

National Credit Union Administration



Operating Fund

***Audited Financial Highlights
December 31, 2006***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Unaudited Financial Highlights
December 31, 2006

Balance Sheet

Overnight Investments decreased \$4.6 million for payment of operating expenses.

Accounts Receivable increased \$117,000 representing advances for plaza and garage renovations.

Accounts Payable increased \$1.3 million due to year-end timing differences between receipt of vendor invoices and payment of vendors.

Accrued Employee Compensation decreased \$4.4 million primarily due to the accrual for 5 days of payroll at the end of December versus 14 days in the previous month. This change is also comprised of an adjustment for Accrued Annual Leave of \$554,000 and for Employee Relocation Payable of \$441,000.

Other Current Liabilities decreased \$5.4 million as a result of deferred income being recognized evenly over the calendar period.

Statement of Revenue and Expenses

Net income for the month was \$236,000 higher than planned primarily due to increased revenue, such as interest income which averaged 5.25% for the month of December, as well as employee pay, rent/communications/utilities, and administrative expenses categories being under budget.

Several expense categories were over budget for the month of December due to the required year-end accruals of the expenses. A significant portion of the accrual was for the employee lodging night bonus program.

Statement of Cash Flow

Cash decreased by \$8.2 million for the month due to payment of operating expenses, of which \$3.6 million is for the accelerated funding of year-end payroll.

There are no outstanding operating fees to be collected.

Budget (Year-to-Date)

Agency spending was under budget by \$9.3 million or 6.2 percent. Pay, benefits and travel were under budget by 3.6 percent. The remaining variance of \$4.8 million (net) was derived mainly from administrative and contracted services.

Vacancies

The agency had 19 vacancies as of December 31 -- down 8 from November 25. Of the 19 vacancies, there were 17 vacancies in the central office, 1 vacancy in the regional offices and AMAC, and 1 vacancy in the field staff. The 19 vacancies represent 2.0 percent of total authorized staff of 957.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
December 31, 2006

	December 2005	November 2006	December 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,343.89	\$ 5,574.05	\$ -
Overnight Investments	27,110,000.00	33,615,000.00	25,394,211.13
Accounts Receivable	1,166,585.82	1,064,056.62	1,180,983.92
Interest Receivable	2,605.57	0.00	7,793.47
Prepaid Expenses	403,863.53	608,600.06	543,084.99
Home Purchase Program	275,841.61	931,153.53	1,040,953.16
Other	0.00	(250.00)	0.00
<i>Total Current Assets</i>	<u>28,964,240.42</u>	<u>36,224,134.26</u>	<u>28,167,026.67</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,686,422.00	27,122,372.10	26,836,530.00
Capital Lease	334,221.13	2,108,905.95	2,019,361.62
Equipment	3,232,102.09	2,444,175.09	2,368,033.00
Other	0.00	0.00	138,858.79
<i>Total Property, Plant, and Equipment</i>	<u>35,199,009.17</u>	<u>35,621,717.09</u>	<u>35,309,047.36</u>
TOTAL ASSETS	<u><u>\$ 64,163,249.59</u></u>	<u><u>\$ 71,845,851.35</u></u>	<u><u>\$ 63,476,074.03</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 4,392,127.88	\$ 1,539,773.51	\$ 2,855,561.49
Accrued Employee Compensation	16,511,805.70	16,166,566.09	11,765,173.91
Other Current Liabilities	55,432.59	5,498,912.68	47,677.81
<i>Total Current Liabilities</i>	<u>20,959,366.17</u>	<u>23,205,252.28</u>	<u>14,668,413.21</u>
Non-Current Liabilities			
Notes Payable	23,801,641.41	22,572,448.72	22,460,703.93
Other	482,145.83	2,301,866.52	2,302,731.27
<i>Total Non-Current Liabilities</i>	<u>24,283,787.24</u>	<u>24,874,315.24</u>	<u>24,763,435.20</u>
TOTAL LIABILITIES	<u><u>45,243,153.41</u></u>	<u><u>48,079,567.52</u></u>	<u><u>39,431,848.41</u></u>
FUND BALANCE:			
Unappropriated	18,920,096.18	22,766,283.83	23,044,225.62
Appropriated	0.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>18,920,096.18</u></u>	<u><u>23,766,283.83</u></u>	<u><u>24,044,225.62</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 64,163,249.59</u></u>	<u><u>\$ 71,845,851.35</u></u>	<u><u>\$ 63,476,074.03</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
December 31, 2006

	December 2006 Monthly Actual	December 2006 Monthly Budget	December 2006 Year-To-Date Actual	December 2006 Year-To-Date Budget	December 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 153,969.44	\$ 108,334.00	\$ 2,203,370.05	\$ 1,300,000.00	\$ 1,331,952.10
Program-related Income	5,314,487.20	5,204,166.00	63,586,952.20	62,450,000.00	61,977,646.21
Other Income	3,876.40	8,334.00	168,685.88	100,000.00	145,658.38
Total Revenue	<u>5,472,333.04</u>	<u>5,320,834.00</u>	<u>65,959,008.13</u>	<u>63,850,000.00</u>	<u>63,455,256.69</u>
EXPENSES:					
Employee Pay	2,719,423.23	3,072,117.00	36,698,621.73	38,035,739.00	35,671,853.26
Employee Benefits	930,607.25	832,052.00	10,041,443.01	10,301,599.00	9,394,476.60
Employee Travel	628,088.87	494,746.00	5,583,368.65	5,936,952.00	5,086,593.98
Rent/Communications/Utilities	135,407.93	142,878.00	1,593,614.50	1,714,536.00	1,688,811.98
Administrative Costs	293,750.46	419,259.00	4,017,630.07	5,031,108.00	4,843,720.88
Contracted Services	487,113.51	318,261.00	2,900,200.73	3,819,132.00	2,784,327.76
Total Expenses	<u>5,194,391.25</u>	<u>5,279,313.00</u>	<u>60,834,878.69</u>	<u>64,839,066.00</u>	<u>59,469,784.46</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 277,941.79</u>	<u>\$ 41,521.00</u>	<u>\$ 5,124,129.44</u>	<u>\$ (989,066.00)</u>	<u>\$ 3,985,472.23</u>

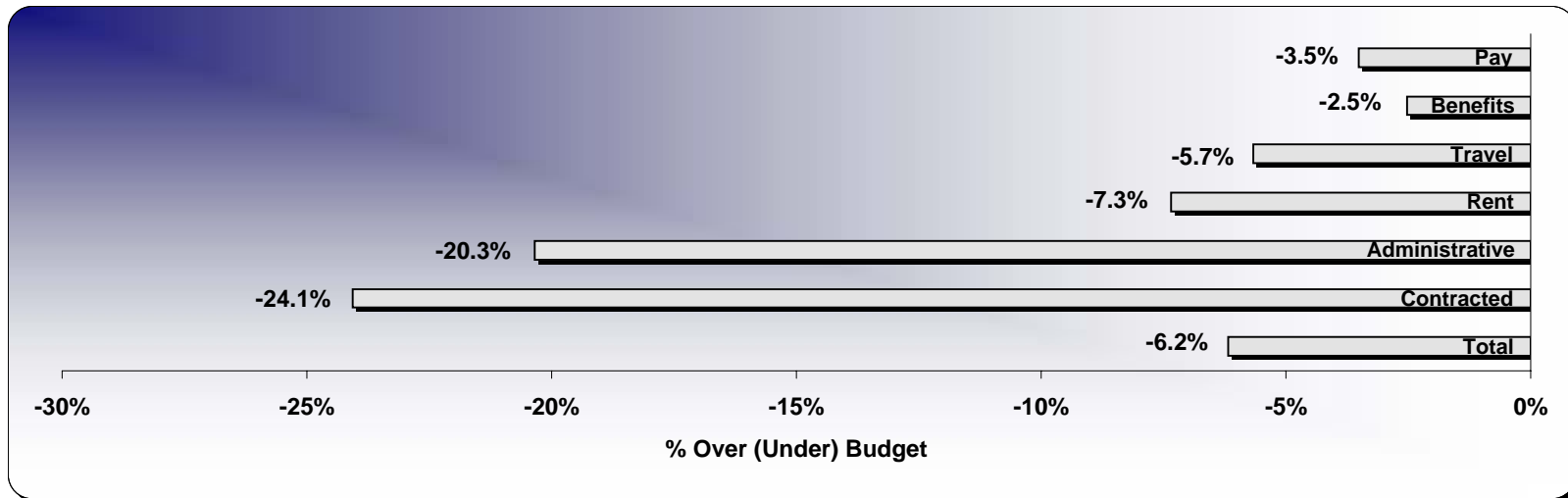
National Credit Union Administration Operating Fund
Statement of Cash Flow
December 31, 2006

	Month December 2005	Month December 2006	Y-T-D December 2005	Y-T-D December 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 10,250.56	\$ -	\$ 61,961,494.31	\$ 63,780,937.04
Interest received from cash and cash equivalents	114,842.80	153,969.44	1,331,952.10	2,203,370.05
Other income received	7,760.50	3,876.40	145,658.38	168,685.88
(Cash paid for operating expenses)	<u>(3,246,324.38)</u>	<u>(8,157,815.40)</u>	<u>(48,949,663.62)</u>	<u>(63,332,928.93)</u>
Net cash (used) in operating activities	<u>(3,113,470.52)</u>	<u>(7,999,969.56)</u>	<u>14,489,441.17</u>	<u>2,820,064.04</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(855,520.73)	(3,719.94)	(2,511,423.62)	(1,030,739.82)
Proceeds (purchases) home purchase program	<u>5,722.52</u>	<u>(109,799.63)</u>	<u>(260,254.61)</u>	<u>(804,099.86)</u>
Net cash (used) in investing activities	<u>(849,798.21)</u>	<u>(113,519.57)</u>	<u>(2,771,678.23)</u>	<u>(1,834,839.68)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,340,937.48)	(1,340,937.48)
(Capital lease payments)	<u>(2,473.47)</u>	<u>(1,129.00)</u>	<u>(1,488,284.24)</u>	<u>(1,365,419.64)</u>
Net cash (used) in financing activities	<u>(114,218.26)</u>	<u>(112,873.79)</u>	<u>(2,829,221.72)</u>	<u>(2,706,357.12)</u>
NET INCREASE (DECREASE) IN CASH	(4,077,486.99)	(8,226,362.92)	8,888,541.22	(1,721,132.76)
Cash and cash equivalents at beginning of period	31,192,830.88	33,620,574.05	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$ 27,115,343.89</u>	<u>\$ 25,394,211.13</u>	<u>\$ 27,115,343.89</u>	<u>\$ 25,394,211.13</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ (76,628.37)</u>	<u>\$ 277,941.79</u>	<u>\$ 3,985,472.23</u>	<u>\$ 5,124,129.44</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	308,055.35	315,509.67	3,339,042.14	3,701,221.63
Unrealized (gain) loss	0.00	0.00	87,640.02	0.00
(Gain) loss on disposal of fixed assets	0.00	880.00	1,839.00	880.00
(Gain) loss on disposal of homes	0.00	0.00	14,871.14	5,907.42
Interest expense on leases	539.00	863.59	20,758.79	10,650.03
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	(532,107.15)	(116,927.30)	(339,023.77)	(14,398.10)
Interest receivable	(2,605.57)	(7,793.47)	(2,605.57)	(5,187.90)
Prepaid expenses	69,456.90	65,515.07	184,143.57	(139,221.46)
Other assets	0.00	(250.00)	0.00	33,080.89
Increase (decrease) in liabilities:				
Accounts payable	1,877,248.94	1,315,787.98	2,073,548.41	(1,536,566.39)
Accrued employee compensation	400,026.71	(4,401,392.18)	4,551,018.46	(4,746,631.79)
Other non current liabilities	1,479.27	1,130.16	155,065.35	17,904.61
Other current liabilities	<u>(5,158,935.60)</u>	<u>(5,451,234.87)</u>	<u>(5,925.41)</u>	<u>(7,754.78)</u>
Total adjustments	<u>(3,036,842.15)</u>	<u>(8,277,911.35)</u>	<u>10,503,968.94</u>	<u>(2,304,065.40)</u>
Net cash (used) in operating activities	<u>\$ (3,113,470.52)</u>	<u>\$ (7,999,969.56)</u>	<u>\$ 14,489,441.17</u>	<u>\$ 2,820,064.04</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
December 31, 2006**

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	88,455,207	85,345,632	(3,109,575)	-3.5%	89,368,677	82,957,798	(6,410,878)	-7.2%
Benefits	23,957,208	23,352,193	(605,015)	-2.5%	23,093,685	21,847,620	(1,246,065)	-5.4%
Travel	13,764,359	12,984,578	(779,781)	-5.7%	12,818,897	11,829,288	(989,609)	-7.7%
Rent, Communications, & Utilities	3,999,804	3,706,080	(293,723)	-7.3%	3,930,100	3,927,470	(2,630)	-0.1%
Administrative	11,730,258	9,343,326	(2,386,932)	-20.3%	10,498,368	11,267,907	769,540	7.3%
Contracted Services	8,881,689	6,744,653	(2,137,036)	-24.1%	8,286,418	6,435,220	(1,851,198)	-22.3%
TOTAL	150,788,525	141,476,462	(9,312,063)	-6.2%	147,996,144	138,265,303	(9,730,841)	-6.6%

**Percent Over (Under) Budget
December 31, 2006**

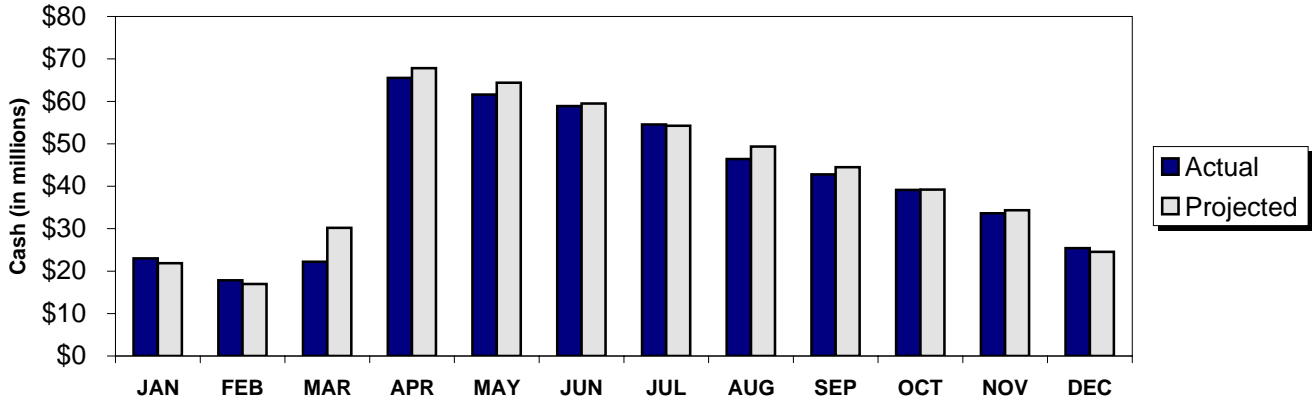


National Credit Union Administration Operating Fund

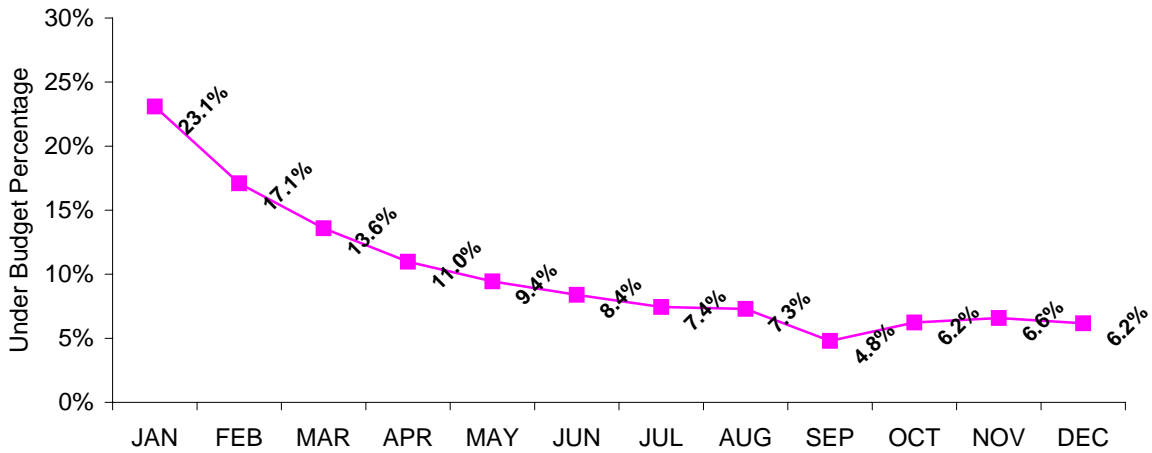
Graphs

December 31, 2006

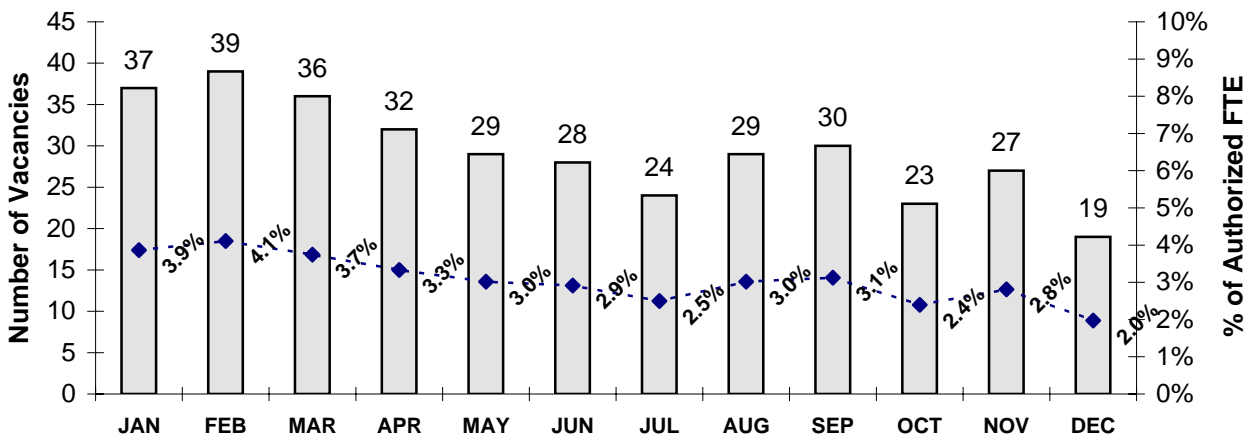
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
December 31, 2006

BALANCE SHEET	December 2005	December 2006
<u>Liquid assets / Total assets</u>	42.26%	40.01%
<u>Current assets / Total assets</u>	45.14%	44.37%
<u>Fixed assets / Total assets</u>	54.86%	55.63%
<u>Current liabilities / Total assets</u>	32.67%	23.11%
<u>Non current liabilities / Total assets</u>	37.85%	39.01%
<u>Retained earnings / Total assets</u>	29.49%	37.88%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	97.67%	96.40%
<u>YTD Interest & other income / Total revenue</u>	2.33%	3.60%
<u>YTD Expenses / Total revenue</u>	93.72%	92.23%
<u>YTD Net income / Total revenue</u>	6.28%	7.77%
<u>Monthly interest income to average investments (annualized)</u>	4.73%	5.25%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$12,310	\$13,555
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$8.9	(\$1.7)
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	48.8%	-6.3%
<u>Cash and cash equivalents / Total assets</u>	42.3%	40.0%