

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
June 30, 2007***

**Dennis Winans  
Chief Financial Officer**

**National Credit Union Administration Operating Fund**  
**Financial Highlights**  
**June 30, 2007**

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**Balance Sheet**

Overnight Investments decreased \$4.1 million primarily for payment of operating expenses.

Accounts Receivable decreased \$111,000 due to the collection of operating fees; operating fees of \$64.9 million have been collected year-to-date with \$370,000 remaining to be collected.

Accrued Employee Compensation increased \$372,000 due to the accrual for 15 days at the end of June versus 14 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.9 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 for the month was \$371,000 higher than planned primarily due to increased revenue as well as employee pay, employee benefits, administrative costs and contracted services being under budget.

**Statement of Cash Flow**

Cash decreased by \$4.1 million for the month, reflecting payments for operating expenses, and notes payable in excess of receipts for operating fee assessments, interest income and sales of homes under the home purchase program.

**Budget (Year-to-Date)**

Agency spending was under budget by \$5.8 million or 7.7 percent, compared to \$6.3 million or 8.4 percent in June 2006. Pay and benefits were under budget by 2 percent. The remaining variance of \$4.8 million was derived mainly from travel, administrative, and contracted services.

**Vacancies**

The agency had 30 vacancies (excluding summer interns) as of June 23 -- up 5 from May 26. Of the 30 vacancies, there were 13 vacancies in the central office, 6 vacancies in the regional offices and AMAC, and 11 vacancies in the field staff. The 30 vacancies represent 3.1 percent of total authorized staff of 957.92.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**June 30, 2007**

	June 2006	May 2007	June 2007
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$ 5,464.62	\$ 5,403.15	\$ 5,651.17
Overnight Investments	58,865,000.00	64,542,000.00	60,435,000.00
Accounts Receivable	980,827.33	819,431.69	708,516.18
Interest Receivable	0.00	0.00	7,537.59
Prepaid Expenses	753,298.37	676,395.48	865,075.17
Home Purchase Program	943,427.55	1,435,018.06	1,102,763.17
Other	0.00	4,298.43	(100.00)
<i>Total Current Assets</i>	<u>61,548,017.87</u>	<u>67,482,546.81</u>	<u>63,124,443.28</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,248,972.00	26,697,035.00	26,622,014.00
Capital Lease	2,485,754.87	1,597,559.66	1,552,373.26
Equipment	2,925,088.17	2,015,749.00	1,894,503.00
Assets Under Construction	0.00	468,892.66	468,892.66
<i>Total Property, Plant, and Equipment</i>	<u>36,606,078.99</u>	<u>34,725,500.27</u>	<u>34,484,046.87</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 98,154,096.86</u></u>	<u><u>\$ 102,208,047.08</u></u>	<u><u>\$ 97,608,490.15</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	\$ 1,973,113.94	\$ 1,110,097.11	\$ 1,977,183.09
Accrued Employee Compensation	16,400,073.98	14,943,232.58	15,315,310.06
Other Current Liabilities	31,940,573.02	38,012,783.16	32,078,665.38
<i>Total Current Liabilities</i>	<u>50,313,760.94</u>	<u>54,066,112.85</u>	<u>49,371,158.53</u>
Non-Current Liabilities			
Notes Payable	23,131,172.67	21,901,979.98	21,790,235.19
Other	2,770,128.19	1,804,903.85	1,830,362.56
<i>Total Non-Current Liabilities</i>	<u>25,901,300.86</u>	<u>23,706,883.83</u>	<u>23,620,597.75</u>
<b>TOTAL LIABILITIES</b>	<u><u>76,215,061.80</u></u>	<u><u>77,772,996.68</u></u>	<u><u>72,991,756.28</u></u>
<b>FUND BALANCE:</b>			
Unappropriated	21,939,035.06	23,435,050.40	23,616,733.87
Appropriated	0.00	1,000,000.00	1,000,000.00
<b>TOTAL FUND BALANCE</b>	<u><u>21,939,035.06</u></u>	<u><u>24,435,050.40</u></u>	<u><u>24,616,733.87</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 98,154,096.86</u></u>	<u><u>\$ 102,208,047.08</u></u>	<u><u>\$ 97,608,490.15</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expenses**  
**June 30, 2007**

	June 2007 Monthly Actual	June 2007 Monthly Budget	June 2007 Year-To-Date Actual	June 2007 Year-To-Date Budget	June 2006 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$ 275,489.98	\$ 166,667.00	\$ 1,102,110.42	\$ 1,000,002.00	\$ 953,909.31
Program-related Income	5,324,958.00	5,299,167.00	31,924,074.28	31,795,002.00	31,696,639.84
Other Income	20,788.35	16,667.00	175,232.80	100,002.00	68,911.03
Total Revenue	<u>5,621,236.33</u>	<u>5,482,501.00</u>	<u>33,201,417.50</u>	<u>32,895,006.00</u>	<u>32,719,460.18</u>
<b>EXPENSES:</b>					
Employee Pay	3,259,588.86	3,263,377.33	20,409,061.07	20,717,710.07	18,342,259.73
Employee Benefits	865,668.41	915,127.85	5,480,167.99	5,650,408.72	5,087,418.60
Employee Travel	561,297.45	531,755.72	2,706,805.42	3,190,534.12	2,234,484.07
Rent/Communications/Utilities	189,896.95	154,645.41	812,592.31	927,871.93	776,188.08
Administrative Costs	297,853.83	466,576.15	1,876,421.00	2,799,456.43	2,146,929.64
Contracted Services	265,247.36	340,479.54	1,343,861.46	2,042,876.93	1,113,241.18
Total Expenses	<u>5,439,552.86</u>	<u>5,671,962.00</u>	<u>32,628,909.25</u>	<u>35,328,858.19</u>	<u>29,700,521.30</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 181,683.47</u>	<u>\$ (189,461.00)</u>	<u>\$ 572,508.25</u>	<u>\$ (2,433,852.19)</u>	<u>\$ 3,018,938.88</u>

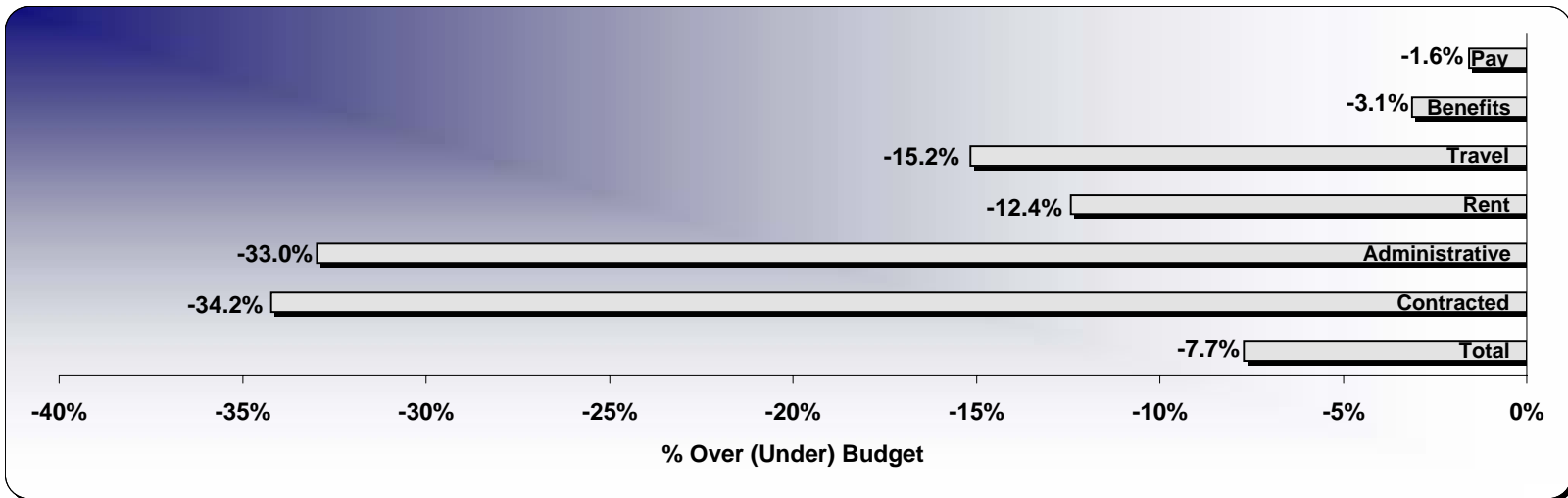
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**June 30, 2007**

	Month June 2006	Month June 2007	Y-T-D June 2006	Y-T-D June 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$ 486,869.03	\$ 115,947.16	\$ 63,754,331.22	\$ 64,943,203.46
Interest received from cash and cash equivalents	260,377.19	275,489.98	953,909.31	1,109,903.89
Other income received	15,183.50	20,788.35	68,911.03	175,232.80
(Cash paid for operating expenses)	<u>(3,230,388.84)</u>	<u>(4,714,053.85)</u>	<u>(30,438,457.27)</u>	<u>(29,020,273.88)</u>
<b>Net cash (used) in operating activities</b>	<u>(2,467,959.12)</u>	<u>(4,301,828.36)</u>	<u>34,338,694.29</u>	<u>37,208,066.27</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(153,187.00)	858.96	(542,096.06)	(748,432.53)
Proceeds (purchases) home purchase program	0.00	305,962.21	(667,585.94)	(82,144.07)
<b>Net cash (used) in investing activities</b>	<u>(153,187.00)</u>	<u>306,821.17</u>	<u>(1,209,682.00)</u>	<u>(830,576.60)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(670,468.74)	(670,468.74)
(Capital lease payments)	(2,473.47)	0.00	(703,422.82)	(660,580.89)
<b>Net cash (used) in financing activities</b>	<u>(114,218.26)</u>	<u>(111,744.79)</u>	<u>(1,373,891.56)</u>	<u>(1,331,049.63)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,735,364.38)	(4,106,751.98)	31,755,120.73	35,046,440.04
Cash and cash equivalents at beginning of period	61,605,829.00	64,547,403.15	27,115,343.89	25,394,211.13
<b>Cash and cash equivalents at end of period</b>	<u>\$ 58,870,464.62</u>	<u>\$ 60,440,651.17</u>	<u>\$ 58,870,464.62</u>	<u>\$ 60,440,651.17</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$ 304,303.40</u>	<u>\$ 181,683.47</u>	<u>\$ 3,018,938.88</u>	<u>\$ 572,508.25</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	293,335.00	268,810.56	1,916,426.24	1,619,659.17
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	26,292.68	0.00	20,334.06
Interest expense on leases	1,020.20	1,721.98	10,848.28	12,139.81
Miscellaneous allowances	0.00	0.00	(0.00)	0.00
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	195,932.50	180,117.94
Accounts receivable	628,491.79	110,915.51	185,758.49	472,467.74
Interest receivable	0.00	(7,537.59)	2,605.57	255.88
Prepaid expenses	102,257.01	(188,679.69)	(349,434.84)	(321,990.18)
Other assets	0.00	4,398.43	(0.00)	100.00
Increase (decrease) in liabilities:				
Accounts payable	567,333.48	867,085.98	(2,419,013.94)	(878,378.40)
Accrued employee compensation	930,306.19	372,077.48	(111,731.72)	3,550,136.15
Other non current liabilities	394.16	(4,479.39)	3,224.40	(50,271.72)
Other current liabilities	<u>(5,295,400.35)</u>	<u>(5,934,117.78)</u>	<u>31,885,140.43</u>	<u>32,030,987.57</u>
<b>Total adjustments</b>	<u>(2,772,262.52)</u>	<u>(4,483,511.83)</u>	<u>31,319,755.41</u>	<u>36,635,558.02</u>
<b>Net cash (used) in operating activities</b>	<u>\$ (2,467,959.12)</u>	<u>\$ (4,301,828.36)</u>	<u>\$ 34,338,694.29</u>	<u>\$ 37,208,066.27</u>

**National Credit Union Administration Operating Fund  
(Before Overhead Transfer)  
Year-To-Date Budget Report Analysis  
June 30, 2007**

	2007				2006			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	44,398,112	43,702,486	(695,626)	-1.6%	44,227,604	42,656,418	(1,571,186)	-3.6%
<b>Benefits</b>	12,114,756	11,734,835	(379,921)	-3.1%	11,978,606	11,831,206	(147,400)	-1.2%
<b>Travel</b>	6,831,980	5,796,157	(1,035,822)	-15.2%	6,882,180	5,196,475	(1,685,705)	-24.5%
<b>Rent, Communications, &amp; Utilities</b>	1,986,879	1,740,026	(246,852)	-12.4%	1,999,902	1,805,089	(194,813)	-9.7%
<b>Administrative</b>	5,994,554	4,018,032	(1,976,522)	-33.0%	5,865,129	4,992,860	(872,269)	-14.9%
<b>Contracted Services</b>	4,374,469	2,877,648	(1,496,821)	-34.2%	4,440,845	2,588,933	(1,851,912)	-41.7%
<b>TOTAL</b>	75,700,750	69,869,185	(5,831,565)	-7.7%	75,394,264	69,070,980	(6,323,285)	-8.4%

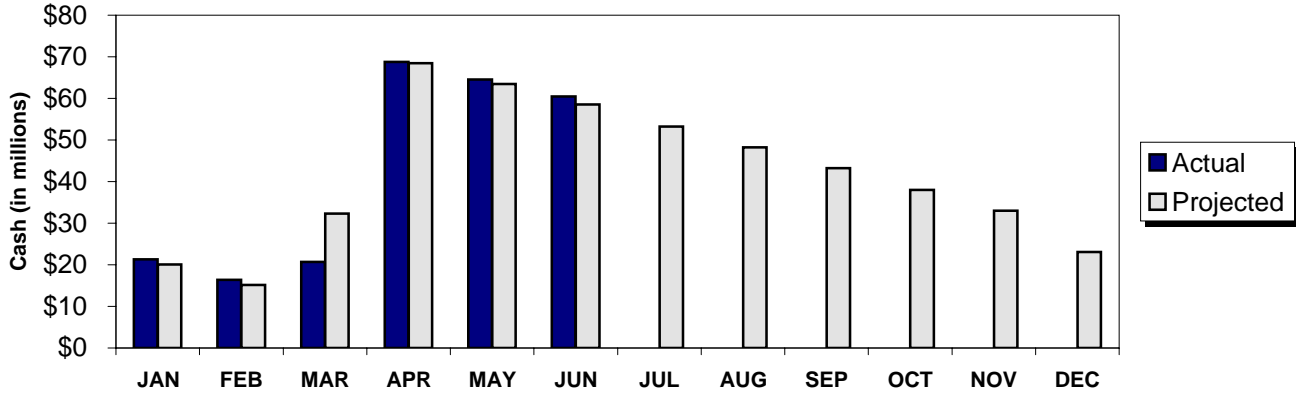
**Percent Over (Under) Budget  
June 30, 2007**



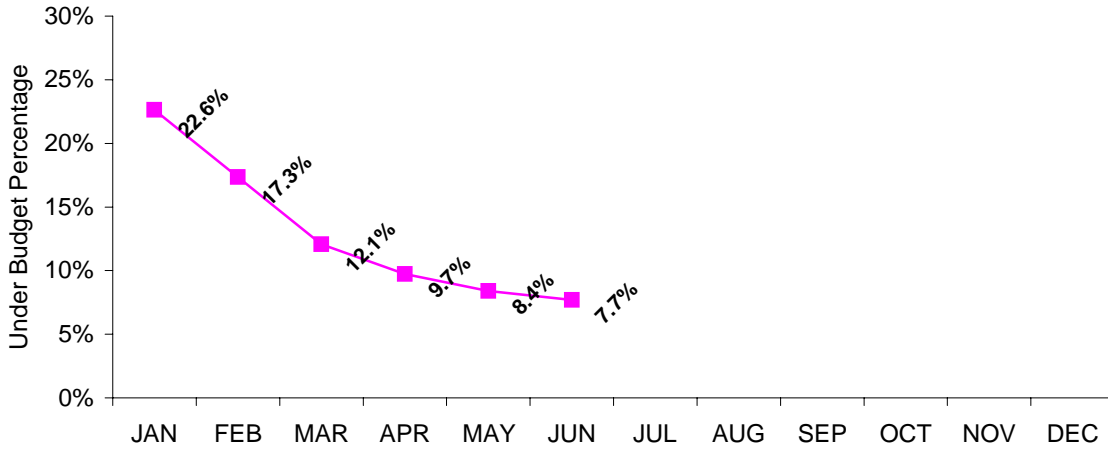
# National Credit Union Administration Operating Fund

Graphs  
June 30, 2007

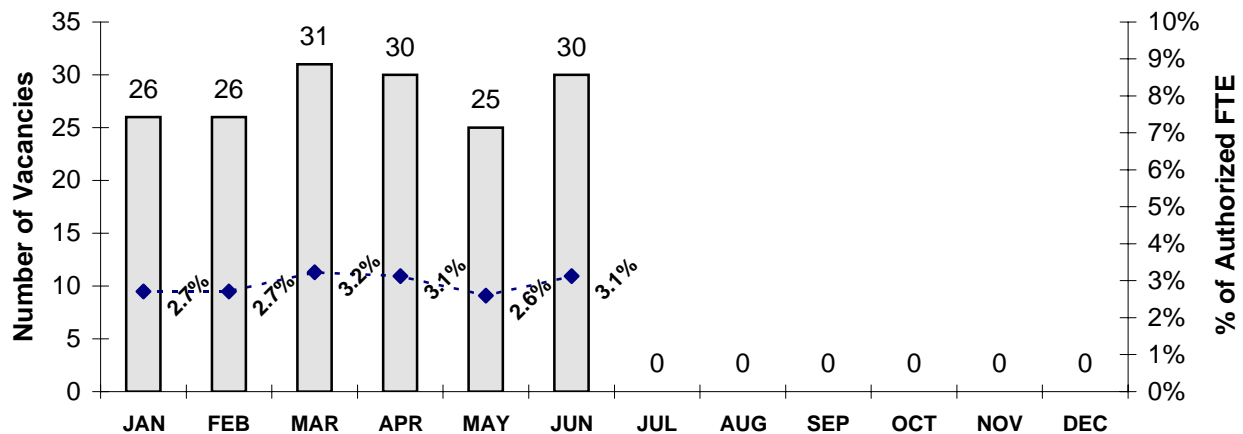
## Actual & Projected Cash Balance



## Year-To-Date Budget Variance



## Vacancies



**National Credit Union Administration Operating Fund**  
**Ratios**  
**June 30, 2007**

<b>BALANCE SHEET</b>	<b>June 2006</b>	<b>June 2007</b>
<u>Liquid assets / Total assets</u>	59.98%	61.92%
<u>Current assets / Total assets</u>	62.71%	64.67%
<u>Fixed assets / Total assets</u>	37.29%	35.33%
<u>Current liabilities / Total assets</u>	51.26%	50.58%
<u>Non current liabilities / Total assets</u>	26.39%	24.20%
<u>Retained earnings / Total assets</u>	22.35%	25.22%
 <b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Program related income / Total revenue</u>	96.87%	96.15%
<u>YTD Interest &amp; other income / Total revenue</u>	3.13%	3.85%
<u>YTD Expenses / Total revenue</u>	90.77%	98.28%
<u>YTD Net income / Total revenue</u>	9.23%	1.72%
<u>Monthly interest income to average investments (annualized)</u>	5.19%	5.07%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$10,849	\$13,143
 <b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$31.8	\$35.0
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	117.1%	138.0%
<u>Cash and cash equivalents / Total assets</u>	60.0%	61.9%