

National Credit Union Administration



Operating Fund

***Financial Highlights
July 31, 2006***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
July 31, 2006

Balance Sheet

Overnight Investments decreased \$4.3 million primarily for payment of operating expenses.

Accounts Receivable decreased \$14,000 due to the collection of operating fees; operating fees of \$63.8 million have been collected year-to-date with \$13,000 remaining to be collected.

Accounts Payable increased \$265,000 due to recognition of workers' compensation obligations.

Accrued Employee Compensation increased \$543,000 due to the accrual for 16 days at the end of July versus 15 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.2 million. This decrease is due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period.

Statement of Revenue and Expenses

Net income of \$410,000 for the month was \$368,000 higher than planned primarily due to increased revenue as well as the categories for pay, benefits, and rent/communications/utilities being under budget.

Statement of Cash Flow

Cash decreased by \$4.3 million for the month, reflecting payments for operating expenses, fixed assets, notes payable, and capital leases in excess of receipts from interest income and the home purchase program.

Budget (Year-to-Date)

Agency spending was under budget by \$6.5 million or 7.4 percent. Pay and benefits were under budget by 3.1 percent. The remaining variance of \$4.5 million was derived mainly from travel, administrative, and contracted services.

Vacancies

The agency had 24 vacancies as of July 22 -- down 4 from June 24. Of the 24 vacancies, there were 16 vacancies in the central office, 3 vacancies in the regional offices and AMAC, and 5 vacancies in the field staff. The 24 vacancies represent 2.5 percent of total authorized staff of 957.92.

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

	July 2005	June 2006	July 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,744.39	\$ 5,464.62	\$ 5,791.93
Overnight Investments	50,225,000.00	58,865,000.00	54,558,000.00
Accounts Receivable	564,478.54	980,827.33	1,234,807.30
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	877,732.32	753,298.37	697,938.32
Home Purchase Program	281,564.13	943,427.55	729,642.29
Other	500.00	0.00	191,406.34
<i>Total Current Assets</i>	<u>51,955,019.38</u>	<u>61,548,017.87</u>	<u>57,417,586.18</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,050,965.00	27,248,972.00	27,176,066.00
Capital Lease	729,351.43	2,485,754.87	2,410,450.87
Equipment	2,428,406.09	2,925,088.17	2,911,575.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,154,986.47</u>	<u>36,606,078.99</u>	<u>36,444,355.91</u>
TOTAL ASSETS	<u><u>\$ 87,110,005.85</u></u>	<u><u>\$ 98,154,096.86</u></u>	<u><u>\$ 93,861,942.09</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 1,689,219.49	\$ 1,973,113.94	\$ 2,238,160.24
Accrued Employee Compensation	15,619,370.02	16,400,073.98	16,943,497.20
Other Current Liabilities	25,935,046.44	31,940,573.02	26,773,673.96
<i>Total Current Liabilities</i>	<u>43,243,635.95</u>	<u>50,313,760.94</u>	<u>45,955,331.40</u>
Non-Current Liabilities			
Notes Payable	24,360,365.36	23,131,172.67	23,019,427.88
Other	558,904.02	2,770,128.19	2,538,629.41
<i>Total Non-Current Liabilities</i>	<u>24,919,269.38</u>	<u>25,901,300.86</u>	<u>25,558,057.29</u>
TOTAL LIABILITIES	<u><u>68,162,905.33</u></u>	<u><u>76,215,061.80</u></u>	<u><u>71,513,388.69</u></u>
FUND BALANCE:			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	4,012,476.57	3,018,938.88	3,428,457.22
TOTAL FUND BALANCE	<u><u>18,947,100.52</u></u>	<u><u>21,939,035.06</u></u>	<u><u>22,348,553.40</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 87,110,005.85</u></u>	<u><u>\$ 98,154,096.86</u></u>	<u><u>\$ 93,861,942.09</u></u>

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

	July 2006 Monthly Actual	July 2006 Monthly Budget	July 2006 Year-To-Date Actual	July 2006 Year-To-Date Budget	July 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 261,129.43	\$ 108,333.00	\$ 1,215,038.74	\$ 758,331.00	\$ 670,516.02
Program-related Income	5,318,326.33	5,204,167.00	37,014,966.17	36,429,169.00	36,141,661.08
Other Income	22,670.70	8,333.00	91,581.73	58,331.00	96,286.08
Total Revenue	<u>5,602,126.46</u>	<u>5,320,833.00</u>	<u>38,321,586.64</u>	<u>37,245,831.00</u>	<u>36,908,463.18</u>
EXPENSES:					
Employee Pay	2,968,045.28	3,072,117.00	21,310,305.01	22,089,987.00	20,440,903.55
Employee Benefits	805,586.95	832,052.00	5,893,005.55	5,982,852.00	5,329,945.74
Employee Travel	504,138.46	494,746.00	2,738,622.53	3,463,222.00	2,548,686.60
Rent/Communications/Utilities	122,156.68	142,878.00	898,344.76	1,000,146.00	872,199.73
Administrative Costs	458,344.31	419,259.00	2,605,273.95	2,934,813.00	2,438,972.58
Contracted Services	334,336.44	318,261.00	1,447,577.62	2,227,827.00	1,265,278.41
Total Expenses	<u>5,192,608.12</u>	<u>5,279,313.00</u>	<u>34,893,129.42</u>	<u>37,698,847.00</u>	<u>32,895,986.61</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 409,518.34</u>	<u>\$ 41,520.00</u>	<u>\$ 3,428,457.22</u>	<u>\$ (453,016.00)</u>	<u>\$ 4,012,476.57</u>

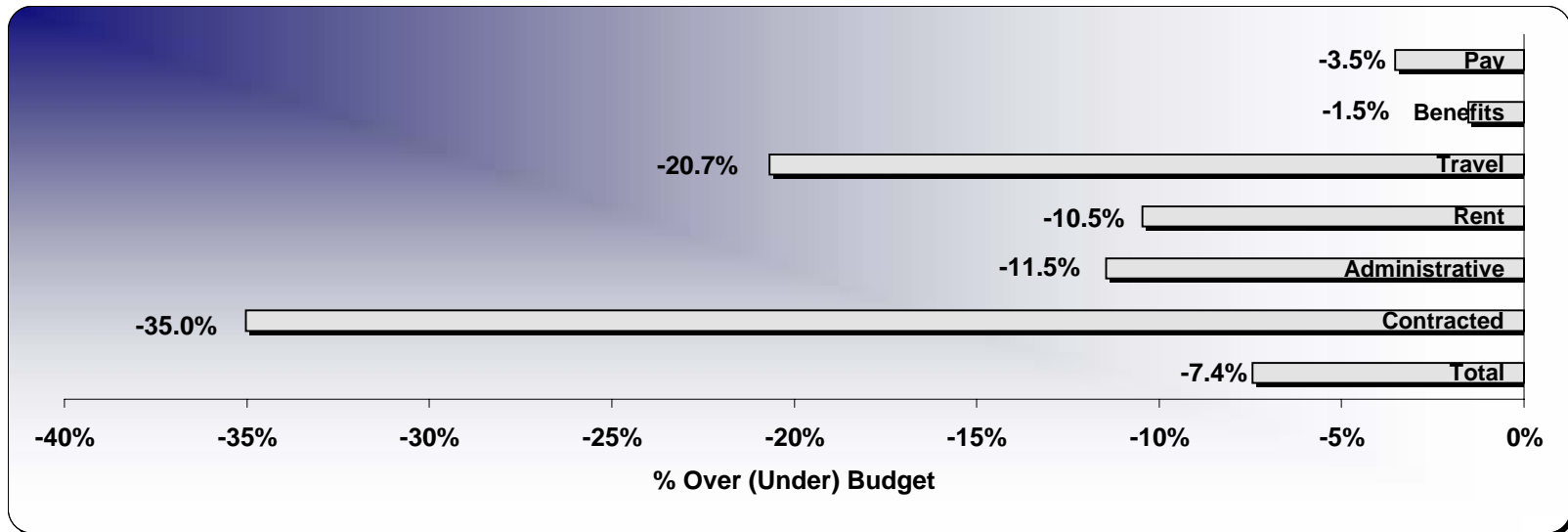
National Credit Union Administration Operating Fund
Statement of Cash Flow
July 31, 2006

	Month July 2005	Month July 2006	Y-T-D July 2005	Y-T-D July 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 16,705.15	\$ 14,100.13	\$ 61,946,282.23	\$ 63,768,431.35
Interest received from cash and cash equivalents	145,313.62	261,129.43	670,516.02	1,215,038.74
Other income received	11,633.16	22,670.70	96,286.08	91,581.73
(Cash paid for operating expenses)	<u>(3,574,172.99)</u>	<u>(4,242,111.48)</u>	<u>(27,540,677.98)</u>	<u>(34,680,568.75)</u>
Net cash (used) in operating activities	<u>(3,400,521.06)</u>	<u>(3,944,211.22)</u>	<u>35,172,406.35</u>	<u>30,394,483.07</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(454,990.00)	(138,099.30)	(1,026,869.15)	(680,195.36)
Proceeds (purchases) home purchase program	0.00	213,434.09	(248,469.06)	(454,151.85)
Net cash (used) in investing activities	<u>(454,990.00)</u>	<u>75,334.79</u>	<u>(1,275,338.21)</u>	<u>(1,134,347.21)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(782,213.53)	(782,213.53)
(Capital lease payments)	<u>(366,592.47)</u>	<u>(326,051.47)</u>	<u>(1,110,912.89)</u>	<u>(1,029,474.29)</u>
Net cash (used) in financing activities	<u>(478,337.26)</u>	<u>(437,796.26)</u>	<u>(1,893,126.42)</u>	<u>(1,811,687.82)</u>
NET INCREASE (DECREASE) IN CASH	(4,333,848.32)	(4,306,672.69)	32,003,941.72	27,448,448.04
Cash and cash equivalents at beginning of period	54,564,592.71	58,870,464.62	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$ 50,230,744.39</u>	<u>\$ 54,563,791.93</u>	<u>\$ 50,230,744.39</u>	<u>\$ 54,563,791.93</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ 773,460.44</u>	<u>\$ 409,518.34</u>	<u>\$ 4,012,476.57</u>	<u>\$ 3,428,457.22</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	268,346.15	299,822.38	1,863,667.86	2,216,248.62
Unrealized (gain) loss	0.00	0.00	71,478.11	0.00
(Gain) loss on disposal of fixed assets	1,839.00	0.00	1,839.00	0.00
(Gain) loss on disposal of homes	0.00	351.17	13,524.98	351.17
Interest expense on leases	3,692.48	(4,646.73)	15,927.02	6,201.55
Miscellaneous allowances	102.69	0.00	102.69	(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	317,620.59	285,991.47
Accounts receivable	86,771.76	(253,979.97)	263,083.51	(68,221.48)
Interest receivable	0.00	0.00	0.00	2,605.57
Prepaid expenses	(128,803.89)	55,360.05	(289,725.22)	(294,074.79)
Other assets	(1,560.03)	(191,406.34)	(500.00)	(191,406.34)
Increase (decrease) in liabilities:				
Accounts payable	600,669.29	265,046.30	(629,359.98)	(2,153,967.64)
Accrued employee compensation	16,123.42	543,423.22	3,658,582.78	431,691.50
Other non current liabilities	0.00	9,140.45	(0.00)	12,364.85
Other current liabilities	<u>(5,127,035.90)</u>	<u>(5,166,899.06)</u>	<u>25,873,688.44</u>	<u>26,718,241.37</u>
Total adjustments	<u>(4,173,981.50)</u>	<u>(4,353,729.56)</u>	<u>31,159,929.78</u>	<u>26,966,025.85</u>
Net cash (used) in operating activities	<u>\$ (3,400,521.06)</u>	<u>\$ (3,944,211.22)</u>	<u>\$ 35,172,406.35</u>	<u>\$ 30,394,483.07</u>

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

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	51,371,721	49,558,849	(1,812,872)	-3.5%	51,569,007	47,536,985	(4,032,022)	-7.8%
Benefits	13,916,215	13,704,664	(211,551)	-1.5%	13,330,181	12,395,223	(934,958)	-7.0%
Travel	8,029,210	6,368,890	(1,660,320)	-20.7%	7,477,690	5,927,178	(1,550,512)	-20.7%
Rent, Communications, & Utilities	2,333,219	2,089,174	(244,045)	-10.5%	2,292,558	2,028,371	(264,187)	-11.5%
Administrative	6,842,651	6,058,777	(783,874)	-11.5%	6,124,048	5,672,029	(452,019)	-7.4%
Contracted Services	5,180,985	3,366,460	(1,814,526)	-35.0%	4,833,744	2,942,508	(1,891,236)	-39.1%
TOTAL	87,674,000	81,146,813	(6,527,187)	-7.4%	85,627,227	76,502,294	(9,124,933)	-10.7%

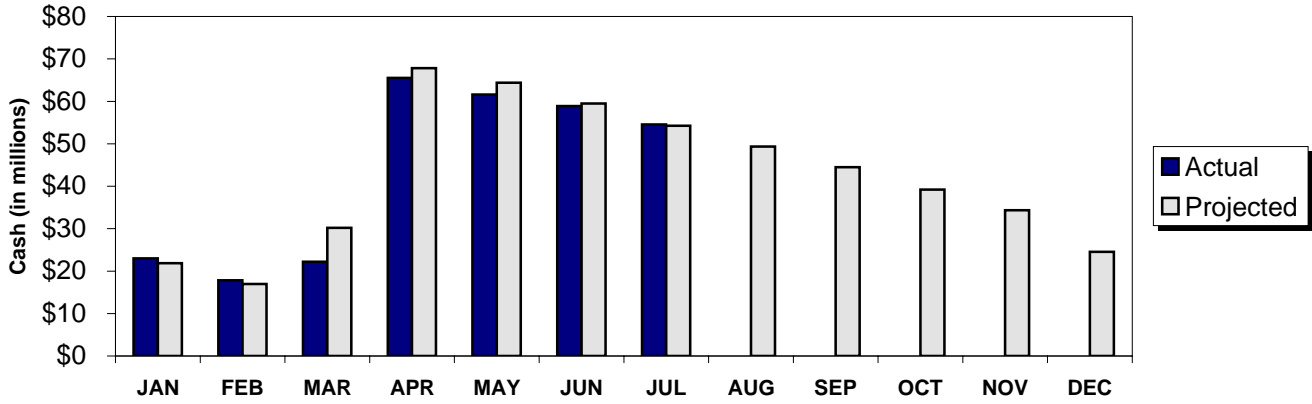
**Percent Over (Under) Budget
July 31, 2006**



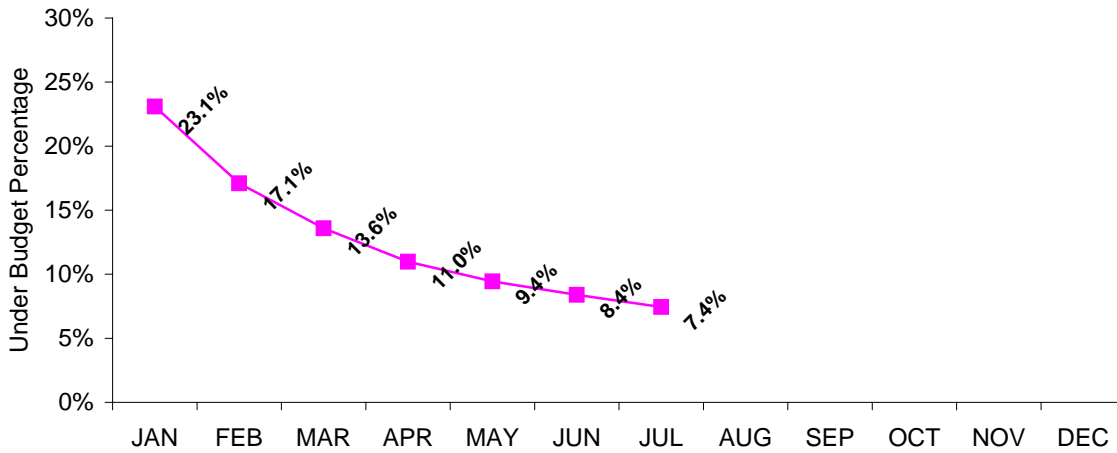
National Credit Union Administration Operating Fund

Graphs
July 31, 2006

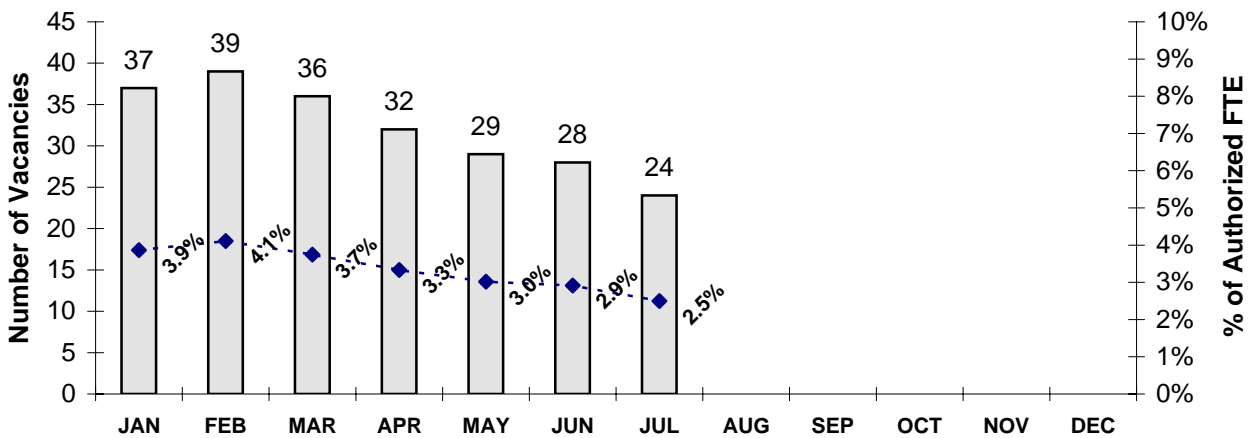
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
July 31, 2006

BALANCE SHEET	July 2005	July 2006
<u>Liquid assets / Total assets</u>	57.66%	58.13%
<u>Current assets / Total assets</u>	59.64%	61.17%
<u>Fixed assets / Total assets</u>	40.36%	38.83%
<u>Current liabilities / Total assets</u>	49.64%	48.96%
<u>Non current liabilities / Total assets</u>	28.61%	27.23%
<u>Retained earnings / Total assets</u>	21.75%	23.81%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	97.92%	96.59%
<u>YTD Interest & other income / Total revenue</u>	2.08%	3.41%
<u>YTD Expenses / Total revenue</u>	89.13%	91.05%
<u>YTD Net income / Total revenue</u>	10.87%	8.95%
<u>Monthly interest income to average investments (annualized)</u>	3.33%	5.53%
<u>YTD Travel, before overhead transfer, per full-time equivalent (annualized)</u>	\$10,574	\$11,398
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$32.0	\$27.4
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	175.6%	101.2%
<u>Cash and cash equivalents / Total assets</u>	57.7%	58.1%