

National Credit Union Administration



Operating Fund

***Financial Highlights
March 31, 2006***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
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Balance Sheet

Overnight Investments increased \$4.4 million primarily for receipts of operating fee assessments that were paid early.

Accounts Receivable increased \$50.1 million due to establishing the operating fee receivable. As operating fees are collected, \$50.0 million remaining as of month-end, the accounts receivable account will decrease.

Prepaid Expenses increased \$110,000 representing payments for software licenses.

Other assets decreased \$8.3 million due to establishing the operating fee receivable.

Accounts Payable decreased \$1.4 million due to payment of vendor invoices.

Other Current Liabilities increased \$50.0 million. This large increase is the result of deferred operating fee income that will be recognized evenly over the remaining calendar period.

Statement of Revenue and Expenses

Net income for the month was \$475,000 higher than planned primarily due to the majority of expenses being under budget.

Statement of Cash Flow

Cash increased by \$4.4 million for the month, reflecting receipts of operating fee assessments over payments for operating expenses, fixed assets, and notes payable. The agency entered into a capital lease to acquire \$2.7 million in computers and peripheral equipment for agency staff.

Budget (Year-to-Date)

Agency spending was under budget by \$5.1 million or 13.6 percent. Pay and benefits were under budget by 6.4 percent. The remaining variance of \$3.3 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 34 vacancies as of March 18, -- down 5 from February 21. Of the 34 vacancies, there were 20 vacancies in the central office, 7 vacancies in the regional offices and AMAC, and 7 vacancies in the field staff. The 34 vacancies represent 3.5 percent of total authorized staff of 957.92.

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

	March 2005	February 2006	March 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,388.52	\$ 5,302.02	\$ 5,291.50
Overnight Investments	22,369,000.00	17,814,000.00	22,197,000.00
Accounts Receivable	45,268,253.35	1,474,564.53	51,583,631.55
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	658,137.08	464,571.80	574,729.99
Home Purchase Program	571,165.33	275,841.61	348,292.01
Other	(900.00)	10,431,391.87	2,120,498.80
<i>Total Current Assets</i>	<u>68,871,044.28</u>	<u>30,465,671.83</u>	<u>76,829,443.85</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,342,597.00	27,540,606.00	27,467,698.00
Capital Lease	1,072,683.47	162,547.64	2,711,551.00
Equipment	1,968,566.09	3,047,572.09	2,923,966.17
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,330,110.51</u>	<u>34,696,989.68</u>	<u>37,049,479.12</u>
TOTAL ASSETS	<u><u>\$ 104,201,154.79</u></u>	<u><u>\$ 65,162,661.51</u></u>	<u><u>\$ 113,878,922.97</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 836,159.62	\$ 3,284,789.10	\$ 1,893,212.34
Accrued Employee Compensation	13,817,297.56	17,255,471.17	14,590,019.66
Other Current Liabilities	46,541,734.59	22,413.27	49,981,625.57
<i>Total Current Liabilities</i>	<u>61,195,191.77</u>	<u>20,562,673.54</u>	<u>66,464,857.57</u>
Non-Current Liabilities			
Notes Payable	24,807,344.52	23,578,151.83	23,466,407.04
Other	1,075,590.95	223,209.82	3,004,112.62
<i>Total Non-Current Liabilities</i>	<u>25,882,935.47</u>	<u>23,801,361.65</u>	<u>26,470,519.66</u>
TOTAL LIABILITIES	<u>87,078,127.24</u>	<u>44,364,035.19</u>	<u>92,935,377.23</u>
FUND BALANCE:			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	2,188,403.60	1,878,530.14	2,023,449.56
TOTAL FUND BALANCE	<u>17,123,027.55</u>	<u>20,798,626.32</u>	<u>20,943,545.74</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 104,201,154.79</u></u>	<u><u>\$ 65,162,661.51</u></u>	<u><u>\$ 113,878,922.97</u></u>

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

	March 2006 Monthly Actual	March 2006 Monthly Budget	March 2006 Year-To-Date Actual	March 2006 Year-To-Date Budget	March 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 70,609.71	\$ 108,333.00	\$ 241,559.17	\$ 324,999.00	\$ 106,003.54
Program-related Income	5,315,249.50	5,204,167.00	15,747,388.78	15,612,501.00	15,461,428.89
Other Income	10,567.15	8,333.00	40,921.75	24,999.00	53,012.17
Total Revenue	<u>5,396,426.36</u>	<u>5,320,833.00</u>	<u>16,029,869.70</u>	<u>15,962,499.00</u>	<u>15,620,444.60</u>
EXPENSES:					
Employee Pay	3,138,858.79	3,364,700.00	8,930,650.00	9,508,935.00	8,507,010.52
Employee Benefits	857,096.40	911,295.00	2,384,557.42	2,575,400.00	2,252,446.78
Employee Travel	375,664.84	494,746.00	750,940.40	1,484,238.00	796,296.73
Rent/Communications/Utilities	132,770.36	142,878.00	379,552.68	428,634.00	339,653.32
Administrative Costs	453,755.61	419,259.00	1,097,080.73	1,257,777.00	1,221,124.44
Contracted Services	293,360.94	318,261.00	463,638.91	954,783.00	315,509.21
Total Expenses	<u>5,251,506.94</u>	<u>5,651,139.00</u>	<u>14,006,420.14</u>	<u>16,209,767.00</u>	<u>13,432,041.00</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 144,919.42</u>	<u>\$ (330,306.00)</u>	<u>\$ 2,023,449.56</u>	<u>\$ (247,268.00)</u>	<u>\$ 2,188,403.60</u>

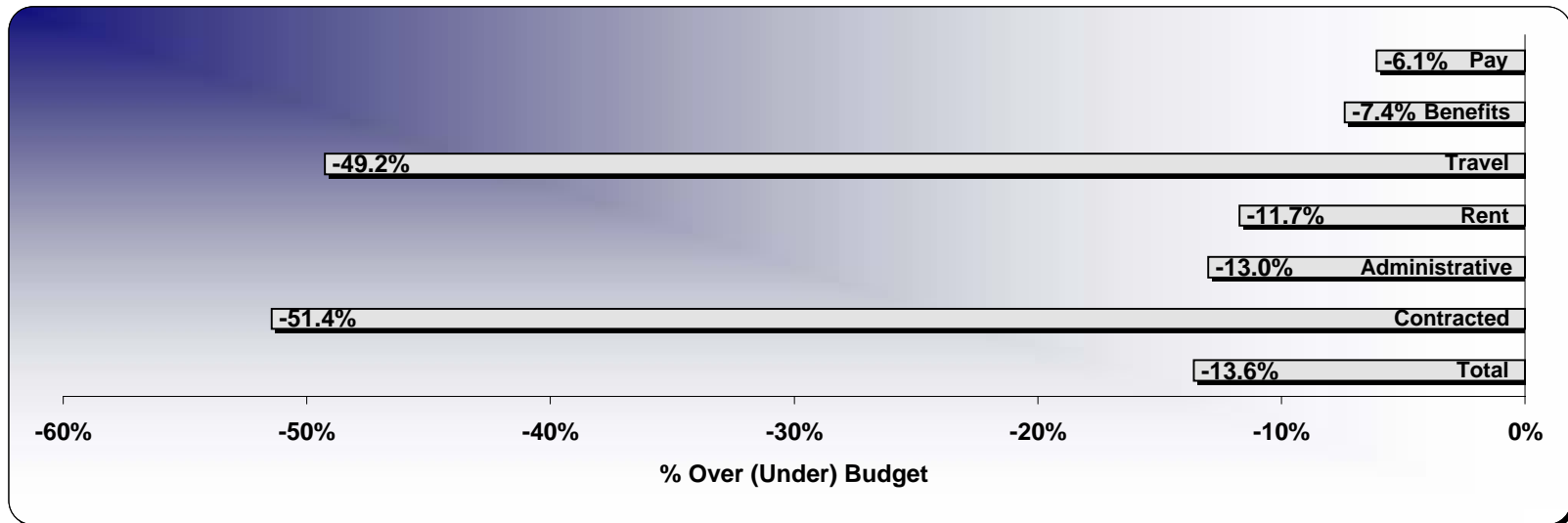
National Credit Union Administration Operating Fund
Statement of Cash Flow
March 31, 2006

	Month March 2005	Month March 2006	Y-T-D March 2005	Y-T-D March 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 17,959,591.12	\$ 13,629,724.11	\$ 17,959,591.12	\$ 13,629,724.11
Interest received from cash and cash equivalents	31,716.10	70,609.71	106,003.54	241,559.17
Other income received	20,683.15	10,567.15	53,012.17	40,921.75
(Cash paid for operating expenses)	(8,711,705.05)	(9,103,963.76)	(12,636,846.87)	(17,910,310.40)
Net cash (used) in operating activities	<u>9,300,285.32</u>	<u>4,606,937.21</u>	<u>5,481,759.96</u>	<u>(3,998,105.37)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(61,148.00)	(18,583.08)	(128,397.22)	(116,141.85)
(Capital lease payments)	(2,783.87)	(2,473.47)	(373,355.61)	(372,424.41)
Proceeds (purchases) home purchase program	(235,697.25)	(91,146.39)	(497,186.91)	(91,146.39)
Net cash (used) in investing activities	<u>(299,629.12)</u>	<u>(112,202.94)</u>	<u>(998,939.74)</u>	<u>(579,712.65)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(335,234.37)	(335,234.37)
Net cash (used) in financing activities	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(335,234.37)</u>	<u>(335,234.37)</u>
NET INCREASE (DECREASE) IN CASH	8,888,911.41	4,382,989.48	4,147,585.85	(4,913,052.39)
Cash and cash equivalents at beginning of period	13,485,477.11	17,819,302.02	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$ 22,374,388.52</u>	<u>\$ 22,202,291.50</u>	<u>\$ 22,374,388.52</u>	<u>\$ 22,202,291.50</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	\$ (21,587.81)	\$ 144,919.42	\$ 2,188,403.60	\$ 2,023,449.56
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	259,036.43	447,493.64	792,013.58	1,047,071.90
Unrealized (gain) loss	23,259.49	0.00	44,119.74	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	18,695.99	0.00	18,695.99
Interest expense on leases	353.00	6,365.95	6,803.73	6,365.95
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	(43,966,280.58)	(50,109,067.02)	(44,440,691.30)	(50,417,045.73)
Interest receivable	0.00	0.00	0.00	2,605.57
Prepaid expenses	73,958.30	(110,158.19)	(70,129.98)	(170,866.46)
Other assets	10,295,900.00	8,310,893.07	900.00	(2,120,498.80)
Increase (decrease) in liabilities:				
Accounts payable	(1,284,247.28)	(1,391,576.76)	(1,482,419.85)	(2,498,915.54)
Accrued employee compensation	(2,583,812.20)	(2,665,451.51)	1,856,510.32	(1,921,786.04)
Other non current liabilities	(0.00)	(4,389.68)	0.00	751.72
Other current liabilities	46,503,705.97	49,959,212.30	46,480,376.59	49,926,192.98
Total adjustments	<u>9,321,873.13</u>	<u>4,462,017.79</u>	<u>3,293,356.36</u>	<u>(6,021,554.93)</u>
Net cash (used) in operating activities	<u>\$ 9,300,285.32</u>	<u>\$ 4,606,937.21</u>	<u>\$ 5,481,759.96</u>	<u>\$ (3,998,105.37)</u>

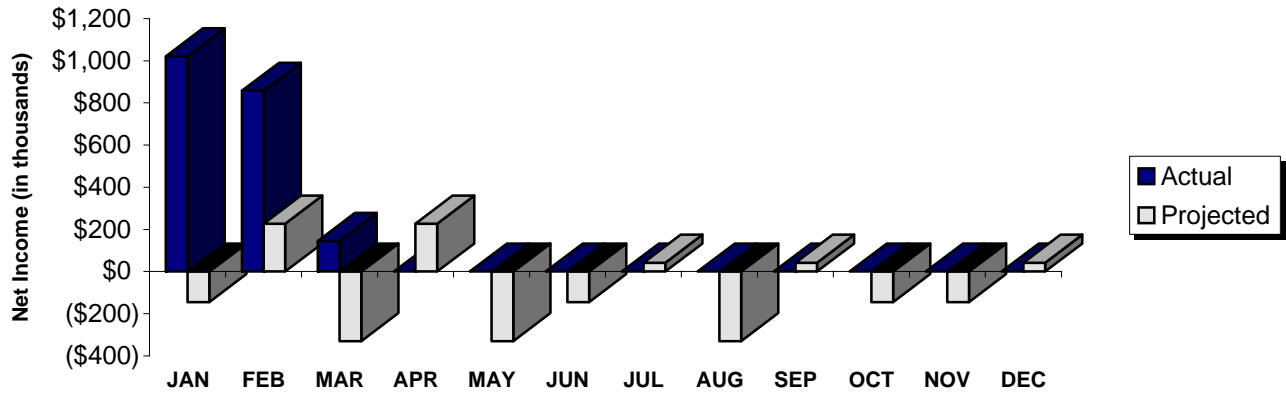
**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
March 31, 2006**

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	22,113,802	20,768,954	(1,344,848)	-6.1%	22,004,536	19,783,745	(2,220,791)	-10.1%
Benefits	5,989,303	5,545,482	(443,821)	-7.4%	5,688,740	5,238,248	(450,492)	-7.9%
Travel	3,441,090	1,746,373	(1,694,717)	-49.2%	3,204,724	1,851,853	(1,352,871)	-42.2%
Rent, Communications, & Utilities	999,951	882,681	(117,270)	-11.7%	982,525	789,891	(192,634)	-19.6%
Administrative	2,932,565	2,551,351	(381,214)	-13.0%	2,624,592	2,839,824	215,232	8.2%
Contracted Services	2,220,422	1,078,230	(1,142,192)	-51.4%	2,071,604	733,742	(1,337,862)	-64.6%
TOTAL	37,697,132	32,573,070	(5,124,062)	-13.6%	36,576,722	31,237,305	(5,339,417)	-14.6%

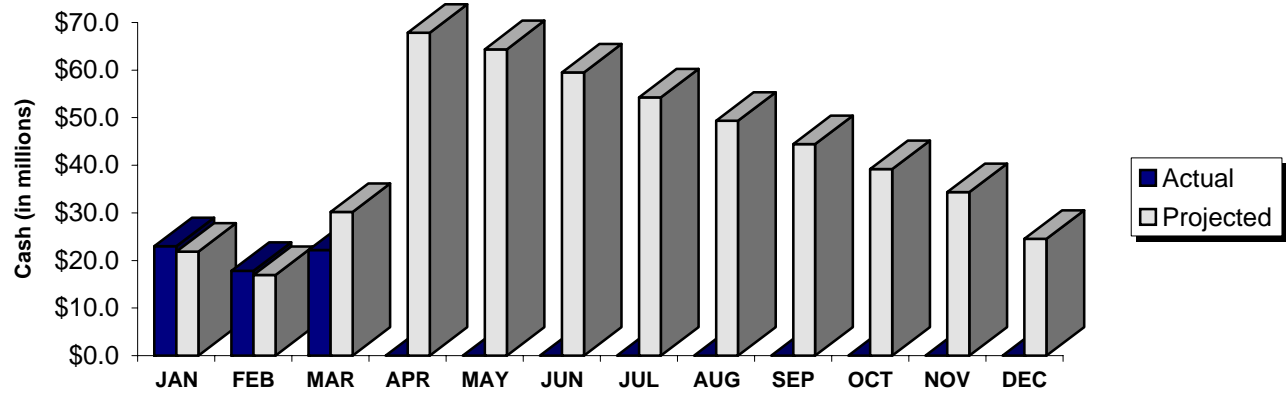
**Percent Over (Under) Budget
March 31, 2006**



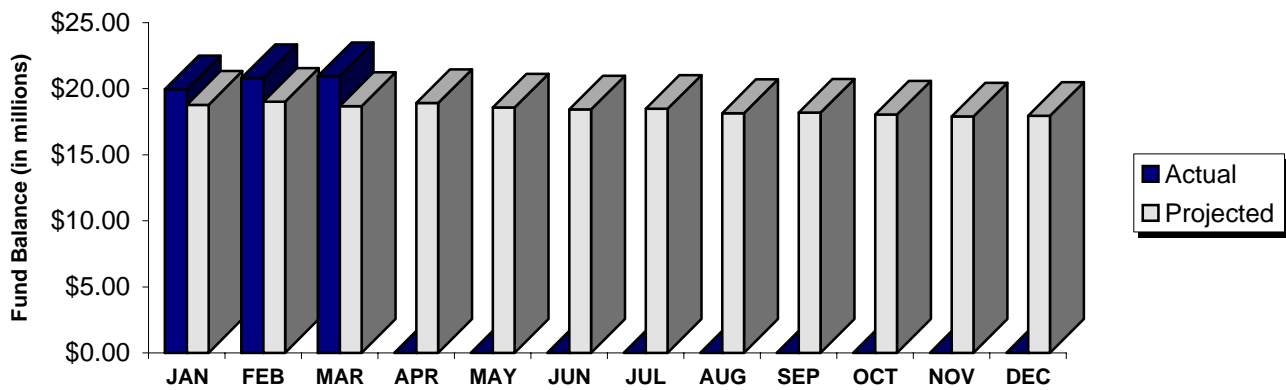
Actual & Projected Net Income (2006)



Actual & Projected Cash Balance (2006)



Actual & Projected Fund Balance (2006)



National Credit Union Administration Operating Fund
Ratios
March 31, 2006

BALANCE SHEET	March 2005	March 2006
<u>Liquid assets / Total assets</u>	21.47%	19.50%
<u>Current assets / Total assets</u>	66.09%	67.47%
<u>Fixed assets / Total assets</u>	33.91%	32.53%
<u>Current liabilities / Total assets</u>	58.73%	58.36%
<u>Non current liabilities / Total assets</u>	24.84%	23.24%
<u>Retained Earnings / Total assets</u>	16.43%	18.39%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Interest & other income / Total revenue</u>	1.02%	1.76%
<u>YTD Program related income / Total revenue</u>	98.98%	98.24%
<u>YTD Expenses / Total revenue</u>	85.99%	87.38%
<u>YTD Net income / Total revenue</u>	14.01%	12.62%
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$4.1	(\$4.9)
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	22.8%	-18.1%
<u>Cash and cash equivalents / Total assets</u>	21.5%	19.5%