

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

March 31, 2022

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name. The signature is stylized and cursive.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
MARCH 31, 2022**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$105.0 million. The balance decreased by \$9.7 million for the month due to 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 2022, at which time the Fund will collect the 2022 operating fees from its credit union members.

Amount due from National Credit Union Share Insurance Fund of \$19 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of approximately \$109.8 million. Its balance increased by approximately \$89.0 million from prior month primarily due to the receivable for the 2022 operating fee. The operating fee was invoiced in March and is due in April 2022.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$1.3 million 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.

Statements of Revenues, Expenses, and Changes in Fund Balance

Expenses in excess of revenues totaled \$3.4 million for the month. Operating fees reflect one-twelfth of the 2022 Operating Fees. Expenses, net are after the overhead transfer rate adjustment that allocates a portion of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$9.7 million from prior month. In the current month, \$8.5 million was used in operating activities, \$1.2 million was used in investing activities, and \$3 thousand was used in financing activities.

Other Information

The NCUA had 65 vacancies as of month-end, which represents 5.4 percent of the total authorized staff of 1,201. Of the 65 vacancies, there were 15 vacancies under the authorized positions in the central office and 50 vacancies under the authorized positions in the regions and Asset Management and Assistance Center (AMAC).

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of March 31, 2022 and 2021
(Dollars in thousands)

	March 2022	March 2021
ASSETS		
Cash and cash equivalents	\$ 105,042	\$ 90,314
Due from National Credit Union Share Insurance Fund	19	100
Employee advances	-	15
Other accounts receivable, Net	109,832	120,892
Prepaid expenses and other assets	6,193	5,950
Operating lease right-of-use assets ⁴	613	-
Fixed assets ¹	31,250	27,594
Intangible assets ²	29,967	33,757
	<u>282,916</u>	<u>278,622</u>
TOTAL ASSETS	<u>\$ 282,916</u>	<u>\$ 278,622</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 18,818	\$ 6,634
Finance lease liabilities	23	70
Operating lease liabilities ⁴	641	-
Accrued wages and benefits	12,680	11,418
Accrued FECA and unemployment benefits	236	231
Accrued actuarial FECA benefits	3,999	4,381
Deferred revenue ³	82,187	93,190
Accrued annual leave	22,243	24,221
	<u>140,827</u>	<u>140,145</u>
TOTAL LIABILITIES	<u>140,827</u>	<u>140,145</u>
 FUND BALANCE	<u> 142,089</u>	<u> 138,477</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u> \$ 282,916</u>	<u> \$ 278,622</u>

¹ Net of accumulated depreciation of \$41,092 and \$39,328 as of March 31, 2022 and 2021, respectively.

² Net of accumulated amortization of \$31,238 and \$25,450 as of March 31, 2022 and 2021, respectively.

³ The 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.

⁴ The implementation of ASC 842, as of January 1, 2022, resulted in a balance sheet recognition of right-of-use assets in the amount of \$715 thousand and operating lease liabilities of \$744 thousand. The finance lease right-of-use asset is included within the Fixed assets line item in the amount of \$20 thousand.

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 March 31, 2022 and 2021

(Dollars in thousands)

	March 2022	Year-to-Date March 2022	Year-to-Date March 2021
REVENUES			
Operating fees	\$ 6,747	\$ 27,396	\$ 31,063
Interest	14	22	11
Other	41	100	94
Total Revenues	6,802	27,518	31,168
 EXPENSES, NET¹			
Employee wages and benefits	7,998	22,427	23,644
Travel	28	53	38
Rent, communications, and utilities	81	285	440
Contracted services	1,674	4,995	3,655
Depreciation and amortization	303	915	916
Administrative	114	323	292
Total Expenses, Net	10,198	28,998	28,985
 EXCESS OF REVENUES (UNDER) / OVER EXPENSES			
	(3,396)	(1,480)	2,183
 FUND BALANCE—Beginning of period			
	145,485	143,569	136,294
 FUND BALANCE—End of period			
	\$ 142,089	\$ 142,089	\$ 138,477

¹ Operating Fund expenses are the total NCUA operating expenses reduced by the Share Insurance Fund allocation as determined by the overhead transfer rate.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**STATEMENTS OF CASH FLOWS
For the periods ended March 31, 2022 and 2021
(Dollars in thousands)**

	March 2022	Year-to-Date March 2022	Year-to-Date March 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ (3,396)	\$ (1,480)	\$ 2,183
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	797	2,414	2,417
Noncash operating lease expense ¹	102	102	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	-	4,898	3,162
Employee advances	5	5	1
Other accounts receivable, net	(88,964)	(109,532)	(120,577)
Prepaid expenses and other assets	(758)	(2,302)	(1,916)
(Decrease) increase in liabilities:			
Accounts payable	(1,269)	1,549	(1,455)
Operating lease liabilities ¹	(104)	(104)	-
Accrued wages and benefits	2,698	336	829
Accrued FECA and unemployment benefits	61	61	77
Deferred revenue	82,187	82,187	93,190
Accrued annual leave	95	95	1,883
Accrued employee travel	-	(93)	(82)
Net Cash Provided by/(Used in) Operating Activities	(8,546)	(21,864)	(20,288)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(1,154)	(2,706)	(766)
Net Cash Provided by/(Used in) Investing Activities	(1,154)	(2,706)	(766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments under finance lease obligations	(3)	(3)	(19)
Net Cash Provided by/(Used in) Financing Activities	(3)	(3)	(19)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,703)	(24,573)	(21,073)
CASH AND CASH EQUIVALENTS—Beginning of period	114,745	129,615	111,387
CASH AND CASH EQUIVALENTS—End of period	\$ 105,042	\$ 105,042	\$ 90,314
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ 715	\$ 715	\$ -
Write-off of fully depreciated assets	\$ 21	\$ 21	\$ -
Acquisition of equipment under finance lease	\$ -	\$ -	\$ -

¹ The implementation of ASC 842, as of January 1, 2022, resulted in quarterly amortization adjustments reflected in the statement of cash flows for operating lease right-of-use assets and related liabilities.

The balances in the statement above are preliminary and unaudited.