

National Credit Union Administration



Operating Fund

***Financial Highlights
January 31, 2006***

**Dennis Winans
Chief Financial Officer**

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

Balance Sheet

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

Prepaid Expenses increased \$123,000 representing payment of 2006 publication and software license subscriptions.

Other assets increased \$5.1 million to represent recognizing 1/12th of the 2006 operating fee (deferred income) that is due April 17, 2006.

Accounts Payable decreased \$612,000 due to payment of vendor invoices.

Accrued Employee Compensation increased \$763,000 due to the accrual for 17 days at the end of January versus 15 days in the previous month. On the first working day of the month, accruals are reversed.

Other non-current liabilities decreased \$258,000 primarily due to payment of capital lease liabilities.

Statement of Revenue and Expenses

Net income for the month was \$1.1 million higher than planned primarily due to employee travel, administrative costs, and contracted services being significantly under budgeted amounts. Such expenses are usually lower at the start of the year because the agency is in the process of planning, implementing, and contracting for services.

Statement of Cash Flow

Cash decreased by \$4.1 million for the month, reflecting payment of operating expenses, leases and notes payable.

Budget (Year-to-Date)

Agency spending was under budget by \$2.9 million or 23.1 percent. Pay, benefits, and travel were under budget by 15.5 percent. The remaining variance of \$1.3 million (net) was derived mainly from administrative and contracted services.

Vacancies

The agency had 37 vacancies as of January 21 -- up 7 from January 1. Of the 37 vacancies, there were 21 vacancies in the central office, 6 vacancies in the regional offices and AMAC, and 10 vacancies in the field staff. The 37 vacancies represent 3.9 percent of total authorized staff of 957.92.

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

	January 2005	December 2005	January 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$5,802.83	\$5,343.89	\$5,247.37
Overnight Investments	18,659,000.00	27,110,000.00	22,974,000.00
Accounts Receivable	594,140.99	1,166,585.82	1,141,515.68
Interest Receivable	0.00	2,605.57	0.00
Prepaid Expenses	694,730.07	403,863.53	526,827.64
Home Purchase Program	359,727.57	275,841.61	275,841.61
Other	5,147,500.00	0.00	5,116,456.87
<i>Total Current Assets</i>	<u>25,460,901.46</u>	<u>28,964,240.42</u>	<u>30,039,889.17</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,486,035.00	27,686,422.00	27,613,515.00
Capital Lease	1,245,681.40	334,221.13	247,966.78
Equipment	2,048,623.09	3,232,102.09	3,093,466.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,726,603.44</u>	<u>35,199,009.17</u>	<u>34,901,211.82</u>
TOTAL ASSETS	<u><u>61,187,504.90</u></u>	<u><u>64,163,249.59</u></u>	<u><u>64,941,100.99</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	2,336,443.32	4,392,127.88	3,779,838.39
Accrued Employee Compensation	16,458,561.05	16,511,805.70	17,275,201.91
Other Current Liabilities	48,580.03	55,432.59	31,397.32
<i>Total Current Liabilities</i>	<u>18,843,584.40</u>	<u>20,959,366.17</u>	<u>21,086,437.62</u>
Non-Current Liabilities			
Notes Payable	25,030,834.10	23,801,641.41	23,689,896.62
Other	1,080,428.69	482,145.83	223,694.02
<i>Total Non-Current Liabilities</i>	<u>26,111,262.79</u>	<u>24,283,787.24</u>	<u>23,913,590.64</u>
TOTAL LIABILITIES	<u><u>44,954,847.19</u></u>	<u><u>45,243,153.41</u></u>	<u><u>45,000,028.26</u></u>
FUND BALANCE:			
Beginning Balance	14,934,623.95	14,934,623.95	18,920,096.18
Current Year Earnings	1,298,033.76	3,985,472.00	1,020,976.55
TOTAL FUND BALANCE	<u><u>16,232,657.71</u></u>	<u><u>18,920,095.95</u></u>	<u><u>19,941,072.73</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$61,187,504.90</u></u>	<u><u>\$64,163,249.36</u></u>	<u><u>\$64,941,100.99</u></u>

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

	January 2006 Monthly Actual	January 2006 Monthly Budget	January 2006 Year-To-Date Actual	January 2006 Year-To-Date Budget	January 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$95,967.10	\$108,333.00	\$95,967.10	\$108,333.00	\$39,893.79
Program-related Income	5,116,223.78	5,204,167.00	5,116,223.78	5,204,167.00	5,147,500.00
Other Income	11,309.80	8,333.00	11,309.80	8,333.00	7,649.02
Total Revenue	<u>5,223,500.68</u>	<u>5,320,833.00</u>	<u>5,223,500.68</u>	<u>5,320,833.00</u>	<u>5,195,042.81</u>
EXPENSES:					
Employee Pay	3,051,197.80	3,218,409.00	3,051,197.80	3,218,409.00	2,823,327.82
Employee Benefits	770,862.57	871,674.00	770,862.57	871,674.00	703,209.61
Employee Travel	51,377.14	494,746.00	51,377.14	494,746.00	79,400.66
Rent/Communications/Utilities	112,108.15	142,878.00	112,108.15	142,878.00	71,983.63
Administrative Costs	270,946.65	419,259.00	270,946.65	419,259.00	294,023.68
Contracted Services	(53,968.18)	318,261.00	(53,968.18)	318,261.00	(74,936.35)
Total Expenses	<u>4,202,524.13</u>	<u>5,465,227.00</u>	<u>4,202,524.13</u>	<u>5,465,227.00</u>	<u>3,897,009.05</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$1,020,976.55</u>	<u>(\$144,394.00)</u>	<u>\$1,020,976.55</u>	<u>(\$144,394.00)</u>	<u>\$1,298,033.76</u>

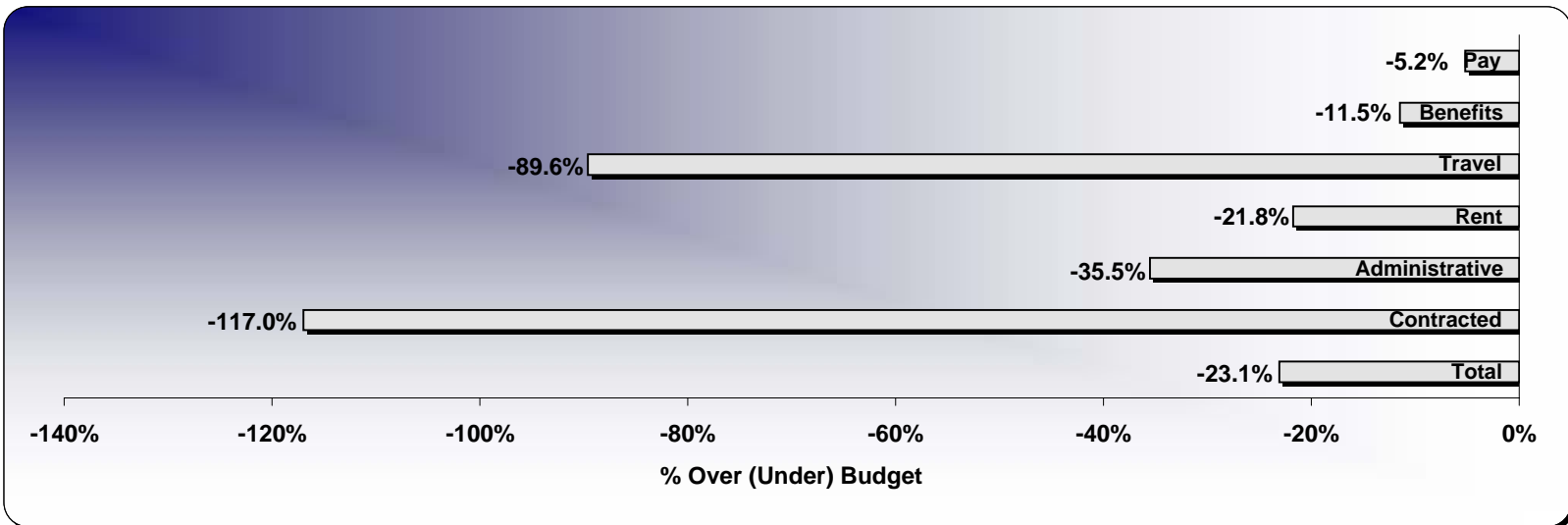
National Credit Union Administration Operating Fund
Statement of Cash Flow
January 31, 2006

	Month January 2005	Month January 2006	Y-T-D January 2005	Y-T-D January 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	39,893.79	95,967.10	39,893.79	95,967.10
Other income received	7,649.02	11,309.80	7,649.02	11,309.80
(Cash paid for operating expenses)	1,132,479.67	(3,763,044.91)	1,132,479.67	(3,763,044.91)
Net cash (used) provided by operating activities:	<u>1,180,022.48</u>	<u>(3,655,768.01)</u>	<u>1,180,022.48</u>	<u>(3,655,768.01)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	0.00	(1,106.25)	0.00	(1,106.25)
(Capital lease payments)	(367,787.87)	(367,477.47)	(367,787.87)	(367,477.47)
Proceeds (purchases) home purchase program	(262,489.66)	0.00	(262,489.66)	0.00
Net cash (used) in investing activities	<u>(630,277.53)</u>	<u>(368,583.72)</u>	<u>(630,277.53)</u>	<u>(368,583.72)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(111,744.79)	(111,744.79)
Net cash (used) in financing activities	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(111,744.79)</u>
NET INCREASE (DECREASE) IN CASH	438,000.16	(4,136,096.52)	438,000.16	(4,136,096.52)
Cash and cash equivalents at beginning of period	18,226,802.67	27,115,343.89	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$18,664,802.83</u>	<u>\$22,979,247.37</u>	<u>\$18,664,802.83</u>	<u>\$22,979,247.37</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$1,298,033.76</u>	<u>\$1,020,976.55</u>	<u>\$1,298,033.76</u>	<u>\$1,020,976.55</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	267,123.43	298,903.60	267,123.43	298,903.60
Unrealized (gain) loss	20,860.25	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	6,073.73	0.00	6,073.73	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	105,873.53	105,873.53	105,873.53	105,873.53
Accounts receivable	233,421.06	25,070.14	233,421.06	25,070.14
Interest receivable	0.00	2,605.57	0.00	2,605.57
Prepaid expenses	(106,722.97)	(122,964.11)	(106,722.97)	(122,964.11)
Other assets	(5,147,500.00)	(5,116,456.87)	(5,147,500.00)	(5,116,456.87)
Increase (decrease) in liabilities:				
Accounts payable	17,863.85	(612,289.49)	17,863.85	(612,289.49)
Accrued employee compensation	4,497,773.81	763,396.21	4,497,773.81	763,396.21
Other non current liabilities	0.00	3,152.13	0.00	3,152.13
Other current liabilities	(12,777.97)	(24,035.27)	(12,777.97)	(24,035.27)
Total adjustments	<u>(118,011.28)</u>	<u>(4,676,744.56)</u>	<u>(118,011.28)</u>	<u>(4,676,744.56)</u>
Net cash (used) provided by operating activities	<u>\$1,180,022.48</u>	<u>(\$3,655,768.01)</u>	<u>\$1,180,022.48</u>	<u>(\$3,655,768.01)</u>

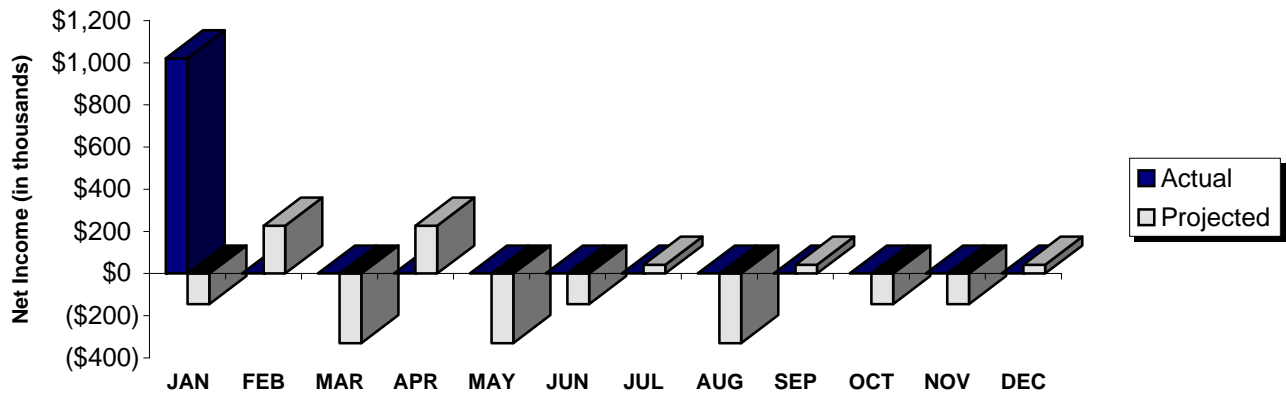
**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
January 31, 2006**

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	7,484,842	7,095,809	(389,033)	-5.2%	7,222,301	6,565,879	(656,423)	-9.1%
Benefits	2,025,846	1,792,704	(233,142)	-11.5%	1,868,020	1,635,371	(232,648)	-12.5%
Travel	1,147,030	119,482	(1,027,548)	-89.6%	1,068,241	184,653	(883,589)	-82.7%
Rent, Communications, & Utilities	333,317	260,717	(72,600)	-21.8%	327,508	167,404	(160,105)	-48.9%
Administrative	977,521	630,108	(347,413)	-35.5%	874,864	683,776	(191,088)	-21.8%
Contracted Services	740,141	(125,507)	(865,648)	-117.0%	690,535	(174,271)	(864,805)	-125.2%
TOTAL	12,708,697	9,773,312	(2,935,385)	-23.1%	12,051,469	9,062,812	(2,988,658)	-24.8%

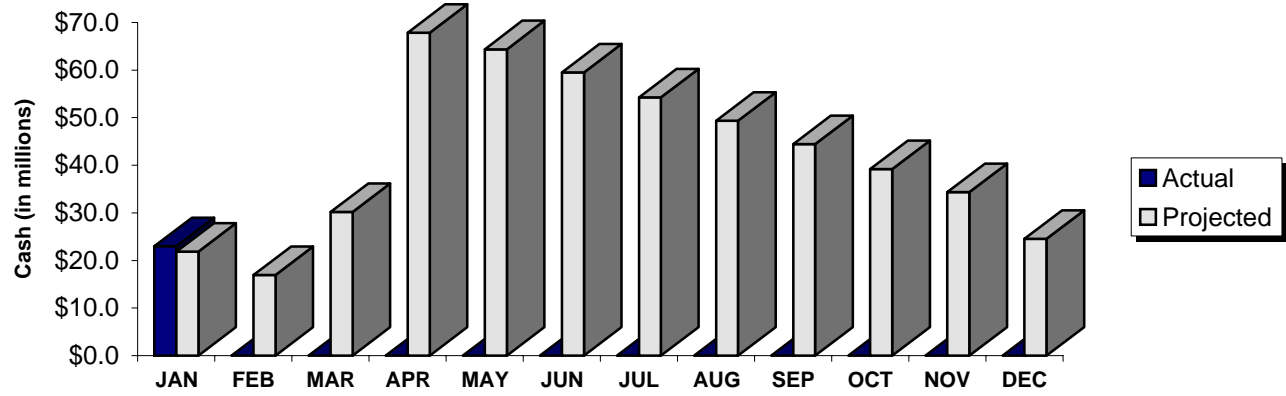
**Percent Over (Under) Budget
January 31, 2006**



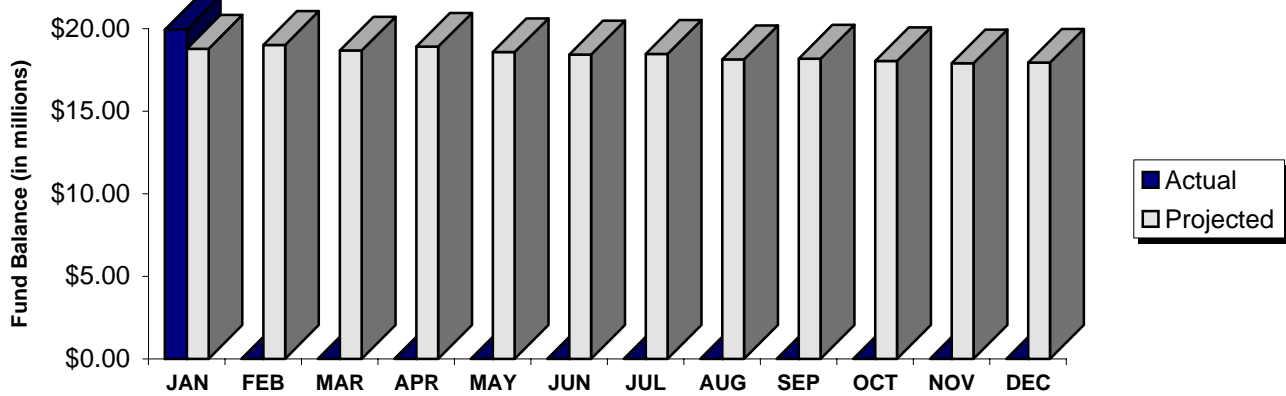
Actual & Projected Net Income (2006)



Actual & Projected Cash Balance (2006)



Actual & Projected Fund Balance (2006)



National Credit Union Administration Operating Fund
Ratios
January 31, 2006

BALANCE SHEET	January 2005	January 2006
<u>Liquid assets / Total assets</u>	30.50%	35.38%
<u>Current assets / Total assets</u>	41.61%	46.26%
<u>Fixed assets / Total assets</u>	58.39%	53.74%
<u>Current liabilities / Total assets</u>	30.80%	32.47%
<u>Non current liabilities / Total assets</u>	42.67%	36.82%
<u>Retained Earnings / Total assets</u>	26.53%	30.71%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Interest & other income / Total revenue</u>	0.92%	2.05%
<u>YTD Program related income / Total revenue</u>	99.08%	97.95%
<u>YTD Expenses / Total revenue</u>	75.01%	80.45%
<u>YTD Net income / Total revenue</u>	24.99%	19.55%
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$0.4	(\$4.1)
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	2.4%	-15.3%
<u>Cash and cash equivalents / Total assets</u>	30.5%	35.4%