

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

October 31, 2020

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**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
OCTOBER 31, 2020**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$133.4 million. The balance decreased by \$16.6 million for the month primarily reflecting cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2021.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. The balance increased by \$73 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$143 thousand. Its balance decreased by approximately \$336 thousand from prior month primarily due to the receivable from the Central Liquidity Facility for administrative expenses paid by the Operating Fund and vendor overpayment receivable.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$680 thousand for the month primarily due to vendor/trade and overhead transfer payables.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

Statements of Revenues, Expenses, and Changes in Fund Balance

Revenues in excess of expenses totaled \$3.0 million for the month. Operating fees reflects one-twelfth of the 2020 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.3 percent of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$16.6 million from prior month. In the current month, \$14.2 million was used in operating activities and \$1.8 million was used in investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building and on capital lease obligations totaled \$674 thousand.

Other Information

The Agency had 53 vacancies as of month-end. The 53 vacancies represent 4.5 percent of total authorized staff of 1,186. Annualized travel spend per employee is \$5.0 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of October 31, 2020 and 2019

(Dollars in thousands)

	October 2020	October 2019
ASSETS		
Cash and cash equivalents	\$ 133,382	\$ 112,981
Due from National Credit Union Share Insurance Fund	169	1,502
Employee advances	16	7
Other accounts receivable, Net	143	1,189
Prepaid expenses and other assets	5,497	5,257
Fixed assets - Net of accumulated depreciation of \$38,060 and \$40,798 as of October 31, 2020 and October 31, 2019, respectively	28,761	30,903
Intangible assets - Net of accumulated amortization of \$22,555 and \$19,925 as of October 31, 2020 and October 31, 2019, respectively	32,940	16,810
TOTAL ASSETS	\$ 200,908	\$ 168,649
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 6,963	\$ 6,244
Obligations under capital leases	108	1,189
Accrued wages and benefits	11,544	10,132
Deferred revenue ¹	24,265	22,955
Accrued annual leave	21,097	20,601
Note payable to National Credit Union Share Insurance Fund	3,911	5,252
TOTAL LIABILITIES	67,888	66,373
 FUND BALANCE	 133,020	 102,276
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 200,908	 \$ 168,649

¹The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended October 31, 2020 and 2019

(Dollars in thousands)

	<u>October 2020</u>	<u>Year-to-Date October 2020</u>	<u>Year-to-Date October 2019</u>
REVENUES			
Operating fees	\$ 12,133	\$ 121,325	\$ 114,776
Interest	11	337	2,214
Other	36	452	888
Total Revenues	<u>12,180</u>	<u>122,114</u>	<u>117,878</u>
EXPENSES, NET¹			
Employee wages and benefits	7,343	73,969	70,792
Travel	7	1,843	7,483
Rent, communications, and utilities	81	1,750	2,468
Contracted services	1,220	13,401	14,088
Depreciation and amortization	206	2,260	2,095
Administrative	332	1,822	2,740
Total Expenses, Net	<u>9,189</u>	<u>95,045</u>	<u>99,666</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,991	27,069	18,212
FUND BALANCE—Beginning of period	<u>130,029</u>	<u>105,951</u>	<u>84,064</u>
FUND BALANCE—End of period	<u>\$ 133,020</u>	<u>\$ 133,020</u>	<u>\$ 102,276</u>

¹ Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 61.3% and 60.5% for 2020 and 2019, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**STATEMENTS OF CASH FLOWS
For the periods ended October 31, 2020 and 2019
(Dollars in thousands)**

	October 2020	Year-to-Date October 2020	Year-to-Date October 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 2,991	\$ 27,069	\$ 18,212
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	532	5,840	4,623
(Gain) Provision for loss on disposal of assets held for sale	-	(11)	47
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(73)	2,140	2,521
Employee advances	-	(9)	336
Other accounts receivable, net	336	218	(759)
Prepaid expenses and other assets	(151)	(1,483)	(2,579)
(Decrease) increase in liabilities:			
Accounts payable	680	(2,339)	(4,030)
Accrued wages and benefits	(6,300)	(2,927)	(4,645)
Deferred revenue	(12,132)	24,265	22,955
Accrued annual leave	-	2,152	1,822
Accrued employee travel	(61)	(708)	(619)
Net Cash Used in Operating Activities	(14,178)	54,207	37,884
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(1,761)	(13,466)	(15,302)
Purchases of assets held for sale	-	-	(447)
Proceeds from sale of assets held for sale	-	434	400
Net Cash Used in Investing Activities	(1,761)	(13,032)	(15,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(1,117)	(1,117)
Principal payments under capital lease obligations	(562)	(1,168)	(559)
Net Cash Used in Financing Activities	(674)	(2,285)	(1,676)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(16,613)	38,890	20,859
CASH AND CASH EQUIVALENTS—Beginning of period	149,995	94,492	92,122
CASH AND CASH EQUIVALENTS—End of period	\$ 133,382	\$ 133,382	\$ 112,981
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 83	\$ 35
CASH PAYMENTS FOR INTEREST	\$ 5	\$ 63	\$ 96

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