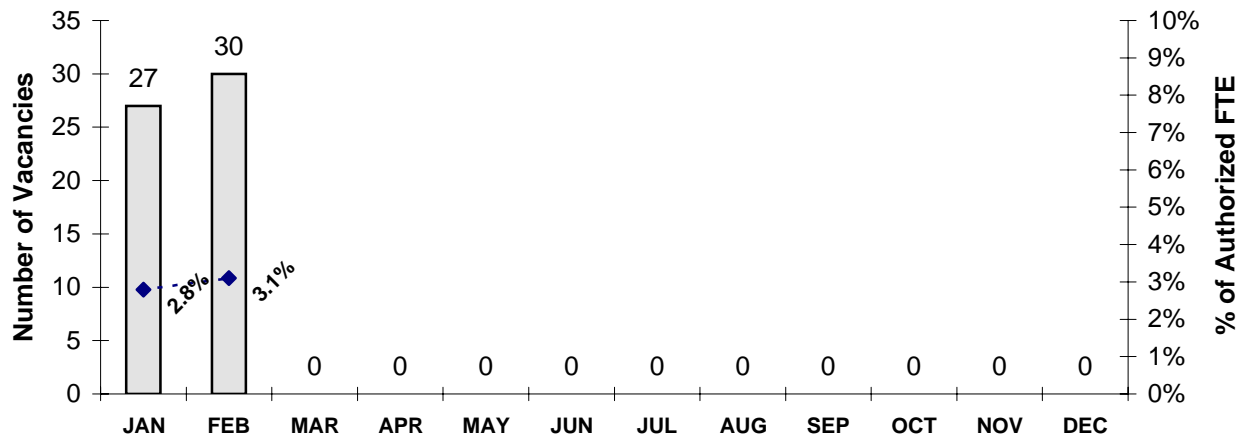
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
February 29, 2008

BALANCE SHEET	February 2007	February 2008
<u>Liquid assets / Total assets</u>	25.17%	23.55%
<u>Current assets / Total assets</u>	46.66%	46.60%
<u>Fixed assets / Total assets</u>	53.34%	53.40%
<u>Current liabilities / Total assets</u>	23.95%	27.39%
<u>Non current liabilities / Total assets</u>	37.35%	34.98%
<u>Retained earnings / Total assets</u>	38.70%	37.63%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	97.37%	98.70%
<u>YTD Interest & other income / Total revenue</u>	2.63%	1.30%
<u>YTD Expenses / Total revenue</u>	89.40%	89.01%
<u>YTD Net income / Total revenue</u>	10.60%	10.99%
<u>Monthly interest income to average investments (annualized)</u>	6.21%	2.62%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$7,013	\$10,238
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	(\$9.0)	(\$9.3)
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	-35.4%	-38.6%
<u>Cash and cash equivalents / Total assets</u>	25.2%	23.5%