

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

September 30, 2022

A handwritten signature in black ink, appearing to read "Eugene H. Schied". The signature is written in a cursive, flowing style.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW SEPTEMBER 30, 2022

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$154.4 million. The balance decreased by \$13.9 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 \$29.0 thousand represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of \$360.5 thousand. Its balance increased by \$151.5 thousand from the prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$2.4 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 \$991.2 thousand 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 \$13.9 million from prior month. In the current month, \$14.4 million was used in operating activities, \$485.1 thousand was provided by investing activities, and \$14.6 thousand was used in financing activities.

Other Information

The NCUA had 51 vacancies as of month-end, which represents 4.2 percent of the total authorized staff of 1,201. Of the 51 vacancies, there were 0 vacancies in the central office and 51 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 September 30, 2022 and 2021

(Dollars in thousands)

	September 2022	September 2021
ASSETS		
Cash and cash equivalents	\$ 154,446	\$ 160,211
Due from National Credit Union Share Insurance Fund	29	98
Employee advances	-	15
Other accounts receivable, net	360	253
Prepaid expenses and other assets	5,354	4,724
Operating lease right-of-use assets ⁴	410	-
Fixed assets ¹	33,190	26,901
Intangible assets ²	27,385	31,698
	\$ 221,174	\$ 223,900
TOTAL ASSETS		
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 22,836	\$ 11,119
Finance lease liabilities	103	59
Operating lease liabilities ⁴	432	-
Accrued wages and benefits	7,240	12,137
Accrued FECA and unemployment benefits	392	403
Accrued actuarial FECA benefits	3,283	3,999
Deferred revenue ³	27,396	31,063
Accrued annual leave	23,451	25,144
Accrued employee travel	442	-
	85,575	83,924
TOTAL LIABILITIES		
	135,599	139,976
FUND BALANCE		
	\$ 221,174	\$ 223,900
TOTAL LIABILITIES AND FUND BALANCE		

¹ Net of accumulated depreciation of \$39,666 and \$40,854 as of September 30, 2022 and 2021, respectively.

² Net of accumulated amortization of \$28,998 and \$28,259 as of September 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 September 30, 2022 and 2021

(Dollars in thousands)

	<u>September 2022</u>	<u>Year-to-Date September 2022</u>	<u>Year-to-Date September 2021</u>
REVENUES			
Operating fees	\$ 9,132	\$ 82,187	\$ 93,189
Interest	323	1,184	38
Other	<u>49</u>	<u>329</u>	<u>360</u>
Total Revenues	<u>9,504</u>	<u>83,700</u>	<u>93,587</u>
EXPENSES, NET¹			
Employee wages and benefits	6,418	67,428	67,832
Travel	365	1,257	191
Rent, communications, and utilities	216	1,235	1,890
Contracted services	3,067	17,820	15,673
Depreciation and amortization	304	2,764	2,699
Administrative	<u>125</u>	<u>1,166</u>	<u>1,620</u>
Total Expenses, Net	<u>10,495</u>	<u>91,670</u>	<u>89,905</u>
EXCESS OF REVENUES (UNDER) / OVER EXPENSES	(991)	(7,970)	3,682
FUND BALANCE—Beginning of period	<u>136,590</u>	<u>143,569</u>	<u>136,294</u>
FUND BALANCE—End of period	<u>\$ 135,599</u>	<u>\$ 135,599</u>	<u>\$ 139,976</u>

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 September 30, 2022 and 2021

(Dollars in thousands)

	September 2022	Year-to-Date September 2022	Year-to-Date September 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ (991)	\$ (7,970)	\$ 3,682
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	801	7,287	7,114
Noncash operating lease expense ¹	102	304	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(10)	4,889	3,164
Employee advances	-	5	1
Other accounts receivable, net	(151)	(61)	62
Prepaid expenses and other assets	2,391	(1,463)	(690)
(Decrease) increase in liabilities:			
Accounts payable	(2,408)	5,567	3,030
Operating lease liabilities ¹	(104)	(312)	-
Accrued wages and benefits	(4,414)	(5,104)	1,548
Accrued FECA and unemployment benefits	119	217	249
Accrued actuarial FECA benefits	(716)	(716)	(382)
Deferred revenue	(9,132)	27,396	31,063
Accrued annual leave	(319)	1,302	2,806
Accrued employee travel	442	349	(82)
Net Cash Provided by/(Used in) Operating Activities	(14,390)	31,690	51,565
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	485	(6,838)	(2,711)
Net Cash Provided by/(Used in) Investing Activities	485	(6,838)	(2,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments under finance lease liabilities	(15)	(21)	(30)
Net Cash Provided by/(Used in) Financing Activities	(15)	(21)	(30)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,920)	24,831	48,824
CASH AND CASH EQUIVALENTS—Beginning of period	168,366	129,615	111,387
CASH AND CASH EQUIVALENTS—End of period	\$ 154,446	\$ 154,446	\$ 160,211
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ -	\$ 715	\$ -
Retirement of fully depreciated assets	\$ 84	\$ 8,559	\$ 779
Acquisition of equipment under finance lease	\$ (99)	\$ (99)	\$ -
Reclassification of fixed and intangible assets	\$ (595)	\$ (595)	\$ -

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.