

# OPERATING FUND



## PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

September 30, 2020

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 SEPTEMBER 30, 2020**

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#### **Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$150.0 million. The balance decreased by \$7.6 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 and had a month-end balance of approximately \$96 thousand.

Other accounts receivable, net had a month-end balance of approximately \$479 thousand. Its balance increased by approximately \$326 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 decreased by \$1.2 million for the month primarily due to vendor/trade and relocation payments.

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 \$2.3 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 \$7.6 million from prior month. In the current month, \$6.6 million was used in operating activities and \$864 thousand 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 \$130 thousand.

#### **Other Information**

The Agency had 51 vacancies as of month-end. The 51 vacancies represent 4.3 percent of total authorized staff of 1,186. Annualized travel spend per employee is \$5.6 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**BALANCE SHEETS**

**As of September 30, 2020 and 2019  
(Dollars in thousands)**

	<b>September 2020</b>	<b>September 2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 149,995	\$ 129,935
Due from National Credit Union Share Insurance Fund	96	2,104
Employee advances	16	7
Other accounts receivable, Net	479	1,255
Prepaid expenses and other assets	5,346	4,849
Fixed assets - Net of accumulated depreciation of \$37,712 and \$41,189 as of September 30, 2020 and September 30, 2019, respectively	29,109	29,571
Intangible assets - Net of accumulated amortization of \$22,371 and \$19,651 as of September 30, 2020 and September 30, 2019, respectively	31,363	16,855
<b>TOTAL ASSETS</b>	<b>\$ 216,404</b>	<b>\$ 184,576</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 6,283	\$ 8,328
Obligations under capital leases	670	1,189
Accrued wages and benefits	17,844	13,566
Deferred revenue <sup>1</sup>	36,397	34,433
Accrued annual leave	21,097	20,157
Accrued employee travel	61	1,086
Note payable to National Credit Union Share Insurance Fund	4,023	5,364
<b>TOTAL LIABILITIES</b>	<b>86,375</b>	<b>84,123</b>
 <b>FUND BALANCE</b>	 <b>130,029</b>	 <b>100,453</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 216,404</b>	 <b>\$ 184,576</b>

<sup>1</sup>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.

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 September 30, 2020 and 2019**

**(Dollars in thousands)**

	<b>September 2020</b>	<b>Year-to-Date September 2020</b>	<b>Year-to-Date September 2019</b>
<b>REVENUES</b>			
Operating fees	\$ 12,130	\$ 109,192	\$ 103,298
Interest	11	326	2,035
Other	28	416	760
Total Revenues	12,169	109,934	106,093
 <b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	7,651	66,626	63,195
Travel	12	1,836	6,913
Rent, communications, and utilities	239	1,669	2,277
Contracted services	1,763	12,181	12,904
Depreciation and amortization	206	2,054	1,874
Administrative	35	1,490	2,541
Total Expenses, Net	9,906	85,856	89,704
 <b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	2,263	24,078	16,389
 <b>FUND BALANCE—Beginning of period</b>	127,766	105,951	84,064
 <b>FUND BALANCE—End of period</b>	\$ 130,029	\$ 130,029	\$ 100,453

<sup>1</sup> 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 September 30, 2020 and 2019**

**(Dollars in thousands)**

	<u>September 2020</u>	<u>Year-to-Date September 2020</u>	<u>Year-to-Date September 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over (under) expenses	\$ 2,263	\$ 24,078	\$ 16,389
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	533	5,308	4,741
(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	1	2,213	1,919
Employee advances	-	(9)	336
Other accounts receivable, net	(326)	(118)	(825)
Prepaid expenses and other assets	1,489	(1,332)	(2,171)
(Decrease) increase in liabilities:			
Accounts payable	(1,199)	(3,019)	(1,946)
Accrued wages and benefits	3,972	3,373	(1,211)
Deferred revenue	(12,131)	36,397	34,433
Accrued annual leave	(1,296)	2,152	1,378
Accrued employee travel	61	(647)	467
Net Cash Used in Operating Activities	<u>(6,633)</u>	<u>68,385</u>	<u>53,557</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	(864)	(11,705)	(14,133)
Purchases of assets held for sale	-	-	(447)
Proceeds from sale of assets held for sale	-	434	400
Net Cash Used in Investing Activities	<u>(864)</u>	<u>(11,271)</u>	<u>(14,180)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(1,005)	(1,005)
Principal payments under capital lease obligations	(18)	(606)	(559)
Net Cash Used in Financing Activities	<u>(130)</u>	<u>(1,611)</u>	<u>(1,564)</u>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,627)</b>	<b>55,503</b>	<b>37,813</b>
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>157,622</u>	<u>94,492</u>	<u>92,122</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 149,995</u>	<u>\$ 149,995</u>	<u>\$ 129,935</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ 35</u>
<b>CASH PAYMENTS FOR INTEREST</b>	<u>\$ 5</u>	<u>\$ 58</u>	<u>\$ 88</u>

The balances in the statement above are preliminary and unaudited.