

National Credit Union Administration



Operating Fund

***Financial Highlights
August 31, 2007***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
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Balance Sheet

Overnight Investments decreased \$8.1 million primarily for payment of operating expenses.

Accounts Receivable: Operating fees of \$65.3 million have been collected year-to-date with \$3,000 remaining to be collected.

Accrued Employee Compensation decreased \$2.9 million due to the accrual for 10 days at the end of August versus 17 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.3 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 for the month was \$631,000 higher than planned primarily due to increased revenue as well as variances in all expense categories.

Statement of Cash Flow

Cash decreased by \$8.1 million for the month, reflecting payments for operating expenses, fixed assets, notes payable, and capital leases in excess of receipts from interest income, operating fees and other income.

Budget (Year-to-Date)

Agency spending was under budget by \$7.5 million or 7.3 percent, similar to August 2006. Pay, benefits, and travel were under budget by 3.4%. The remaining variance of \$4.6 million was derived mainly from administrative and contracted services.

Vacancies

The agency had 26 vacancies as of August 18 -- up 4 from July 21. Of the 26 vacancies, there were 16 vacancies in the central office, 7 vacancies in the regional offices and AMAC, and 3 vacancies in the field staff. The 26 vacancies represent 2.7 percent of total authorized staff of 957.92.

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

	August 2006	July 2007	August 2007
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,205.59	\$ 5,480.77	\$ 5,952.01
Overnight Investments	46,401,000.00	55,891,000.00	47,749,000.00
Accounts Receivable	1,283,576.44	815,323.93	667,957.00
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	661,349.02	856,360.22	821,220.89
Home Purchase Program	414,453.79	871,439.60	871,439.60
Other	(1,314.07)	(119.76)	0.01
<i>Total Current Assets</i>	<u>48,764,270.77</u>	<u>58,439,484.76</u>	<u>50,115,569.51</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,341,094.10	26,546,998.00	26,471,977.00
Capital Lease	2,334,985.54	1,477,828.60	1,406,012.31
Equipment	2,802,555.09	1,802,924.00	2,053,530.00
Assets Under Construction	0.00	468,892.66	468,892.66
<i>Total Property, Plant, and Equipment</i>	<u>36,424,898.68</u>	<u>34,242,907.21</u>	<u>34,346,675.92</u>
TOTAL ASSETS	<u><u>\$ 85,189,169.45</u></u>	<u><u>\$ 92,682,391.97</u></u>	<u><u>\$ 84,462,245.43</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 1,698,335.95	\$ 2,081,830.97	\$ 2,232,144.98
Accrued Employee Compensation	14,127,194.68	16,161,441.20	13,280,537.43
Other Current Liabilities	21,269,656.32	26,744,818.59	21,419,232.17
<i>Total Current Liabilities</i>	<u>37,095,186.95</u>	<u>44,988,090.76</u>	<u>36,931,914.58</u>
Non-Current Liabilities			
Notes Payable	22,907,683.09	21,678,490.40	21,566,745.61
Other	2,537,539.30	1,604,963.11	1,600,647.11
<i>Total Non-Current Liabilities</i>	<u>25,445,222.39</u>	<u>23,283,453.51</u>	<u>23,167,392.72</u>
TOTAL LIABILITIES	<u><u>62,540,409.34</u></u>	<u><u>68,271,544.27</u></u>	<u><u>60,099,307.30</u></u>
FUND BALANCE:			
Unappropriated	22,648,760.11	23,410,847.70	23,362,938.13
Appropriated	0.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>22,648,760.11</u></u>	<u><u>24,410,847.70</u></u>	<u><u>24,362,938.13</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 85,189,169.45</u></u>	<u><u>\$ 92,682,391.97</u></u>	<u><u>\$ 84,462,245.43</u></u>

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

	August 2007 Monthly Actual	August 2007 Monthly Budget	August 2007 Year-To-Date Actual	August 2007 Year-To-Date Budget	August 2006 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 222,615.21	\$ 166,667.00	\$ 1,588,199.94	\$ 1,333,336.00	\$ 1,458,160.94
Program-related Income	5,336,938.12	5,299,167.00	42,585,970.40	42,393,336.00	42,330,205.02
Other Income	10,057.50	16,667.00	210,727.90	133,336.00	126,343.38
Total Revenue	<u>5,569,610.83</u>	<u>5,482,501.00</u>	<u>44,384,898.24</u>	<u>43,860,008.00</u>	<u>43,914,709.34</u>
EXPENSES:					
Employee Pay	3,560,197.42	3,669,179.23	27,371,365.02	27,981,436.61	24,541,574.15
Employee Benefits	939,164.48	998,539.86	7,305,648.16	7,605,782.49	6,725,281.76
Employee Travel	499,149.65	531,755.79	3,841,122.79	4,254,045.62	3,164,113.47
Rent/Communications/Utilities	117,334.32	154,645.35	1,013,857.61	1,237,162.66	1,039,301.54
Administrative Costs	295,010.79	466,576.15	2,657,720.58	3,732,608.68	3,006,221.23
Contracted Services	206,663.74	340,479.48	1,876,471.57	2,723,835.92	1,709,553.26
Total Expenses	<u>5,617,520.40</u>	<u>6,161,175.85</u>	<u>44,066,185.73</u>	<u>47,534,871.98</u>	<u>40,186,045.41</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (47,909.57)</u>	<u>\$ (678,674.85)</u>	<u>\$ 318,712.51</u>	<u>\$ (3,674,863.98)</u>	<u>\$ 3,728,663.93</u>

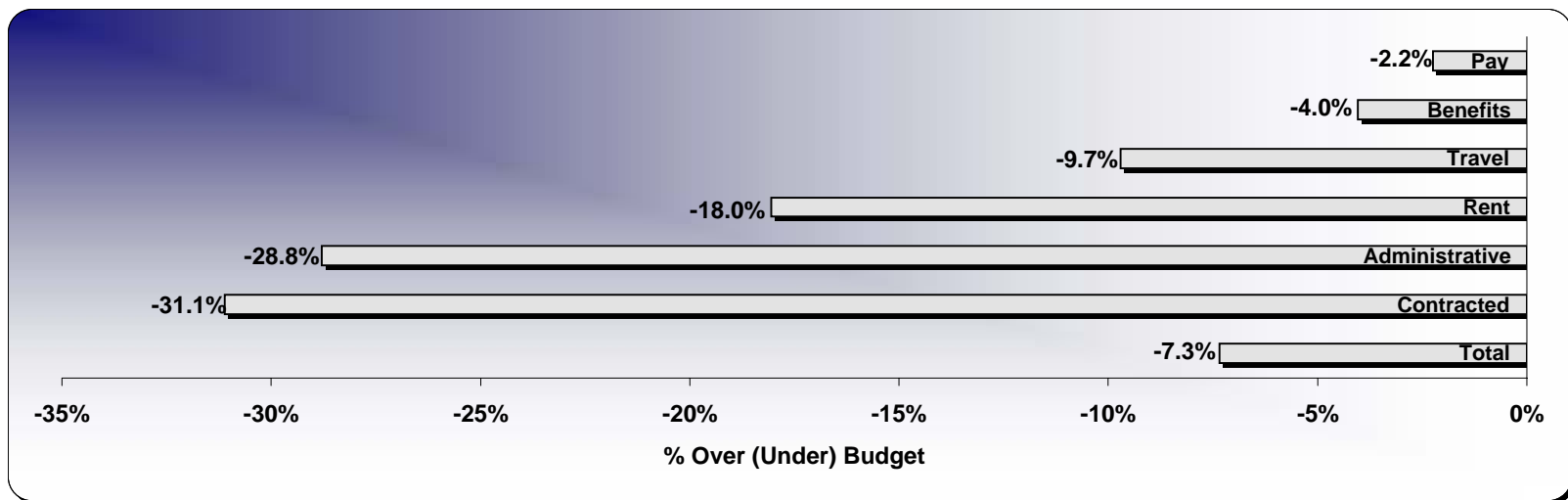
National Credit Union Administration Operating Fund
Statement of Cash Flow
August 31, 2007

	Month August 2006	Month August 2007	Y-T-D August 2006	Y-T-D August 2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 11,529.82	\$ 25,197.38	\$ 63,779,961.17	\$ 65,309,604.92
Interest received from cash and cash equivalents	243,122.20	222,615.21	1,458,160.94	1,595,993.41
Other income received	34,761.65	10,057.50	126,343.38	210,727.90
(Cash paid for operating expenses)	<u>(8,366,213.48)</u>	<u>(7,895,144.94)</u>	<u>(43,046,782.23)</u>	<u>(41,841,869.65)</u>
Net cash (used) in operating activities	<u>(8,076,799.81)</u>	<u>(7,637,274.85)</u>	<u>22,317,683.26</u>	<u>25,274,456.58</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(276,200.52)	(388,235.72)	(956,395.88)	(1,163,812.25)
Proceeds (purchases) home purchase program	<u>309,632.25</u>	<u>0.00</u>	<u>(144,519.60)</u>	<u>136,925.58</u>
Net cash (used) in investing activities	<u>33,431.73</u>	<u>(388,235.72)</u>	<u>(1,100,915.48)</u>	<u>(1,026,886.67)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(893,958.32)	(893,958.32)
(Capital lease payments)	<u>(2,473.47)</u>	<u>(4,273.40)</u>	<u>(1,031,947.76)</u>	<u>(992,870.71)</u>
Net cash (used) in financing activities	<u>(114,218.26)</u>	<u>(116,018.19)</u>	<u>(1,925,906.08)</u>	<u>(1,886,829.03)</u>
NET INCREASE (DECREASE) IN CASH	(8,157,586.34)	(8,141,528.76)	19,290,861.70	22,360,740.88
Cash and cash equivalents at beginning of period	54,563,791.93	55,896,480.77	27,115,343.89	25,394,211.13
Cash and cash equivalents at end of period	<u>\$ 46,406,205.59</u>	<u>\$ 47,754,952.01</u>	<u>\$ 46,406,205.59</u>	<u>\$ 47,754,952.01</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ 300,206.71</u>	<u>\$ (47,909.57)</u>	<u>\$ 3,728,663.93</u>	<u>\$ 318,712.51</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	295,657.75	284,467.01	2,511,906.37	2,172,409.84
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	5,556.25	0.00	5,907.42	32,587.98
Interest expense on leases	958.57	3,581.44	7,160.12	19,293.33
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	285,991.47	270,176.91
Accounts receivable	(48,769.14)	147,366.93	(116,990.62)	513,026.92
Interest receivable	0.00	0.00	2,605.57	7,793.47
Prepaid expenses	36,589.30	35,139.33	(257,485.49)	(278,135.90)
Other assets	192,720.41	(119.77)	1,314.07	(0.01)
Increase (decrease) in liabilities:				
Accounts payable	(539,824.29)	150,314.01	(2,693,791.93)	(623,416.51)
Accrued employee compensation	(2,816,302.52)	(2,880,903.77)	(2,384,611.02)	1,515,363.52
Other non current liabilities	424.79	(3,624.04)	12,789.64	(44,909.84)
Other current liabilities	<u>(5,504,017.64)</u>	<u>(5,325,586.42)</u>	<u>21,214,223.73</u>	<u>21,371,554.36</u>
Total adjustments	<u>(8,377,006.52)</u>	<u>(7,589,365.28)</u>	<u>18,589,019.33</u>	<u>24,955,744.07</u>
Net cash (used) in operating activities	<u>\$ (8,076,799.81)</u>	<u>\$ (7,637,274.85)</u>	<u>\$ 22,317,683.26</u>	<u>\$ 25,274,456.58</u>

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

	2007				2006			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	59,952,131	58,611,060	(1,341,071)	-2.2%	59,197,288	57,073,428	(2,123,859)	-3.6%
Benefits	16,301,852	15,643,786	(658,066)	-4.0%	16,030,295	15,640,190	(390,105)	-2.4%
Travel	9,109,306	8,225,102	(884,204)	-9.7%	9,176,239	7,358,403	(1,817,836)	-19.8%
Rent, Communications, & Utilities	2,649,171	2,171,001	(478,170)	-18.0%	2,666,536	2,416,980	(249,555)	-9.4%
Administrative	7,992,739	5,691,050	(2,301,688)	-28.8%	7,820,172	6,991,212	(828,960)	-10.6%
Contracted Services	5,832,625	4,018,140	(1,814,485)	-31.1%	5,921,126	3,975,705	(1,945,421)	-32.9%
TOTAL	101,837,824	94,360,141	(7,477,684)	-7.3%	100,811,656	93,455,920	(7,355,737)	-7.3%

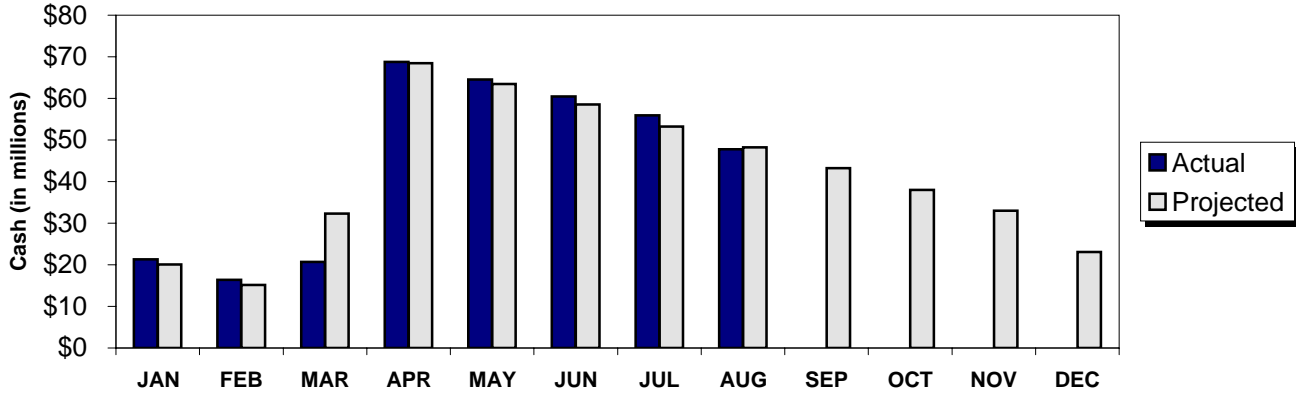
**Percent Over (Under) Budget
August 31, 2007**



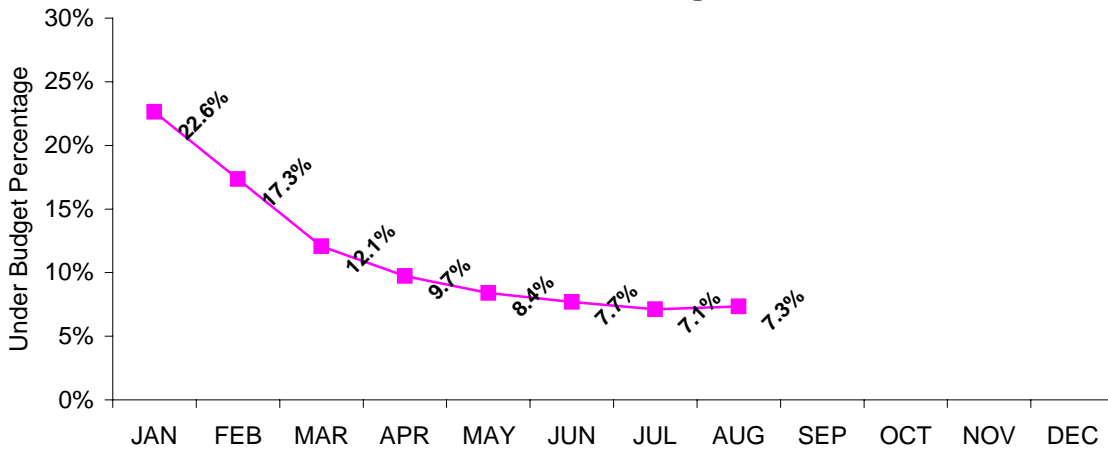
National Credit Union Administration Operating Fund

Graphs
August 31, 2007

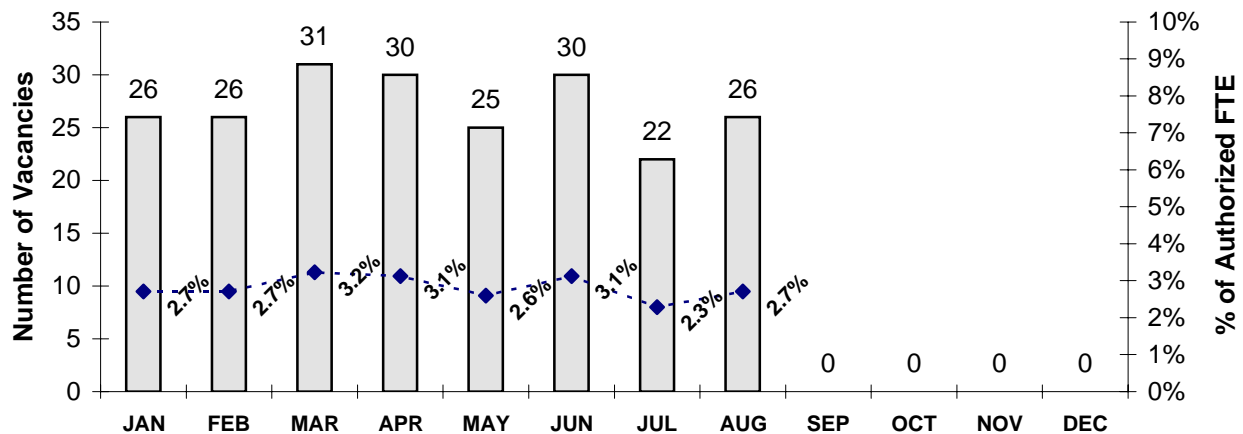
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
August 31, 2007

BALANCE SHEET	August 2006	August 2007
<u>Liquid assets / Total assets</u>	54.47%	56.54%
<u>Current assets / Total assets</u>	57.24%	59.33%
<u>Fixed assets / Total assets</u>	42.76%	40.67%
<u>Current liabilities / Total assets</u>	43.54%	43.73%
<u>Non current liabilities / Total assets</u>	29.87%	27.43%
<u>Retained earnings / Total assets</u>	26.59%	28.84%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	96.39%	95.95%
<u>YTD Interest & other income / Total revenue</u>	3.61%	4.05%
<u>YTD Expenses / Total revenue</u>	91.51%	99.28%
<u>YTD Net income / Total revenue</u>	8.49%	0.72%
<u>Monthly interest income to average investments (annualized)</u>	5.78%	4.61%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$11,522	\$13,988
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$19.3	\$22.4
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	71.1%	88.1%
<u>Cash and cash equivalents / Total assets</u>	54.5%	56.5%