

National Credit Union Administration



Operating Fund

***Financial Highlights
May 31, 2008***

**Mary Ann Woodson
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
May 31, 2008

Balance Sheet

Overnight Investments decreased \$6.8 million primarily for payment of operating expenses.

Accounts Receivable decreased \$1.8 million primarily due to the collection of operating fees; operating fees of \$71.7 million have been collected year-to-date with \$382,000 remaining to be collected.

Accounts Payable increased \$1.0 million primarily for a refund due to the Share Insurance Fund on an overpayment of the overhead transfer.

Accrued Employee Compensation decreased \$4.1 million due to the accrual for 5 days at the end of May versus 13 days in the previous month. This reduction in the accrual results in an increase in cash paid for operating expenses on the Statement of Cash Flow. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$6.3 million. This decrease is due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period.

Statement of Revenue and Expenses

Net income for the month was \$813,000 higher than planned primarily due to increased revenue as well as employee pay, employee benefits, travel and administrative costs being under budget.

Statement of Cash Flow

Cash decreased by \$6.8 million for the month, reflecting payments primarily for operating expenses and notes payable in excess of receipts for operating fee assessments. The cash paid for operating expenses increased \$4.2 million due to an additional pay period in May (e.g. 3 pay periods when there are normally 2 pay periods).

Budget (Year-to-Date)

Agency spending was under budget by \$4.4 million or 6.6 percent. Pay and benefits were under budget by 2.7 percent. The remaining variance of \$3.0 million was derived mainly from travel, administrative, and contracted services being under budget.

Vacancies

The agency had 27 vacancies as of May 24 -- down 1 from April 26. Of the 27 vacancies, there were 11 vacancies in the central office, 6 vacancies in the regional offices and AMAC, and 10 vacancies in the field staff. The 27 vacancies represent 2.8 percent of total authorized staff of 964.92.

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

	May 2007	April 2008	May 2008
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,403.15	\$ 5,872.87	\$ 5,102.69
Overnight Investments	64,542,000.00	73,139,000.00	66,336,000.00
Accounts Receivable	819,431.69	2,833,587.31	1,044,717.03
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	676,395.48	1,106,080.90	1,016,778.36
Home Purchase Program	1,435,018.06	373,578.77	385,345.38
Other	4,298.43	196,874.21	82,465.40
<i>Total Current Assets</i>	<u>67,482,546.81</u>	<u>77,654,994.06</u>	<u>68,870,408.86</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	26,697,035.00	26,319,445.00	26,240,401.00
Capital Lease	1,597,559.66	848,893.17	774,926.40
Equipment	2,015,749.00	1,731,653.00	1,608,532.00
Assets Under Construction	468,892.66	320,209.00	320,209.00
<i>Total Property, Plant, and Equipment</i>	<u>34,725,500.27</u>	<u>33,166,464.12</u>	<u>32,890,332.35</u>
TOTAL ASSETS	<u><u>\$ 102,208,047.08</u></u>	<u><u>\$ 110,821,458.18</u></u>	<u><u>\$ 101,760,741.21</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 1,110,097.11	\$ 1,132,306.99	\$ 2,130,532.16
Accrued Employee Compensation	14,943,232.58	16,614,524.22	12,469,769.91
Other Current Liabilities	38,012,783.16	48,302,277.23	42,012,837.08
<i>Total Current Liabilities</i>	<u>54,066,112.85</u>	<u>66,049,108.44</u>	<u>56,613,139.15</u>
Non-Current Liabilities			
Notes Payable	21,901,979.98	20,672,787.29	20,561,042.50
Other	1,804,903.85	933,541.00	929,248.40
<i>Total Non-Current Liabilities</i>	<u>23,706,883.83</u>	<u>21,606,328.29</u>	<u>21,490,290.90</u>
TOTAL LIABILITIES	<u><u>77,772,996.68</u></u>	<u><u>87,655,436.73</u></u>	<u><u>78,103,430.05</u></u>
FUND BALANCE:			
Unappropriated	23,435,050.40	22,166,021.45	22,657,311.16
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	<u><u>24,435,050.40</u></u>	<u><u>23,166,021.45</u></u>	<u><u>23,657,311.16</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 102,208,047.08</u></u>	<u><u>\$ 110,821,458.18</u></u>	<u><u>\$ 101,760,741.21</u></u>

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

	May 2008 Monthly Actual	May 2008 Monthly Budget	May 2008 Year-To-Date Actual	May 2008 Year-To-Date Budget	May 2007 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 127,410.14	\$ 175,000.00	\$ 361,969.18	\$ 875,000.00	\$ 826,620.44
Program-related Income	6,182,215.88	6,088,000.00	30,513,841.69	30,440,000.00	26,599,116.28
Other Income	14,004.45	33,000.00	76,401.01	165,000.00	154,444.45
Total Revenue	<u>6,323,630.47</u>	<u>6,296,000.00</u>	<u>30,952,211.88</u>	<u>31,480,000.00</u>	<u>27,580,181.17</u>
EXPENSES:					
Employee Pay	3,705,683.18	3,934,885.81	18,190,331.69	18,639,163.44	17,149,472.21
Employee Benefits	1,014,691.18	1,074,528.76	4,903,311.54	5,100,750.10	4,614,499.58
Employee Travel	373,154.10	616,648.23	2,729,221.17	3,083,240.75	2,145,507.97
Rent/Communications/Utilities	109,436.60	166,703.13	668,666.90	833,515.28	622,695.36
Administrative Costs	244,317.50	473,557.55	1,970,166.38	2,367,787.30	1,578,567.17
Contracted Services	385,058.20	351,224.41	1,217,508.26	1,756,122.12	1,078,614.10
Total Expenses	<u>5,832,340.76</u>	<u>6,617,547.89</u>	<u>29,679,205.94</u>	<u>31,780,578.98</u>	<u>27,189,356.39</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 491,289.71</u>	<u>\$ (321,547.89)</u>	<u>\$ 1,273,005.94</u>	<u>\$ (300,578.98)</u>	<u>\$ 390,824.78</u>

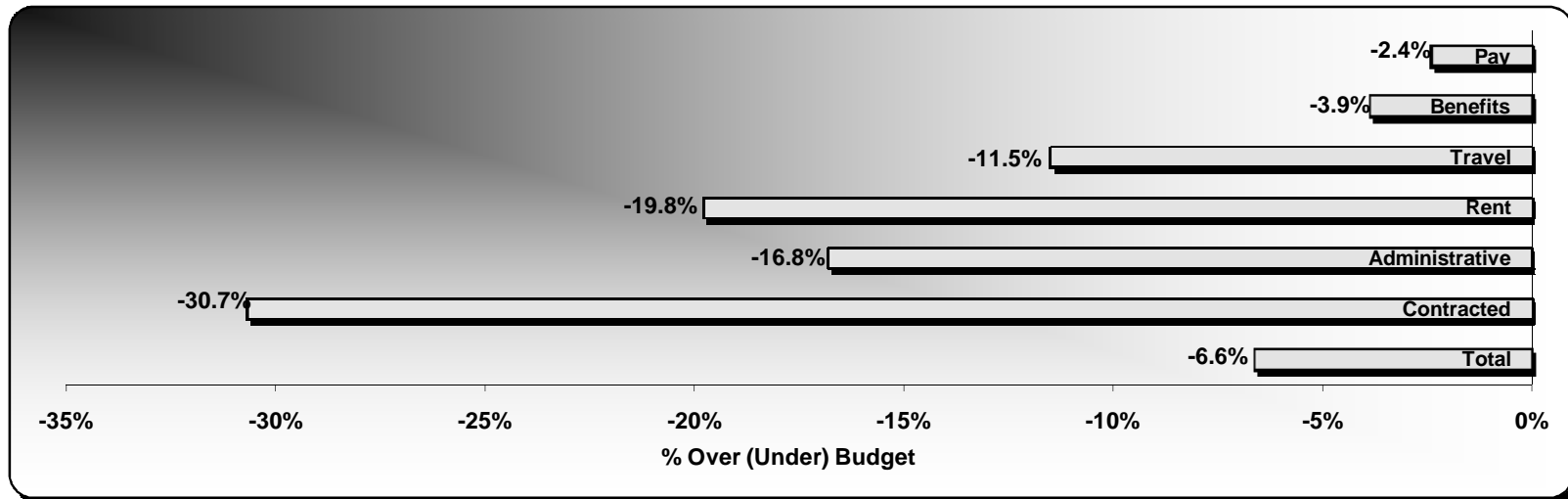
National Credit Union Administration Operating Fund
Statement of Cash Flow
May 31, 2008

	Month May 2007	Month May 2008	Y-T-D May 2007	Y-T-D May 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 803,906.37	\$ 1,965,063.00	\$ 64,827,256.30	\$ 72,041,987.87
Interest received from cash and cash equivalents	307,135.11	127,410.14	834,413.91	361,969.18
Other income received	10,972.75	14,004.45	154,444.45	76,401.01
(Cash paid for operating expenses)	(4,534,627.83)	(8,765,794.42)	(24,306,220.03)	(29,493,591.03)
Net cash (used) in operating activities	<u>(3,412,613.60)</u>	<u>(6,659,316.83)</u>	<u>41,509,894.63</u>	<u>42,986,767.03</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(689,954.82)	0.00	(749,291.49)	(90,868.26)
Proceeds (purchases) home purchase program	(1,283.00)	(29,175.95)	(388,106.28)	488,866.54
Net cash (used) in investing activities	<u>(691,237.82)</u>	<u>(29,175.95)</u>	<u>(1,137,397.77)</u>	<u>397,998.28</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(558,723.95)	(558,723.95)
(Capital lease payments)	(3,209.19)	(3,532.61)	(660,580.89)	(660,427.22)
Net cash (used) in financing activities	<u>(114,953.98)</u>	<u>(115,277.40)</u>	<u>(1,219,304.84)</u>	<u>(1,219,151.17)</u>
NET INCREASE (DECREASE) IN CASH	(4,218,805.40)	(6,803,770.18)	39,153,192.02	42,165,614.14
Cash and cash equivalents at beginning of period	68,766,208.55	73,144,872.87	25,394,211.13	24,175,488.55
Cash and cash equivalents at end of period	<u>\$ 64,547,403.15</u>	<u>\$ 66,341,102.69</u>	<u>\$ 64,547,403.15</u>	<u>\$ 66,341,102.69</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	\$ (314,709.25)	\$ 491,289.71	\$ 390,824.78	\$ 1,273,005.94
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	298,863.77	276,131.77	1,350,848.61	1,413,218.42
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	0.00	17,409.34	(5,958.62)	126,622.15
Interest expense on leases	4,471.11	1,811.80	10,417.83	10,837.84
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	180,117.94	180,117.94
Accounts receivable	1,172,734.54	1,788,870.28	361,552.23	(463,636.73)
Interest receivable	0.00	0.00	7,793.47	0.00
Prepaid expenses	71,811.77	89,302.54	(133,310.49)	(218,715.12)
Other assets	157,329.95	114,408.81	(4,298.43)	(82,465.40)
Increase (decrease) in liabilities:				
Accounts payable	(1,197,282.17)	998,225.17	(1,745,464.38)	(801,071.80)
Accrued employee compensation	1,257,710.32	(4,144,754.31)	3,178,058.67	(428,003.32)
Other non current liabilities	(4,468.48)	(2,571.79)	(45,792.33)	(397.59)
Other current liabilities	(4,859,075.16)	(6,289,440.15)	37,965,105.35	41,977,254.70
Total adjustments	<u>(3,097,904.35)</u>	<u>(7,150,606.54)</u>	<u>41,119,069.85</u>	<u>41,713,761.09</u>
Net cash (used) in operating activities	<u>\$ (3,412,613.60)</u>	<u>\$ (6,659,316.83)</u>	<u>\$ 41,509,894.63</u>	<u>\$ 42,986,767.03</u>

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

	2008				2007			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	38,831,591	37,896,524	(935,066)	-2.4%	37,410,152	36,722,639	(687,514)	-1.8%
Benefits	10,626,563	10,215,232	(411,330)	-3.9%	10,155,168	9,881,155	(274,012)	-2.7%
Travel	6,423,418	5,685,877	(737,541)	-11.5%	5,693,316	4,594,235	(1,099,081)	-19.3%
Rent, Communications, & Utilities	1,736,490	1,393,056	(343,434)	-19.8%	1,655,732	1,333,395	(322,337)	-19.5%
Administrative	4,932,890	4,104,513	(828,377)	-16.8%	4,995,462	3,380,229	(1,615,232)	-32.3%
Contracted Services	3,658,588	2,536,476	(1,122,112)	-30.7%	3,645,391	2,309,666	(1,335,725)	-36.6%
TOTAL	66,209,540	61,831,679	(4,377,861)	-6.6%	63,555,221	58,221,320	(5,333,901)	-8.4%

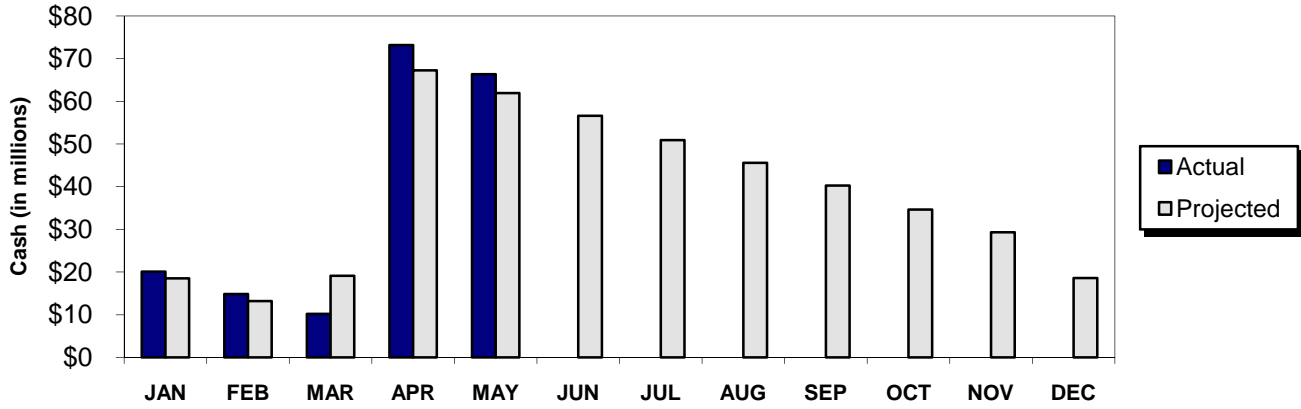
**Percent Over (Under) Budget
May 31, 2008**



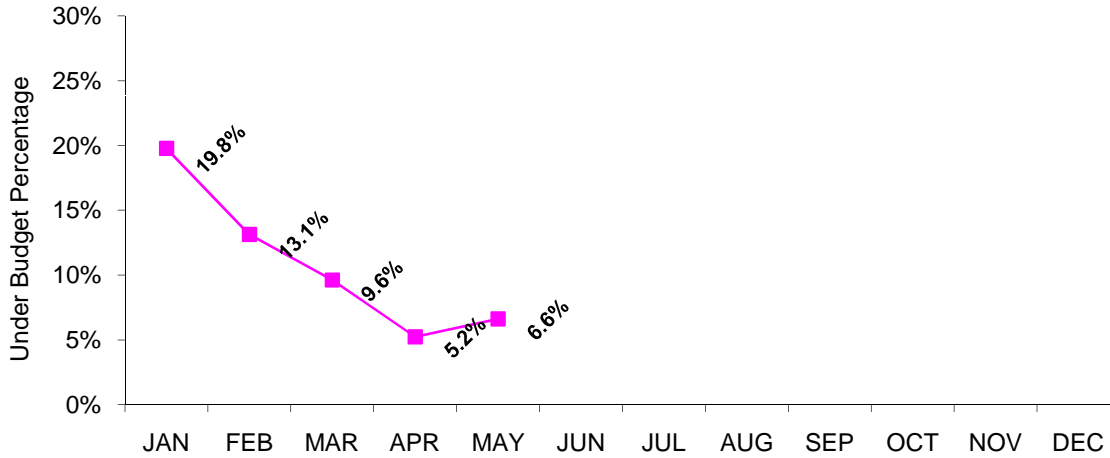
National Credit Union Administration Operating Fund

Graphs
May 31, 2008

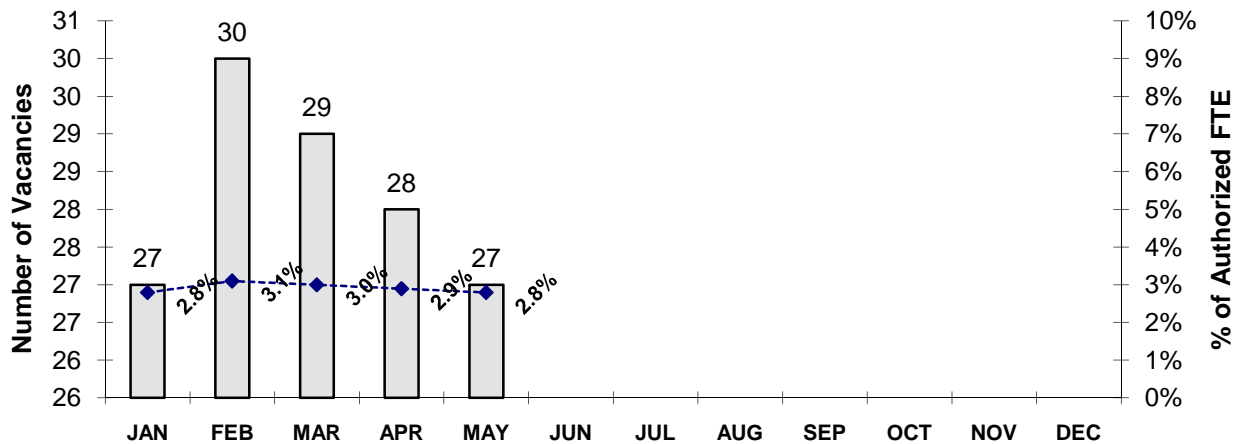
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
May 31, 2008

BALANCE SHEET	May 2007	May 2008
<u>Liquid assets / Total assets</u>	63.15%	65.19%
<u>Current assets / Total assets</u>	66.02%	67.68%
<u>Fixed assets / Total assets</u>	33.98%	32.32%
<u>Current liabilities / Total assets</u>	52.90%	55.63%
<u>Non current liabilities / Total assets</u>	23.19%	21.12%
<u>Retained earnings / Total assets</u>	23.91%	23.25%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	96.44%	98.58%
<u>YTD Interest & other income / Total revenue</u>	3.56%	1.42%
<u>YTD Expenses / Total revenue</u>	98.58%	95.89%
<u>YTD Net income / Total revenue</u>	1.42%	4.11%
<u>Monthly interest income to average investments (annualized)</u>	5.53%	2.04%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$12,501	\$15,787
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$39.2	\$42.2
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	154.2%	174.4%
<u>Cash and cash equivalents / Total assets</u>	63.2%	65.2%