

National Credit Union Administration



Operating Fund

***Unaudited Financial Highlights
December 31, 2008***

**Mary Ann Woodson
Chief Financial Officer**

National Credit Union Administration Operating Fund
Unaudited Financial Highlights
December 31, 2008

Balance Sheet

Cash had a month-end balance of \$1.2 million in order to accommodate federal interagency calendar year-end disbursements. The balance will decline back to its normal level on January 1, 2009.

Overnight Investments decreased \$8.8 million for payment of operating expenses.

Prepaid Expenses increased \$3.0 million due to prepayments for various administrative system upgrade projects.

Accounts Payable increased \$1.9 million due to year-end timing differences between receipt of vendor invoices and payment of vendors.

Other Current Liabilities decreased \$6.2 million as a result of deferred income being recognized evenly over the calendar period.

Statement of Revenue and Expenses

Net income for the month was \$589,000 lower than planned primarily due to several expense categories being over budget for the month of December as a result of year-end accruals. A significant portion of the accruals were for the employee lodging night bonus program (i.e., \$516,000).

Statement of Cash Flow

Cash decreased by \$7.7 million for the month primarily due to payment for operating expenses of \$6.6 million and payments for fixed assets of \$1.1 million.

Budget (Year-to-Date)

Agency spending was under budget by \$6.0 million or 3.8 percent. Of the \$6.0 million, benefits and travel were under budget by \$2.0 million and the remaining variance of \$4.0 million was derived from administrative and contracted services.

Vacancies

The agency had 37 vacancies as of December 31. Of the 37 vacancies, there were 14 vacancies in the central office and 9 vacancies in the regional offices and AMAC, and 14 vacancies in the field staff. The 37 vacancies represent 3.8 percent of total authorized staff of 964.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
December 31, 2008

	December 2007	November 2008	December 2008
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 951,488.55	\$ 100,290.83	\$ 1,249,338.82
Overnight Investments	23,224,000.00	29,174,000.00	20,343,000.00
Accounts Receivable	581,080.30	1,047,432.48	544,600.00
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	798,063.24	665,126.14	3,655,042.07
Home Purchase Program	1,000,834.07	517,500.00	517,500.00
Other	0.00	117,278.00	100.00
<i>Total Current Assets</i>	<u>26,555,466.16</u>	<u>31,621,627.45</u>	<u>26,309,580.89</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	26,635,638.00	25,766,113.00	25,687,064.00
Capital Lease	1,140,009.56	313,941.30	270,413.90
Equipment	2,170,562.00	1,398,939.00	2,495,556.00
Assets Under Construction	320,209.00	1,154,301.24	999,969.63
<i>Total Property, Plant, and Equipment</i>	<u>34,212,682.51</u>	<u>32,579,558.49</u>	<u>33,399,267.48</u>
TOTAL ASSETS	<u><u>\$ 60,768,148.67</u></u>	<u><u>\$ 64,201,185.94</u></u>	<u><u>\$ 59,708,848.37</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,931,603.96	\$ 1,446,661.46	\$ 3,381,202.32
Accrued Employee Compensation	12,897,773.23	12,933,517.88	13,490,080.06
Other Current Liabilities	35,582.38	6,306,129.15	76,551.39
<i>Total Current Liabilities</i>	<u>15,864,959.57</u>	<u>20,686,308.49</u>	<u>16,947,833.77</u>
Non-Current Liabilities			
Notes Payable	21,119,766.45	19,890,573.76	19,778,828.97
Other	1,399,117.43	451,350.68	448,017.95
<i>Total Non-Current Liabilities</i>	<u>22,518,883.88</u>	<u>20,341,924.44</u>	<u>20,226,846.92</u>
TOTAL LIABILITIES	<u><u>38,383,843.45</u></u>	<u><u>41,028,232.93</u></u>	<u><u>37,174,680.69</u></u>
FUND BALANCE:			
Unappropriated	21,384,305.22	22,172,953.01	21,534,167.68
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>22,384,305.22</u></u>	<u><u>23,172,953.01</u></u>	<u><u>22,534,167.68</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 60,768,148.67</u></u>	<u><u>\$ 64,201,185.94</u></u>	<u><u>\$ 59,708,848.37</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
December 31, 2008

	December 2008 Monthly Actual	December 2008 Monthly Budget *	December 2008 Year-To-Date Actual	December 2008 Year-To-Date Budget *	December 2007 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 533.98	\$ 175,000.00	\$ 772,890.52	\$ 2,100,000.00	\$ 2,213,114.13
Program-related Income	5,908,489.22	6,088,000.00	72,434,013.94	73,056,000.00	63,975,228.26
Other Income	41,677.55	33,000.00	221,398.84	396,000.00	288,573.60
Total Revenue	<u>5,950,700.75</u>	<u>6,296,000.00</u>	<u>73,428,303.30</u>	<u>75,552,000.00</u>	<u>66,476,915.99</u>
EXPENSES:					
Employee Pay	3,361,910.45	3,665,760.23	44,116,118.59	44,004,489.45	40,796,035.00
Employee Benefits	1,206,678.13	1,043,305.98	11,913,427.18	12,519,673.62	11,105,800.17
Employee Travel	757,520.81	662,711.65	7,504,529.86	7,951,818.84	6,802,175.89
Rent/Communications/Utilities	294,776.22	163,539.41	1,907,922.02	1,815,290.97	1,905,120.95
Administrative Costs	549,782.80	444,664.92	4,422,488.92	5,335,979.63	4,566,889.90
Contracted Services	418,817.67	365,378.44	3,413,954.27	4,369,174.97	2,960,814.48
Total Expenses	<u>6,589,486.08</u>	<u>6,345,360.62</u>	<u>73,278,440.84</u>	<u>75,996,427.47</u>	<u>68,136,836.39</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (638,785.33)</u>	<u>\$ (49,360.62)</u>	<u>\$ 149,862.46</u>	<u>\$ (444,427.47)</u>	<u>\$ (1,659,920.40)</u>

* Reflects approved mid-session budget with category re-allocations and no change in total from the original approved budget.

National Credit Union Administration Operating Fund
Statement of Cash Flow
December 31, 2008

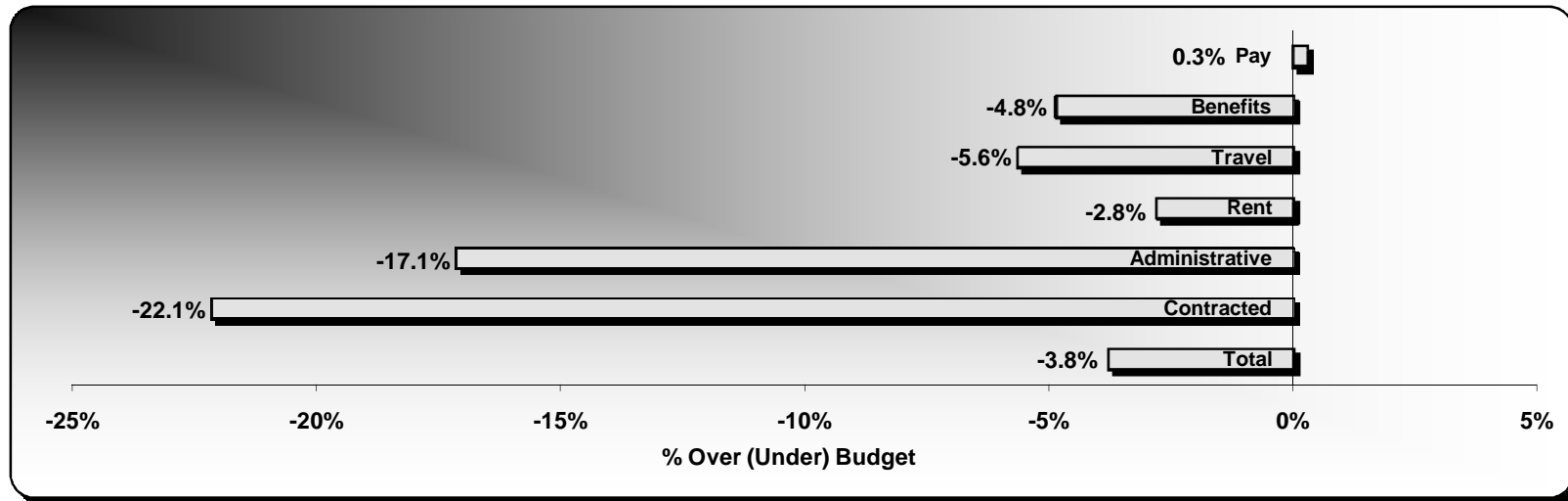
	Month December 2007	Month December 2008	Y-T-D December 2007	Y-T-D December 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 453.58	\$ -	\$ 65,312,520.99	\$ 72,424,381.21
Interest received from cash and cash equivalents	112,953.42	533.98	2,220,907.60	772,890.52
Other income received	15,142.05	41,677.55	288,573.60	221,398.84
(Cash paid for operating expenses)	<u>(8,307,132.21)</u>	<u>(6,552,810.95)</u>	<u>(63,997,685.56)</u>	<u>(71,130,785.97)</u>
Net cash (used) in operating activities	<u>(8,178,583.16)</u>	<u>(6,510,599.42)</u>	<u>3,824,316.63</u>	<u>2,287,884.60</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(607,893.96)	(1,058,722.80)	(2,132,177.21)	(2,367,375.20)
Proceeds (purchases) home purchase program	<u>(133,733.21)</u>	<u>0.00</u>	<u>(237,065.25)</u>	<u>160,537.53</u>
Net cash (used) in investing activities	<u>(741,627.17)</u>	<u>(1,058,722.80)</u>	<u>(2,369,242.46)</u>	<u>(2,206,837.67)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,340,937.48)	(1,340,937.48)
(Capital lease payments)	<u>(8,022.12)</u>	<u>(885.00)</u>	<u>(1,332,859.27)</u>	<u>(1,323,259.18)</u>
Net cash (used) in financing activities	<u>(119,766.91)</u>	<u>(112,629.79)</u>	<u>(2,673,796.75)</u>	<u>(2,664,196.66)</u>
NET INCREASE (DECREASE) IN CASH	(9,039,977.24)	(7,681,952.01)	(1,218,722.58)	(2,583,149.73)
Cash and cash equivalents at beginning of period	33,215,465.79	29,274,290.83	25,394,211.13	24,175,488.55
Cash and cash equivalents at end of period	<u>\$ 24,175,488.55</u>	<u>\$ 21,592,338.82</u>	<u>\$ 24,175,488.55</u>	<u>\$ 21,592,338.82</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ (831,525.44)</u>	<u>\$ (638,785.33)</u>	<u>\$ (1,659,920.40)</u>	<u>\$ 149,862.46</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	288,739.97	239,013.81	3,312,321.47	3,180,790.23
Unrealized (gain) loss	40,057.99	0.00	233,718.59	141,345.49
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	15,796.92	0.00	43,465.75	181,451.05
Interest expense on leases	3,004.03	610.27	25,896.01	16,902.48
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	360,235.88	360,235.88
Accounts receivable	(87,542.60)	502,832.48	599,903.62	36,480.30
Interest receivable	0.00	0.00	7,793.47	0.00
Prepaid expenses	(323,645.34)	(2,989,915.93)	(254,978.25)	(2,856,978.83)
Other assets	3.00	117,178.00	(0.00)	(100.00)
Increase (decrease) in liabilities:				
Accounts payable	1,468,913.00	1,934,540.86	76,042.47	449,598.36
Accrued employee compensation	(3,396,056.34)	556,562.18	1,132,599.32	592,306.83
Other non current liabilities	1,420.99	(3,058.00)	(36,561.96)	(4,978.66)
Other current liabilities	<u>(5,353,645.43)</u>	<u>(6,229,577.76)</u>	<u>(12,095.43)</u>	<u>40,969.01</u>
Total adjustments	<u>(7,342,953.81)</u>	<u>(5,871,814.09)</u>	<u>5,488,340.94</u>	<u>2,138,022.14</u>
Net cash (used) in operating activities	<u>\$ (8,174,479.25)</u>	<u>\$ (6,510,599.42)</u>	<u>\$ 3,828,420.54</u>	<u>\$ 2,287,884.60</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
December 31, 2008**

	2008				2007			
	BUDGET *	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	91,644,007	91,908,580	264,573	0.3%	89,322,257	87,357,677	(1,964,581)	-2.2%
Benefits	26,082,653	24,819,640	(1,263,013)	-4.8%	24,318,819	23,781,157	(537,662)	-2.2%
Travel	16,567,793	15,634,437	(933,355)	-5.6%	13,663,959	14,565,687	901,728	6.6%
Rent, Communications, & Utilities	4,088,486	3,974,838	(113,649)	-2.8%	3,973,757	4,079,488	105,731	2.7%
Administrative	11,116,624	9,213,519	(1,903,106)	-17.1%	11,989,108	9,779,208	(2,209,901)	-18.4%
Contracted Services	9,134,461	7,112,405	(2,022,056)	-22.1%	8,748,938	6,340,074	(2,408,864)	-27.5%
TOTAL	158,634,024	152,663,418	(5,970,605)	-3.8%	152,016,839	145,903,290	(6,113,549)	-4.0%

* Reflects approved mid-session budget with category re-allocations and no change in total from the original approved budget.

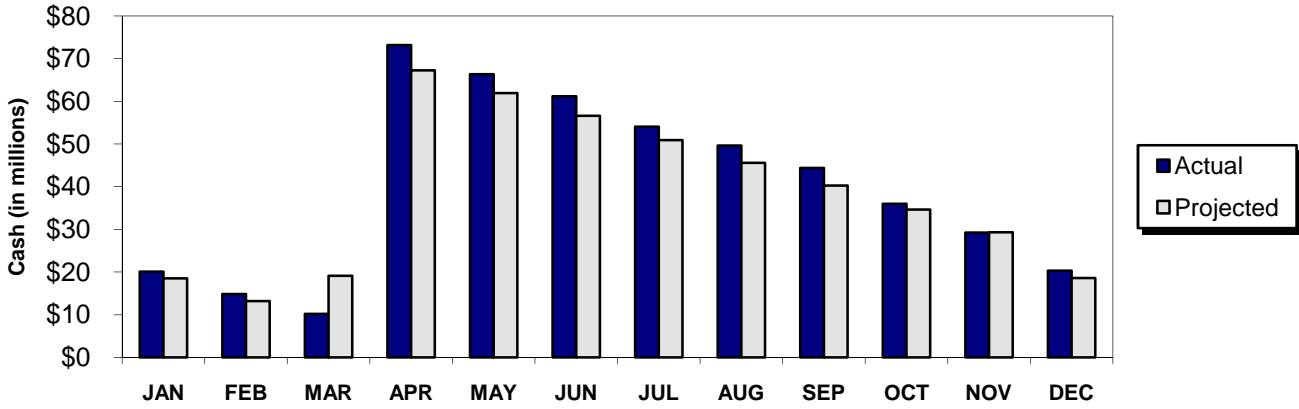
**Percent Over (Under) Budget
December 31, 2008**



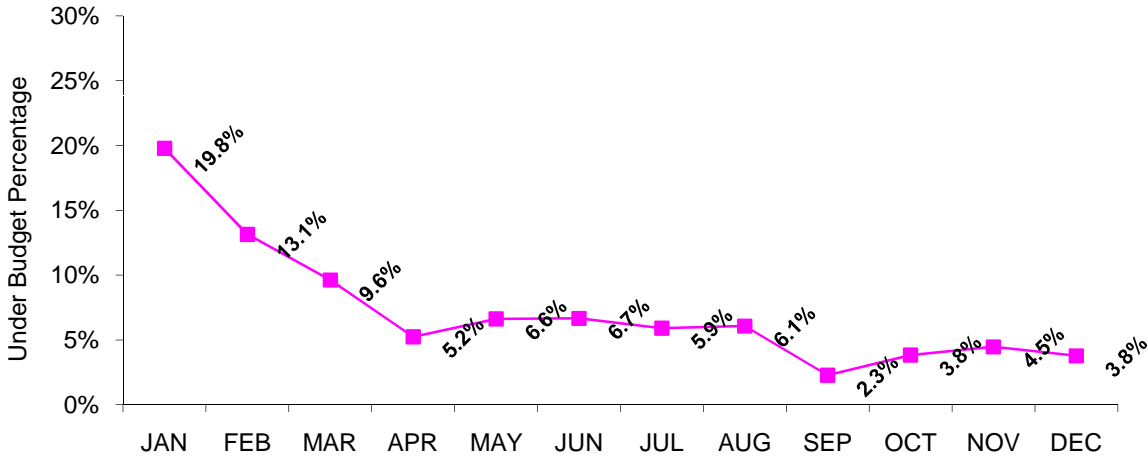
National Credit Union Administration Operating Fund

Graphs
December 31, 2008

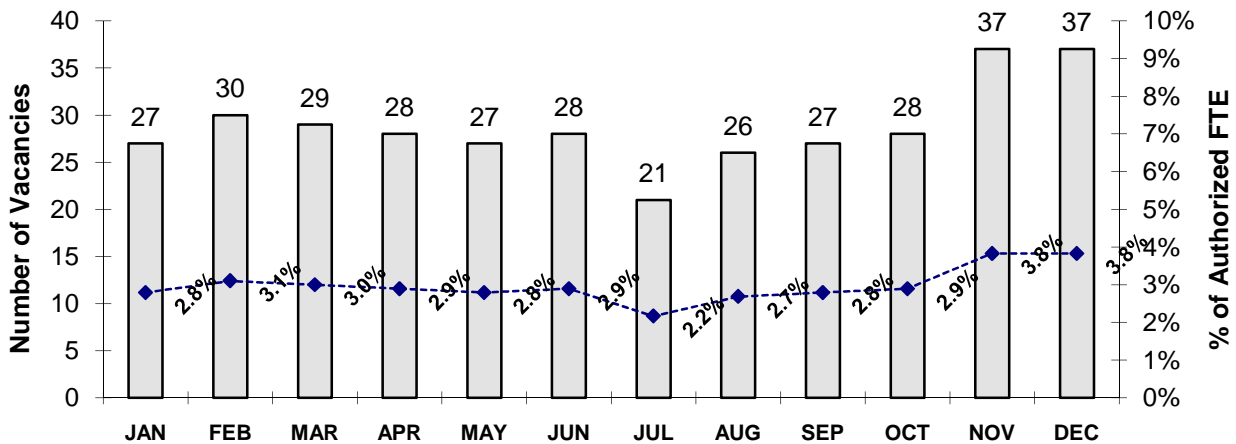
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
December 31, 2008

BALANCE SHEET	December 2007	December 2008
<u>Liquid assets / Total assets</u>	39.78%	36.16%
<u>Current assets / Total assets</u>	43.70%	44.06%
<u>Fixed assets / Total assets</u>	56.30%	55.94%
<u>Current liabilities / Total assets</u>	26.11%	28.38%
<u>Non current liabilities / Total assets</u>	37.06%	33.88%
<u>Retained earnings / Total assets</u>	36.84%	37.74%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	96.24%	98.65%
<u>YTD Interest & other income / Total revenue</u>	3.76%	1.35%
<u>YTD Expenses / Total revenue</u>	102.50%	99.80%
<u>YTD Net income / Total revenue</u>	-2.50%	0.20%
<u>Monthly interest income to average investments (annualized)</u>	4.80%	0.04%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$16,514	\$18,087
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	(\$1.2)	(\$2.6)
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	-4.8%	-10.7%
<u>Cash and cash equivalents / Total assets</u>	39.8%	36.2%