

National Credit Union Administration



Operating Fund

***Financial Highlights
February 28, 2006***

**Dennis Winans
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.

Accounts Receivable increased \$333,000 due to cash advances on behalf of NCUSIF and the Central Liquidity Facility and cash advances to employees for relocations.

Prepaid Expenses decreased \$62,000 representing primarily the monthly amortization expense.

Other assets increased \$5.3 million to represent recognizing 1/12th of the 2006 operating fee (deferred income) that is due April 17, 2006.

Accounts Payable decreased \$495,000 due to payment of vendor invoices.

Statement of Revenue and Expenses

Net income for the month was \$630,000 higher than planned primarily due to all expenses being under budget.

Statement of Cash Flow

Cash decreased by \$5.2 million for the month, reflecting payments for operating expenses, fixed assets and notes payable.

Budget (Year-to-Date)

Agency spending was under budget by \$4.2 million or 17.1 percent. Pay and benefits were under budget by 6.3 percent. The remaining variance of \$3.1 million was derived mainly from travel, 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 39 vacancies as of February 21, -- up 2 from January 21. Of the 39 vacancies, there were 23 vacancies in the central office, 7 vacancies in the regional offices and AMAC, and 9 vacancies in the field staff. The 39 vacancies represent 4.1 percent of total authorized staff of 957.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
February 28, 2006

	February 2005	January 2006	February 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$5,477.11	\$5,247.37	\$5,302.02
Overnight Investments	13,480,000.00	22,974,000.00	17,814,000.00
Accounts Receivable	1,301,972.77	1,141,515.68	1,474,564.53
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	732,095.38	526,827.64	464,571.80
Home Purchase Program	358,727.57	275,841.61	275,841.61
Other	10,295,000.00	5,116,456.87	10,431,391.87
<i>Total Current Assets</i>	<u>26,173,272.83</u>	<u>30,039,889.17</u>	<u>30,465,671.83</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,413,119.00	27,613,515.00	27,540,606.00
Capital Lease	1,159,619.90	247,966.78	162,547.64
Equipment	2,008,996.09	3,093,466.09	3,047,572.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,527,998.94</u>	<u>34,901,211.82</u>	<u>34,696,989.68</u>
TOTAL ASSETS	<u><u>61,701,271.77</u></u>	<u><u>64,941,100.99</u></u>	<u><u>65,162,661.51</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	2,120,406.90	3,779,838.39	3,284,789.10
Accrued Employee Compensation	16,401,109.76	17,275,201.91	17,255,471.17
Other Current Liabilities	38,028.62	31,397.32	22,413.27
<i>Total Current Liabilities</i>	<u>18,559,545.28</u>	<u>21,086,437.62</u>	<u>20,562,673.54</u>
Non-Current Liabilities			
Notes Payable	24,919,089.31	23,689,896.62	23,578,151.83
Other	1,078,021.82	223,694.02	223,209.82
<i>Total Non-Current Liabilities</i>	<u>25,997,111.13</u>	<u>23,913,590.64</u>	<u>23,801,361.65</u>
TOTAL LIABILITIES	<u><u>44,556,656.41</u></u>	<u><u>45,000,028.26</u></u>	<u><u>44,364,035.19</u></u>
FUND BALANCE:			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	2,209,991.41	1,020,976.55	1,878,530.14
TOTAL FUND BALANCE	<u><u>17,144,615.36</u></u>	<u><u>19,941,072.73</u></u>	<u><u>20,798,626.32</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$61,701,271.77</u></u>	<u><u>\$64,941,100.99</u></u>	<u><u>\$65,162,661.51</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
February 28, 2006

	February 2006 Monthly Actual	February 2006 Monthly Budget	February 2006 Year-To-Date Actual	February 2006 Year-To-Date Budget	February 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$74,982.36	\$108,333.00	\$170,949.46	\$216,666.00	\$74,287.44
Program-related Income	5,315,915.50	5,204,167.00	10,432,139.28	10,408,334.00	10,295,000.00
Other Income	19,044.80	8,333.00	30,354.60	16,666.00	32,329.02
Total Revenue	<u>5,409,942.66</u>	<u>5,320,833.00</u>	<u>10,633,443.34</u>	<u>10,641,666.00</u>	<u>10,401,616.46</u>
EXPENSES:					
Employee Pay	2,740,593.41	2,925,826.00	5,791,791.21	6,144,235.00	5,469,553.71
Employee Benefits	756,598.45	792,431.00	1,527,461.02	1,664,105.00	1,418,872.04
Employee Travel	323,898.42	494,746.00	375,275.56	989,492.00	370,274.90
Rent/Communications/Utilities	134,674.17	142,878.00	246,782.32	285,756.00	206,236.03
Administrative Costs	372,378.47	419,259.00	643,325.12	838,518.00	653,305.00
Contracted Services	224,246.15	318,261.00	170,277.97	636,522.00	73,383.37
Total Expenses	<u>4,552,389.07</u>	<u>5,093,401.00</u>	<u>8,754,913.20</u>	<u>10,558,628.00</u>	<u>8,191,625.05</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$857,553.59</u>	<u>\$227,432.00</u>	<u>\$1,878,530.14</u>	<u>\$83,038.00</u>	<u>\$2,209,991.41</u>

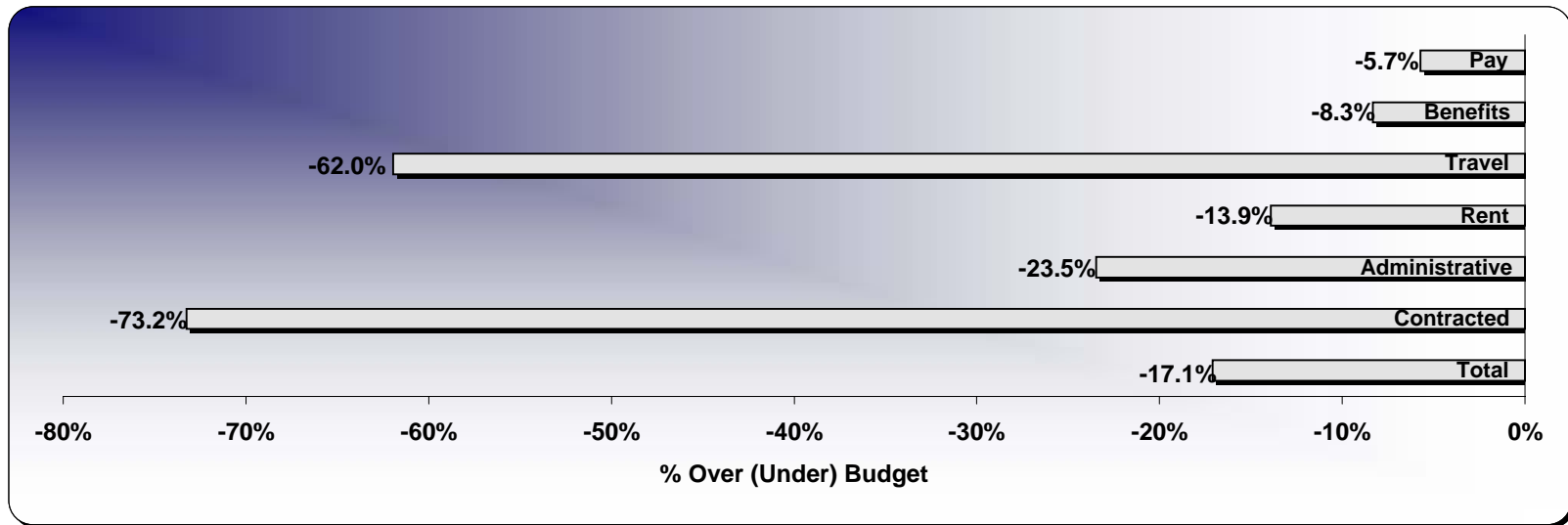
National Credit Union Administration Operating Fund
Statement of Cash Flow
February 28, 2006

	Month February 2005	Month February 2006	Y-T-D February 2005	Y-T-D February 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$0.00	\$0.00	\$0.00	\$0.00
Interest received from cash and cash equivalents	34,393.65	74,982.36	74,287.44	170,949.46
Other income received	24,680.00	19,044.80	32,329.02	30,354.60
(Cash paid for operating expenses)	(5,057,621.49)	(5,043,301.73)	(3,925,141.82)	(8,806,346.64)
Net cash (used) in operating activities	<u>(4,998,547.84)</u>	<u>(4,949,274.57)</u>	<u>(3,818,525.36)</u>	<u>(8,605,042.58)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(67,249.22)	(96,452.52)	(67,249.22)	(97,558.77)
(Capital lease payments)	(2,783.87)	(2,473.47)	(370,571.74)	(369,950.94)
Proceeds (purchases) home purchase program	1,000.00	0.00	(261,489.66)	0.00
Net cash (used) in investing activities	<u>(69,033.09)</u>	<u>(98,925.99)</u>	<u>(699,310.62)</u>	<u>(467,509.71)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(223,489.58)	(223,489.58)
Net cash (used) in financing activities	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(223,489.58)</u>	<u>(223,489.58)</u>
NET INCREASE (DECREASE) IN CASH				
Cash and cash equivalents at beginning of period	18,664,802.83	22,979,247.37	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$13,485,477.11</u>	<u>\$17,819,302.02</u>	<u>\$13,485,477.11</u>	<u>\$17,819,302.02</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$911,957.65</u>	<u>\$857,553.59</u>	<u>\$2,209,991.41</u>	<u>\$1,878,530.14</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	265,853.72	300,674.66	532,977.15	599,578.26
Unrealized (gain) loss	0.00	0.00	20,860.25	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	377.00	0.00	6,450.73	0.00
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	105,873.53	105,873.53
Accounts receivable	(707,831.78)	(333,048.85)	(474,410.72)	(307,978.71)
Interest receivable	0.00	0.00	0.00	2,605.57
Prepaid expenses	(37,365.31)	62,255.84	(144,088.28)	(60,708.27)
Other assets	(5,147,500.00)	(5,314,935.00)	(10,295,000.00)	(10,431,391.87)
Increase (decrease) in liabilities:				
Accounts payable	(216,036.42)	(495,049.29)	(198,172.57)	(1,107,338.78)
Accrued employee compensation	(57,451.29)	(19,730.74)	4,440,322.52	743,665.47
Other non current liabilities	0.00	1,989.27	0.00	5,141.40
Other current liabilities	(10,551.41)	(8,984.05)	(23,329.38)	(33,019.32)
Total adjustments	<u>(5,910,505.49)</u>	<u>(5,806,828.16)</u>	<u>(6,028,516.77)</u>	<u>(10,483,572.72)</u>
Net cash (used) in operating activities	<u>(\$4,998,547.84)</u>	<u>(\$4,949,274.57)</u>	<u>(\$3,818,525.36)</u>	<u>(\$8,605,042.58)</u>

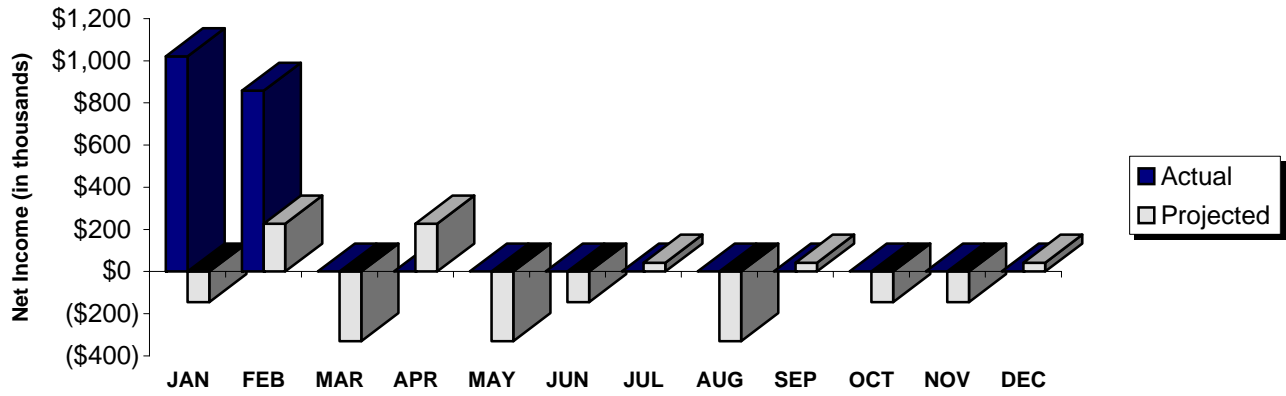
**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
February 28, 2006**

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	14,288,235	13,469,282	(818,953)	-5.7%	14,106,970	12,719,892	(1,387,078)	-9.8%
Benefits	3,875,222	3,552,235	(322,987)	-8.3%	3,651,358	3,299,702	(351,655)	-9.6%
Travel	2,294,060	872,734	(1,421,326)	-62.0%	2,136,483	861,104	(1,275,378)	-59.7%
Rent, Communications, & Utilities	666,634	573,912	(92,722)	-13.9%	655,017	479,619	(175,398)	-26.8%
Administrative	1,955,043	1,496,105	(458,938)	-23.5%	1,749,728	1,519,314	(230,414)	-13.2%
Contracted Services	1,480,281	395,995	(1,084,286)	-73.2%	1,381,070	170,659	(1,210,411)	-87.6%
TOTAL	24,559,475	20,360,263	(4,199,212)	-17.1%	23,680,625	19,050,291	(4,630,334)	-19.6%

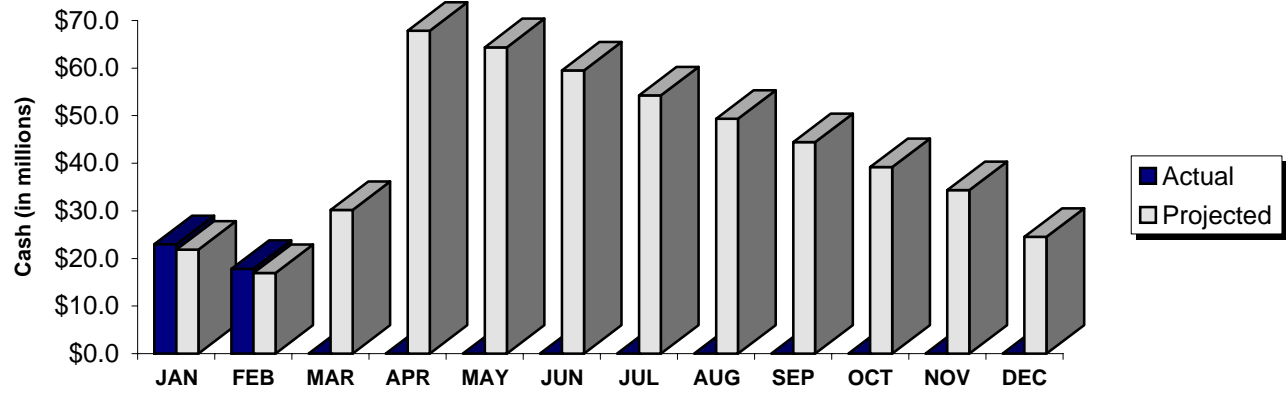
**Percent Over (Under) Budget
February 28, 2006**



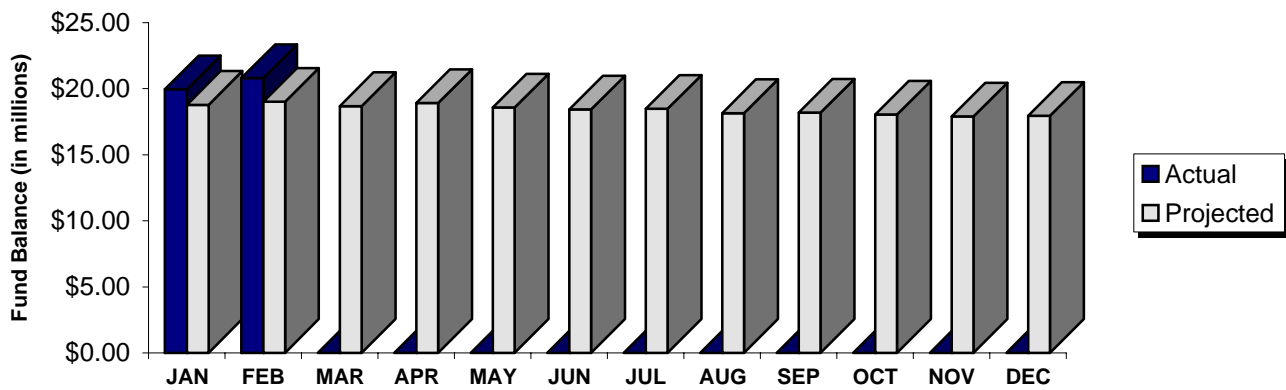
Actual & Projected Net Income (2006)



Actual & Projected Cash Balance (2006)



Actual & Projected Fund Balance (2006)



National Credit Union Administration Operating Fund
Ratios
February 28, 2006

BALANCE SHEET	February 2005	February 2006
<u>Liquid assets / Total assets</u>	21.86%	27.35%
<u>Current assets / Total assets</u>	42.42%	46.75%
<u>Fixed assets / Total assets</u>	57.58%	53.25%
<u>Current liabilities / Total assets</u>	30.08%	31.56%
<u>Non current liabilities / Total assets</u>	42.13%	36.53%
<u>Retained Earnings / Total assets</u>	27.79%	31.92%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Interest & other income / Total revenue</u>	1.02%	1.89%
<u>YTD Program related income / Total revenue</u>	98.98%	98.11%
<u>YTD Expenses / Total revenue</u>	78.75%	82.33%
<u>YTD Net income / Total revenue</u>	21.25%	17.67%
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	(\$4.7)	(\$9.3)
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	-26.0%	-34.3%
<u>Cash and cash equivalents / Total assets</u>	21.9%	27.3%