

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

June 30, 2022

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name of the Chief Financial Officer.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW JUNE 30, 2022

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$184.4 million. The balance decreased by \$7.5 million for the month primarily 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 2023, at which time the Fund will collect the 2023 operating fees from its credit union members.

Amount due from National Credit Union Share Insurance Fund of \$19.3 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of approximately \$309.5 thousand. Its balance increased by approximately \$68.6 thousand from the prior month primarily due to receivables from the Central Liquidity Fund.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.8 million for the month primarily due to quarterly accounts payable accrual for vendors.

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 \$3.9 million for the month. Operating fee revenue reflects 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 \$7.5 million from prior month. In the current month, \$6.4 million was used in operating activities, \$1.0 million was used in investing activities, and \$3.5 thousand was used in financing activities.

Other Information

The NCUA had 52 vacancies as of month-end, which represents 4.3 percent of the total authorized staff of 1,201. Of the 52 vacancies, there were 0 vacancies in the central office and 52 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 June 30, 2022 and 2021

(Dollars in thousands)

	June 2022	June 2021
ASSETS		
Cash and cash equivalents	\$ 184,354	\$ 182,455
Due from National Credit Union Share Insurance Fund	19	120
Employee advances	-	15
Other accounts receivable, net	309	271
Prepaid expenses and other assets	6,837	6,642
Operating lease right-of-use assets ⁴	512	-
Fixed assets ¹	33,414	26,907
Intangible assets ²	28,743	32,377
TOTAL ASSETS	\$ 254,188	\$ 248,787
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 23,043	\$ 11,546
Finance lease liabilities	19	65
Operating lease liabilities ⁴	537	-
Accrued wages and benefits	10,344	7,016
Accrued FECA and unemployment benefits	274	311
Accrued actuarial FECA benefits	3,999	4,381
Deferred revenue ³	54,791	62,125
Accrued annual leave	23,770	25,307
TOTAL LIABILITIES	116,777	110,751
FUND BALANCE	137,411	138,036
TOTAL LIABILITIES AND FUND BALANCE	\$ 254,188	\$ 248,787

¹ Net of accumulated depreciation of \$38,782 and \$40,294 as of June 30, 2022 and 2021, respectively.

² Net of accumulated amortization of \$27,565 and \$26,774 as of June 30, 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 June 30, 2022 and 2021

(Dollars in thousands)

	June 2022	Year-to-Date June 2022	Year-to-Date June 2021
REVENUES			
Operating fees	\$ 9,132	\$ 54,791	\$ 62,126
Interest	151	300	18
Other	39	196	203
Total Revenues	9,322	55,287	62,347
 EXPENSES, NET¹			
Employee wages and benefits	9,110	46,158	46,464
Travel	218	471	101
Rent, communications, and utilities	217	768	1,217
Contracted services	3,159	11,401	9,964
Depreciation and amortization	289	1,852	1,788
Administrative	191	795	1,071
Total Expenses, Net	13,184	61,445	60,605
 EXCESS OF REVENUES (UNDER) / OVER EXPENSES			
	(3,862)	(6,158)	1,742
 FUND BALANCE—Beginning of period			
	141,273	143,569	136,294
 FUND BALANCE—End of period			
	\$ 137,411	\$ 137,411	\$ 138,036

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 June 30, 2022 and 2021
(Dollars in thousands)**

	<u>June 2022</u>	<u>Year-to-Date June 2022</u>	<u>Year-to-Date June 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ (3,862)	\$ (6,158)	\$ 1,742
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	759	4,886	4,714
Noncash operating lease expense ¹	101	203	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	-	4,898	3,142
Employee advances	-	5	1
Other accounts receivable, net	(69)	(10)	44
Prepaid expenses and other assets	1,311	(2,946)	(2,608)
(Decrease) increase in liabilities:			
Accounts payable	1,761	5,776	3,457
Operating lease liabilities ¹	(104)	(208)	-
Accrued wages and benefits	1,255	(2,000)	(3,573)
Accrued FECA and unemployment benefits	37	98	157
Deferred revenue	(9,132)	54,791	62,125
Accrued annual leave	1,526	1,621	2,969
Accrued employee travel	-	(93)	(82)
Net Cash Provided by/(Used in) Operating Activities	<u>(6,417)</u>	<u>60,863</u>	<u>72,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	<u>(1,031)</u>	<u>(6,117)</u>	<u>(996)</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(1,031)</u>	<u>(6,117)</u>	<u>(996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments under finance lease liabilities	<u>(3)</u>	<u>(7)</u>	<u>(24)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>(3)</u>	<u>(7)</u>	<u>(24)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,451)	54,739	71,068
CASH AND CASH EQUIVALENTS—Beginning of period	<u>191,805</u>	<u>129,615</u>	<u>111,387</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 184,354</u>	<u>\$ 184,354</u>	<u>\$ 182,455</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ -</u>
Retirement of fully depreciated assets	<u>\$ 8,454</u>	<u>\$ 8,475</u>	<u>\$ 432</u>
Acquisition of equipment under finance lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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.