

National Credit Union Administration



Operating Fund

***Financial Highlights
August 31, 2006***

**Dennis Winans
Chief Financial Officer**

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

Balance Sheet

Overnight Investments decreased \$8.2 million for payment of operating expenses.

Accounts Receivable increased \$49,000 due to the collection of operating fees; operating fees of \$63.8 million have been collected year-to-date with \$775 remaining to be collected.

Home Purchase Program decreased \$310,000 as a result of the sale of one employee's residence.

Property, Plant, and Equipment increased \$276,000 to include initial repair costs for the King Street Station plaza and garage.

Accounts Payable decreased \$540,000 due to payment of routine vendor invoices.

Accrued Employee Compensation decreased \$2.8 million due to the accrual for 9 days at the end of August versus 16 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.5 million. This decrease is primarily due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period.

Statement of Revenue and Expense

Net income of \$300,000 for the month was \$631,000 higher than planned primarily due to increased revenue as well as all expense categories being under budget.

Statement of Cash Flow

Cash decreased by \$8.2 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 \$7.4 million or 7.3 percent. Pay, benefits, and travel were under budget by 5.1%. The remaining variance of \$3.0 million was derived mainly from administrative and contracted services.

Vacancies

The agency had 29 vacancies as of August 19 -- up 5 from July 22. Of the 29 vacancies, there were 19 vacancies in the central office, 3 vacancies in the regional offices and AMAC, and 7 vacancies in the field staff. The 29 vacancies represent 3 percent of total authorized staff of 957.92.

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

	August 2005	July 2006	August 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,415.31	\$ 5,791.93	\$ 5,205.59
Overnight Investments	41,328,000.00	54,558,000.00	46,401,000.00
Accounts Receivable	767,282.66	1,234,807.30	1,283,576.44
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	586,065.52	697,938.32	661,349.02
Home Purchase Program	464,768.91	729,642.29	414,453.79
Other	230,422.75	191,406.34	(1,314.07)
<i>Total Current Assets</i>	<u>43,381,955.15</u>	<u>57,417,586.18</u>	<u>48,764,270.77</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,978,054.00	27,176,066.00	27,341,094.10
Capital Lease	677,403.10	2,410,450.87	2,334,985.54
Equipment	2,499,004.09	2,911,575.09	2,802,555.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,100,725.14</u>	<u>36,444,355.91</u>	<u>36,424,898.68</u>
TOTAL ASSETS	<u><u>\$ 78,482,680.29</u></u>	<u><u>\$ 93,861,942.09</u></u>	<u><u>\$ 85,189,169.45</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 1,179,469.28	\$ 2,238,160.24	\$ 1,698,335.95
Accrued Employee Compensation	12,844,362.09	16,943,497.20	14,127,194.68
Other Current Liabilities	20,677,552.94	26,773,673.96	21,269,656.32
<i>Total Current Liabilities</i>	<u>34,701,384.31</u>	<u>45,955,331.40</u>	<u>37,095,186.95</u>
Non-Current Liabilities			
Notes Payable	24,248,620.57	23,019,427.88	22,907,683.09
Other	592,000.33	2,538,629.41	2,537,539.30
<i>Total Non-Current Liabilities</i>	<u>24,840,620.90</u>	<u>25,558,057.29</u>	<u>25,445,222.39</u>
TOTAL LIABILITIES	<u><u>59,542,005.21</u></u>	<u><u>71,513,388.69</u></u>	<u><u>62,540,409.34</u></u>
FUND BALANCE:			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	4,006,051.13	3,428,457.22	3,728,663.93
TOTAL FUND BALANCE	<u><u>18,940,675.08</u></u>	<u><u>22,348,553.40</u></u>	<u><u>22,648,760.11</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 78,482,680.29</u></u>	<u><u>\$ 93,861,942.09</u></u>	<u><u>\$ 85,189,169.45</u></u>

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

	August 2006 Monthly Actual	August 2006 Monthly Budget	August 2006 Year-To-Date Actual	August 2006 Year-To-Date Budget	August 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 243,122.20	\$ 108,333.00	\$ 1,458,160.94	\$ 866,664.00	\$ 827,494.42
Program-related Income	5,315,238.85	5,204,167.00	42,330,205.02	41,633,336.00	41,310,841.44
Other Income	34,761.65	8,333.00	126,343.38	66,664.00	116,639.66
Total Revenue	<u>5,593,122.70</u>	<u>5,320,833.00</u>	<u>43,914,709.34</u>	<u>42,566,664.00</u>	<u>42,254,975.52</u>
EXPENSES:					
Employee Pay	3,231,269.14	3,364,700.00	24,541,574.15	25,454,687.00	23,645,234.28
Employee Benefits	832,276.21	911,295.00	6,725,281.76	6,894,147.00	6,154,932.31
Employee Travel	425,490.94	494,746.00	3,164,113.47	3,957,968.00	3,021,375.25
Rent/Communications/Utilities	140,956.78	142,878.00	1,039,301.54	1,143,024.00	1,049,616.37
Administrative Costs	400,947.28	419,259.00	3,006,221.23	3,354,072.00	2,871,434.72
Contracted Services	261,975.64	318,261.00	1,709,553.26	2,546,088.00	1,506,331.46
Total Expenses	<u>5,292,915.99</u>	<u>5,651,139.00</u>	<u>40,186,045.41</u>	<u>43,349,986.00</u>	<u>38,248,924.39</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 300,206.71</u>	<u>\$ (330,306.00)</u>	<u>\$ 3,728,663.93</u>	<u>\$ (783,322.00)</u>	<u>\$ 4,006,051.13</u>

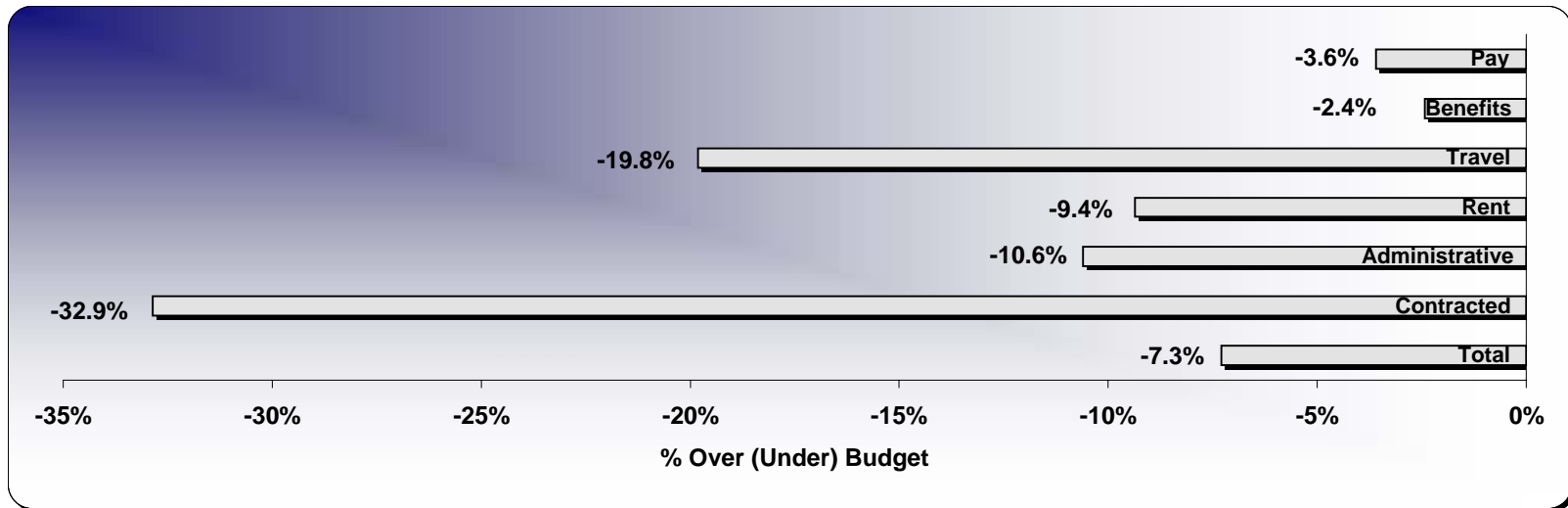
National Credit Union Administration Operating Fund
Statement of Cash Flow
August 31, 2006

	Month August 2005	Month August 2006	Y-T-D August 2005	Y-T-D August 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 1,062.20	\$ 11,529.82	\$ 61,947,344.43	\$ 63,779,961.17
Interest received from cash and cash equivalents	156,978.40	243,122.20	827,494.42	1,458,160.94
Other income received	20,353.58	34,761.65	116,639.66	126,343.38
(Cash paid for operating expenses)	<u>(8,566,447.30)</u>	<u>(8,366,213.48)</u>	<u>(36,107,125.28)</u>	<u>(43,046,782.23)</u>
Net cash (used) in operating activities	<u>(8,388,053.12)</u>	<u>(8,076,799.81)</u>	<u>26,784,353.23</u>	<u>22,317,683.26</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(212,281.19)	(276,200.52)	(1,239,150.34)	(956,395.88)
Proceeds (purchases) home purchase program	<u>(183,204.78)</u>	<u>309,632.25</u>	<u>(431,673.84)</u>	<u>(144,519.60)</u>
Net cash (used) in investing activities	<u>(395,485.97)</u>	<u>33,431.73</u>	<u>(1,670,824.18)</u>	<u>(1,100,915.48)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(893,958.32)	(893,958.32)
(Capital lease payments)	<u>(2,045.20)</u>	<u>(2,473.47)</u>	<u>(1,112,958.09)</u>	<u>(1,031,947.76)</u>
Net cash (used) in financing activities	<u>(113,789.99)</u>	<u>(114,218.26)</u>	<u>(2,006,916.41)</u>	<u>(1,925,906.08)</u>
NET INCREASE (DECREASE) IN CASH	(8,897,329.08)	(8,157,586.34)	23,106,612.64	19,290,861.70
Cash and cash equivalents at beginning of period	50,230,744.39	54,563,791.93	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$ 41,333,415.31</u>	<u>\$ 46,406,205.59</u>	<u>\$ 41,333,415.31</u>	<u>\$ 46,406,205.59</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ (6,425.44)</u>	<u>\$ 300,206.71</u>	<u>\$ 4,006,051.13</u>	<u>\$ 3,728,663.93</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	301,385.03	295,657.75	2,165,052.89	2,511,906.37
Unrealized (gain) loss	0.00	0.00	71,478.11	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	5,556.25	13,524.98	5,907.42
Interest expense on leases	299.00	958.57	16,226.02	7,160.12
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	317,620.59	285,991.47
Accounts receivable	(202,804.12)	(48,769.14)	60,279.39	(116,990.62)
Interest receivable	0.00	0.00	0.00	2,605.57
Prepaid expenses	291,666.80	36,589.30	1,941.58	(257,485.49)
Other assets	<u>(229,922.75)</u>	<u>192,720.41</u>	<u>(230,422.75)</u>	<u>1,314.07</u>
Increase (decrease) in liabilities:				
Accounts payable	(509,750.21)	(539,824.29)	(1,139,110.19)	(2,693,791.93)
Accrued employee compensation	(2,775,007.93)	(2,816,302.52)	883,574.85	(2,384,611.02)
Other non current liabilities	(0.00)	424.79	(0.00)	12,789.64
Other current liabilities	<u>(5,257,493.50)</u>	<u>(5,504,017.64)</u>	<u>20,616,194.94</u>	<u>21,214,223.73</u>
Total adjustments	<u>(8,381,627.68)</u>	<u>(8,377,006.52)</u>	<u>22,778,302.10</u>	<u>18,589,019.33</u>
Net cash (used) in operating activities	<u>\$ (8,388,053.12)</u>	<u>\$ (8,076,799.81)</u>	<u>\$ 26,784,353.23</u>	<u>\$ 22,317,683.26</u>

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

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	59,197,288	57,073,428	(2,123,859)	-3.6%	59,466,573	54,988,917	(4,477,657)	-7.5%
Benefits	16,030,295	15,640,190	(390,105)	-2.4%	15,367,563	14,313,796	(1,053,767)	-6.9%
Travel	9,176,239	7,358,403	(1,817,836)	-19.8%	8,545,931	7,026,454	(1,519,477)	-17.8%
Rent, Communications, & Utilities	2,666,536	2,416,980	(249,555)	-9.4%	2,620,067	2,440,968	(179,098)	-6.8%
Administrative	7,820,172	6,991,212	(828,960)	-10.6%	6,998,912	6,677,755	(321,157)	-4.6%
Contracted Services	5,921,126	3,975,705	(1,945,421)	-32.9%	5,524,279	3,503,096	(2,021,182)	-36.6%
TOTAL	100,811,656	93,455,920	(7,355,737)	-7.3%	98,523,325	88,950,987	(9,572,338)	-9.7%

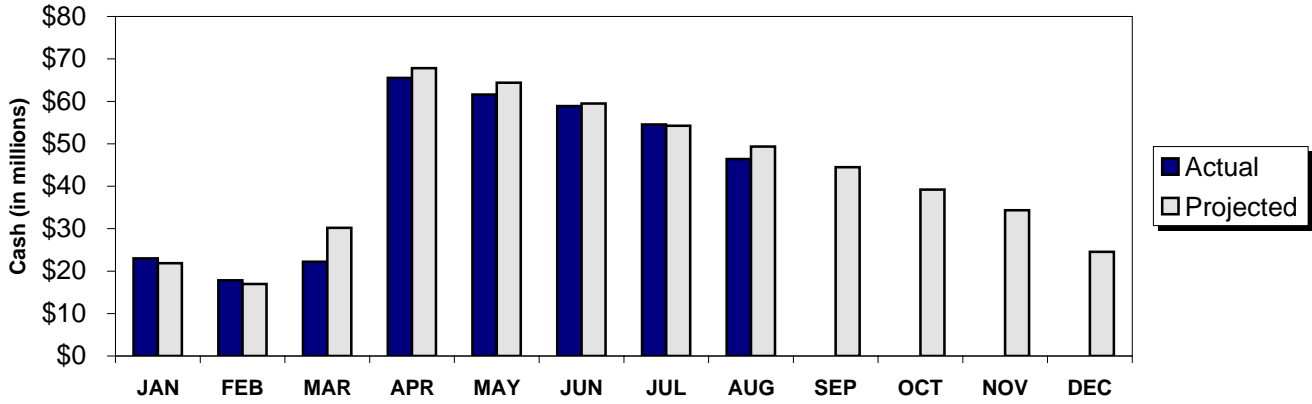
**Percent Over (Under) Budget
August 31, 2006**



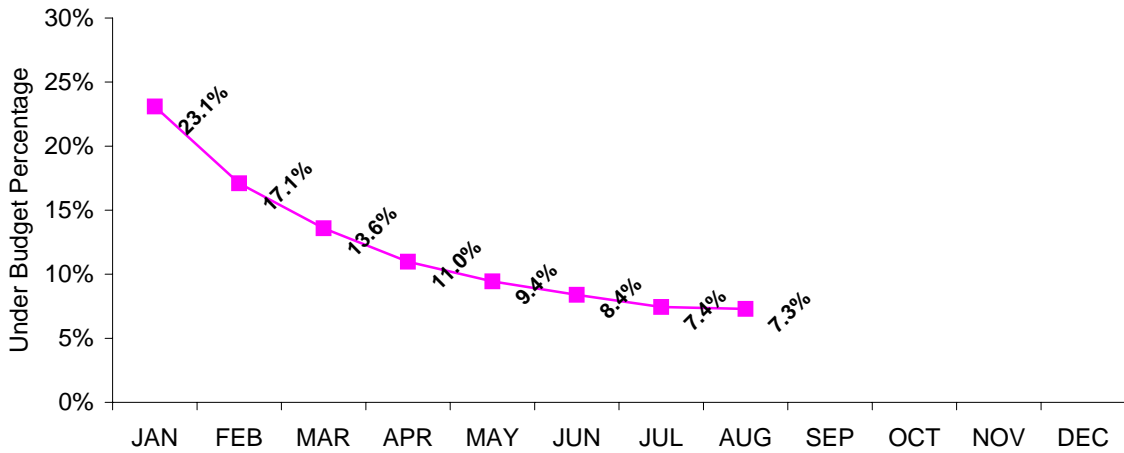
National Credit Union Administration Operating Fund

Graphs
August 31, 2006

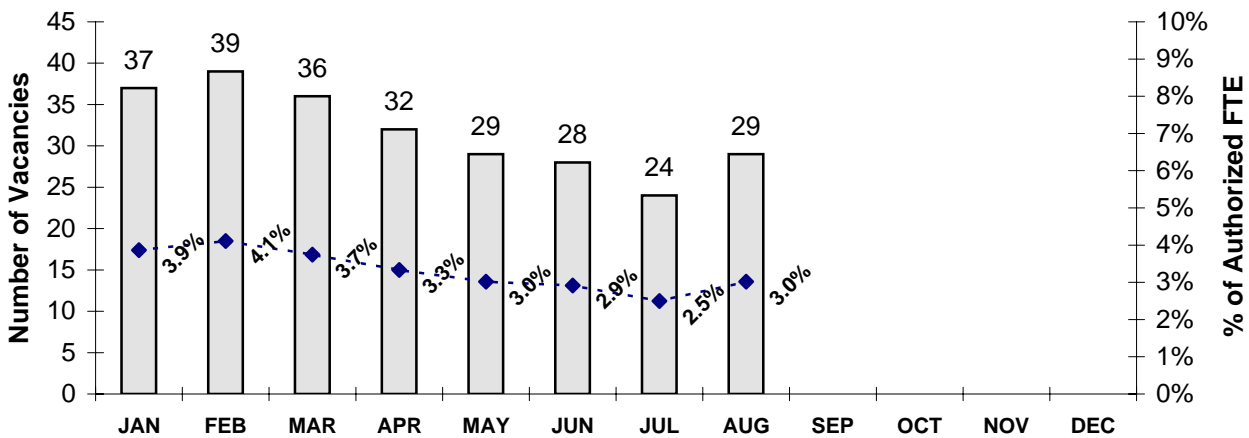
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
August 31, 2006

BALANCE SHEET	August 2005	August 2006
<u>Liquid assets / Total assets</u>	52.67%	54.47%
<u>Current assets / Total assets</u>	55.28%	57.24%
<u>Fixed assets / Total assets</u>	44.72%	42.76%
<u>Current liabilities / Total assets</u>	44.22%	43.54%
<u>Non current liabilities / Total assets</u>	31.65%	29.87%
<u>Retained earnings / Total assets</u>	24.13%	26.59%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	97.77%	96.39%
<u>YTD Interest & other income / Total revenue</u>	2.23%	3.61%
<u>YTD Expenses / Total revenue</u>	90.52%	91.51%
<u>YTD Net income / Total revenue</u>	9.48%	8.49%
<u>Monthly interest income to average investments (annualized)</u>	4.12%	5.78%
<u>YTD Travel, before overhead transfer, per full-time equivalent (annualized)</u>	\$10,968	\$11,522
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$23.1	\$19.3
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	126.8%	71.1%
<u>Cash and cash equivalents / Total assets</u>	52.7%	54.5%