

National Credit Union Administration



Operating Fund

***Financial Highlights
October 31, 2007***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
October 31, 2007

Balance Sheet

Overnight Investments decreased \$3.4 million for payment of operating expenses.

Accounts Receivable decreased \$1.1 million primarily due to the receipt of payment on the operating receivable from the Share Insurance Fund.

The Home Purchase Program increased \$245,000 primarily due to the purchase of one residence.

Accounts Payable decreased \$934,000 due to payment of routine vendor invoices.

Accrued Employee Compensation had a net increase of \$959,000 due to the accrual for 13 days at the end of October versus 10 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.4 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 was \$1.3 million higher than planned primarily due to increased revenue as well as all expense categories being under budget.

Statement of Cash Flow

Cash decreased by \$3.9 million for the month, reflecting payments for operating expenses, notes payable, and capital leases in excess of receipts from interest income.

Budget (Year-to-Date)

Agency spending was under budget by \$6.8 million or 5.4 percent. Pay, benefits, and travel were under budget by 2.4 percent. The remaining variance of \$4.7 million was derived mainly from administrative and contracted services.

Vacancies

The agency had 23 vacancies as of October 27, 2007. Of the 23 vacancies, there were 18 vacancies in the central offices, 8 vacancies in the regional offices and AMAC, and 3 net over-hires in the field staff. The 23 vacancies represent 2.4 percent of total authorized staff of 957.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
October 31, 2007

	October 2006	September 2007	October 2007
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,587.47	\$ 500,252.60	\$ 5,920.20
Overnight Investments	39,109,000.00	41,967,000.00	38,582,000.00
Accounts Receivable	933,324.24	1,488,488.37	342,660.07
Interest Receivable	0.00	9,302.69	0.00
Prepaid Expenses	524,504.00	682,725.07	563,504.94
Home Purchase Program	381,372.90	677,779.00	922,955.77
Other	66,146.19	456.73	0.00
<i>Total Current Assets</i>	<u>41,019,934.80</u>	<u>45,326,004.46</u>	<u>40,417,040.98</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,195,277.10	26,861,947.00	26,783,017.00
Capital Lease	2,184,271.95	1,321,369.35	1,249,233.11
Equipment	2,585,059.09	1,938,604.00	1,810,588.00
Assets Under Construction	0.00	334,005.00	334,005.00
<i>Total Property, Plant, and Equipment</i>	<u>35,910,872.09</u>	<u>34,402,189.30</u>	<u>34,123,107.06</u>
TOTAL ASSETS	<u><u>\$ 76,930,806.89</u></u>	<u><u>\$ 79,728,193.76</u></u>	<u><u>\$ 74,540,148.04</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,765,470.06	\$ 3,356,265.25	\$ 2,422,394.23
Accrued Employee Compensation	15,389,891.51	14,267,725.31	15,226,666.01
Other Current Liabilities	10,628,337.93	16,158,876.41	10,765,631.04
<i>Total Current Liabilities</i>	<u>28,783,699.50</u>	<u>33,782,866.97</u>	<u>28,414,691.28</u>
Non-Current Liabilities			
Notes Payable	22,684,193.51	21,455,000.82	21,343,256.03
Other	2,304,444.34	1,597,245.28	1,372,788.59
<i>Total Non-Current Liabilities</i>	<u>24,988,637.85</u>	<u>23,052,246.10</u>	<u>22,716,044.62</u>
TOTAL LIABILITIES	<u><u>53,772,337.35</u></u>	<u><u>56,835,113.07</u></u>	<u><u>51,130,735.90</u></u>
FUND BALANCE:			
Unappropriated	23,158,469.54	21,893,080.69	22,409,412.14
Appropriated	0.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>23,158,469.54</u></u>	<u><u>22,893,080.69</u></u>	<u><u>23,409,412.14</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 76,930,806.89</u></u>	<u><u>\$ 79,728,193.76</u></u>	<u><u>\$ 74,540,148.04</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
October 31, 2007

	October 2007 Monthly Actual	October 2007 Monthly Budget	October 2007 Year-To-Date Actual	October 2007 Year-To-Date Budget	October 2006 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 176,917.71	\$ 166,667.00	\$ 1,964,743.42	\$ 1,666,670.00	\$ 1,878,131.58
Program-related Income	5,325,376.40	5,299,167.00	53,238,158.82	52,991,670.00	52,958,728.00
Other Income	26,756.20	16,667.00	253,635.30	166,670.00	161,457.88
Total Revenue	<u>5,529,050.31</u>	<u>5,482,501.00</u>	<u>55,456,537.54</u>	<u>54,825,010.00</u>	<u>54,998,317.46</u>
EXPENSES:					
Employee Pay	3,538,736.42	3,754,691.94	34,359,066.07	34,839,361.25	30,874,816.38
Employee Benefits	783,598.05	998,539.84	9,002,256.43	9,477,744.19	8,481,296.88
Employee Travel	252,922.47	531,755.70	5,285,706.05	5,317,557.05	4,403,070.26
Rent/Communications/Utilities	44,987.07	154,645.39	1,502,679.51	1,546,453.46	1,300,090.48
Administrative Costs	375,739.55	466,576.12	3,651,185.91	4,665,760.93	3,432,669.41
Contracted Services	16,735.30	340,479.51	2,290,457.05	3,404,794.96	2,268,000.69
Total Expenses	<u>5,012,718.86</u>	<u>6,246,688.49</u>	<u>56,091,351.02</u>	<u>59,251,671.84</u>	<u>50,759,944.10</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 516,331.45</u>	<u>\$ (764,187.49)</u>	<u>\$ (634,813.48)</u>	<u>\$ (4,426,661.84)</u>	<u>\$ 4,238,373.36</u>

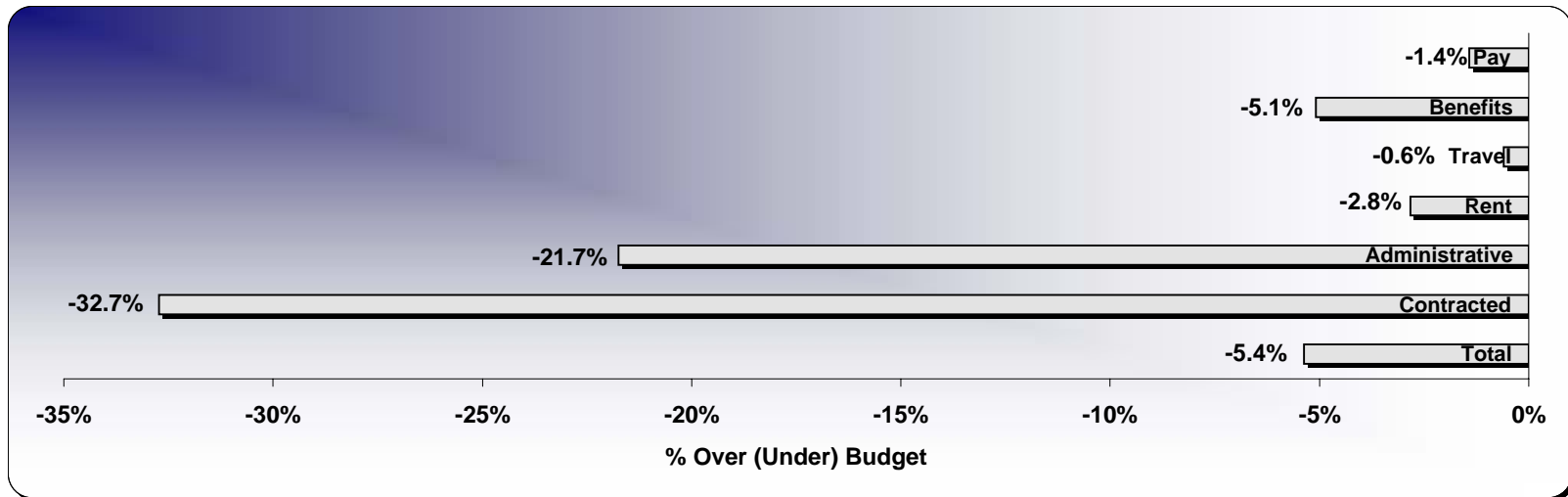
National Credit Union Administration Operating Fund
Statement of Cash Flow
October 31, 2007

	Month October 2006	Month October 2007	Y-T-D October 2006	Y-T-D October 2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 300.00	\$ 724.82	\$ 63,780,937.04	\$ 65,311,358.53
Interest received from cash and cash equivalents	203,778.62	176,917.71	1,878,131.58	1,972,536.89
Other income received	6,190.00	26,756.20	161,457.88	253,635.30
(Cash paid for operating expenses)	<u>(3,463,521.34)</u>	<u>(3,406,136.72)</u>	<u>(50,171,822.84)</u>	<u>(50,290,372.52)</u>
Net cash (used) in operating activities	<u>(3,253,252.72)</u>	<u>(3,201,737.99)</u>	<u>15,648,703.66</u>	<u>17,247,158.20</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	0.00	0.00	(1,027,019.88)	(1,510,862.25)
Proceeds (purchases) home purchase program	0.00	<u>(240,257.62)</u>	<u>(144,519.60)</u>	<u>(103,332.04)</u>
Net cash (used) in investing activities	<u>0.00</u>	<u>(240,257.62)</u>	<u>(1,171,539.48)</u>	<u>(1,614,194.29)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,117,447.90)	(1,117,447.90)
(Capital lease payments)	<u>(326,051.47)</u>	<u>(325,592.00)</u>	<u>(1,360,472.70)</u>	<u>(1,321,806.94)</u>
Net cash (used) in financing activities	<u>(437,796.26)</u>	<u>(437,336.79)</u>	<u>(2,477,920.60)</u>	<u>(2,439,254.84)</u>
NET INCREASE (DECREASE) IN CASH	(3,691,048.98)	(3,879,332.40)	11,999,243.58	13,193,709.07
Cash and cash equivalents at beginning of period	42,805,636.45	42,467,252.60	27,115,343.89	25,394,211.13
Cash and cash equivalents at end of period	<u>\$ 39,114,587.47</u>	<u>\$ 38,587,920.20</u>	<u>\$ 39,114,587.47</u>	<u>\$ 38,587,920.20</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ 1,058,047.38</u>	<u>\$ 516,331.45</u>	<u>\$ 4,238,373.36</u>	<u>\$ (634,813.48)</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	289,372.00	279,082.24	3,096,556.96	2,743,028.70
Unrealized (gain) loss	0.00	0.00	0.00	193,660.60
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	0.00	(4,919.15)	5,907.42	27,668.83
Interest expense on leases	862.89	(2,988.35)	8,951.04	19,895.80
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	90,058.97	90,058.97	376,050.44	360,235.88
Accounts receivable	1,111,682.63	1,145,828.30	233,261.58	838,323.85
Interest receivable	5,910.95	9,302.69	2,605.57	7,793.47
Prepaid expenses	76,144.18	119,220.13	(120,640.47)	(20,419.95)
Other assets	(66,146.19)	456.73	(33,065.30)	0.00
Increase (decrease) in liabilities:				
Accounts payable	(1,199,981.28)	(933,871.02)	(1,626,657.82)	(433,167.26)
Accrued employee compensation	758,127.22	958,940.70	(1,121,914.19)	3,461,492.10
Other non current liabilities	3,237.00	14,064.69	16,369.73	(34,493.57)
Other current liabilities	<u>(5,380,568.47)</u>	<u>(5,393,245.37)</u>	<u>10,572,905.34</u>	<u>10,717,953.23</u>
Total adjustments	<u>(4,311,300.10)</u>	<u>(3,718,069.44)</u>	<u>11,410,330.30</u>	<u>17,881,971.68</u>
Net cash (used) in operating activities	<u>\$ (3,253,252.72)</u>	<u>\$ (3,201,737.99)</u>	<u>\$ 15,648,703.66</u>	<u>\$ 17,247,158.20</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
October 31, 2007**

	2007				2006			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	74,637,194	73,574,017	(1,063,177)	-1.4%	73,826,247	71,801,899	(2,024,349)	-2.7%
Benefits	20,310,335	19,276,780	(1,033,555)	-5.1%	19,993,752	19,546,807	(446,945)	-2.2%
Travel	11,386,633	11,318,428	(68,204)	-0.6%	11,470,299	10,258,663	(1,211,637)	-10.6%
Rent, Communications, & Utilities	3,311,464	3,217,729	(93,735)	-2.8%	3,333,170	3,041,368	(291,802)	-8.8%
Administrative	9,990,924	7,818,385	(2,172,538)	-21.7%	9,775,215	8,016,280	(1,758,935)	-18.0%
Contracted Services	7,290,782	4,904,619	(2,386,163)	-32.7%	7,401,408	5,286,994	(2,114,414)	-28.6%
TOTAL	126,927,332	120,109,959	(6,817,372)	-5.4%	125,800,091	117,952,010	(7,848,080)	-6.2%

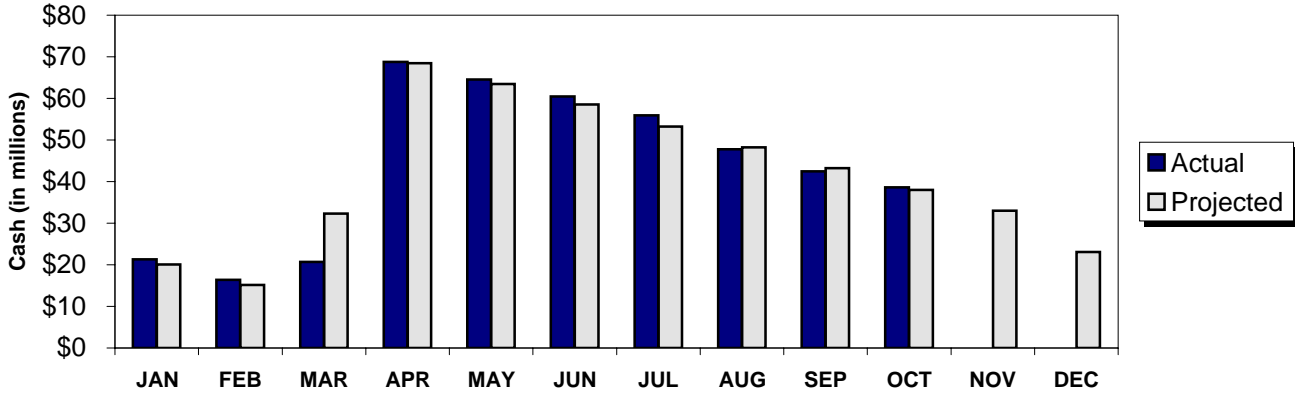
**Percent Over (Under) Budget
October 31, 2007**



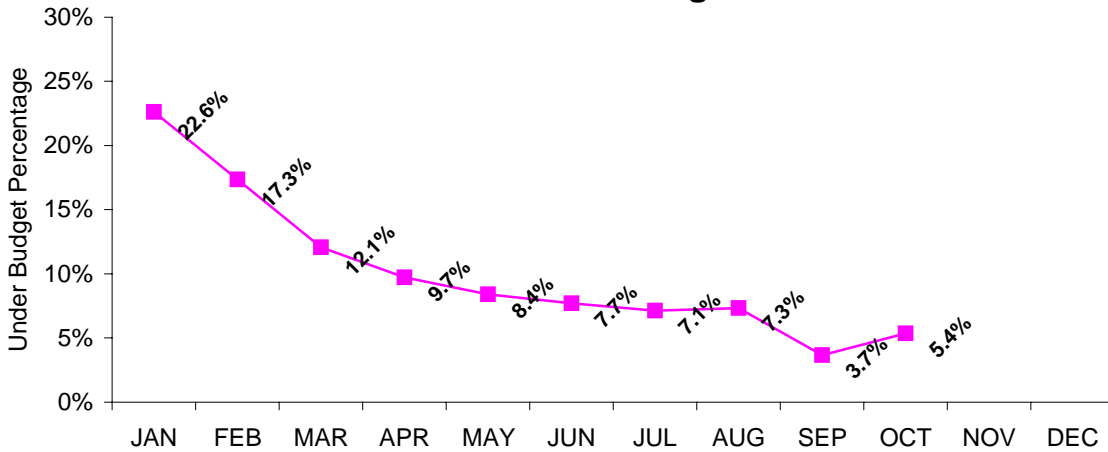
National Credit Union Administration Operating Fund

Graphs
October 31, 2007

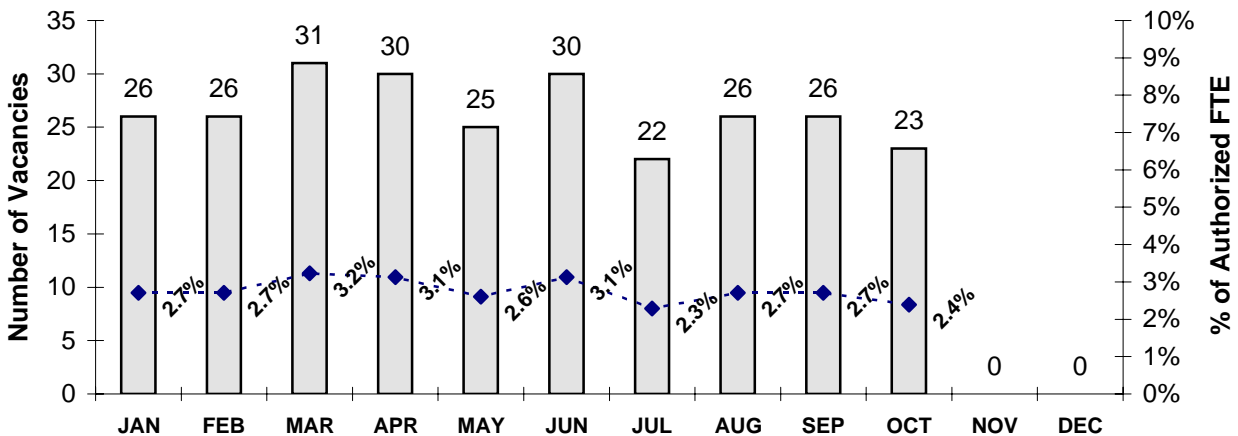
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
October 31, 2007

BALANCE SHEET	October 2006	October 2007
<u>Liquid assets / Total assets</u>	50.84%	51.77%
<u>Current assets / Total assets</u>	53.32%	54.22%
<u>Fixed assets / Total assets</u>	46.68%	45.78%
<u>Current liabilities / Total assets</u>	37.42%	38.12%
<u>Non current liabilities / Total assets</u>	32.48%	30.47%
<u>Retained earnings / Total assets</u>	30.10%	31.41%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	96.29%	96.00%
<u>YTD Interest & other income / Total revenue</u>	3.71%	4.00%
<u>YTD Expenses / Total revenue</u>	92.29%	101.14%
<u>YTD Net income / Total revenue</u>	7.71%	-1.14%
<u>Monthly interest income to average investments (annualized)</u>	6.01%	4.68%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$12,827	\$15,399
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$12.0	\$13.2
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	44.3%	52.0%
<u>Cash and cash equivalents / Total assets</u>	50.8%	51.8%