

**OPERATING FUND**



**PRELIMINARY & UNAUDITED  
FINANCIAL HIGHLIGHTS**

**March 31, 2023**

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**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**MANAGEMENT OVERVIEW**

**March 31, 2023**

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**Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$90.0 million. The balance decreased by \$19.9 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 \$1.1 million represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of \$114.2 million. Its balance increased by \$94.5 million from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$3.0 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 \$4.1 million for the month. Operating fee revenue reflects one-twelfth of the 2023 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 \$19.9 million from prior month. In the current month, \$18.8 million was used in operating activities, \$1.1 million was used in investing activities, and \$10.0 thousand was used in financing activities.

**Other Information**

The Agency had 62 vacancies as of month-end, which represents 5.1 percent of the total authorized staff of 1,219. Of the 62 vacancies, there was 1 vacancy under authorized positions in the central office and 61 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, 2023 and 2022  
(Dollars in thousands)**

	<b>March 2023</b>	<b>March 2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 90,027	\$ 105,042
Due from National Credit Union Share Insurance Fund	1,091	19
Other accounts receivable, net	114,168	109,832
Prepaid expenses and other assets	6,748	6,193
Operating lease right-of-use assets <sup>4</sup>	206	613
Fixed assets <sup>1</sup>	34,095	31,250
Intangible assets <sup>2</sup>	25,294	29,967
<b>TOTAL ASSETS</b>	<b>\$ 271,629</b>	<b>\$ 282,916</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 21,135	\$ 18,818
Finance lease liabilities	167	23
Operating lease liabilities <sup>4</sup>	217	641
Accrued wages and benefits	7,987	12,680
Accrued FECA and unemployment benefits	248	236
Accrued actuarial FECA benefits	3,283	3,999
Deferred revenue <sup>3</sup>	86,046	82,187
Accrued annual leave	24,266	22,243
<b>TOTAL LIABILITIES</b>	<b>143,349</b>	<b>140,827</b>
<b>FUND BALANCE</b>	<b>128,280</b>	<b>142,089</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 271,629</b>	<b>\$ 282,916</b>

<sup>1</sup> Net of accumulated depreciation of \$41,107 and \$41,092 as of March 31, 2023 and 2022, respectively.

<sup>2</sup> Net of accumulated amortization of \$31,749 and \$31,238 as of March 31, 2023 and 2022, respectively.

<sup>3</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.

<sup>4</sup> 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, 2023 and 2022  
(Dollars in thousands)

	March 2023	Year-to-Date March 2023	Year-to-Date March 2022
<b>REVENUES</b>			
Operating fees	\$ 9,302	\$ 28,682	\$ 27,396
Interest	358	1,128	22
Other	45	105	100
Total Revenues	9,705	29,915	27,518
<b>EXPENSES, NET <sup>1</sup></b>			
Employee wages and benefits	9,839	26,158	22,427
Travel	547	933	53
Rent, communications, and utilities	290	566	285
Contracted services	2,720	5,768	4,995
Depreciation and amortization	292	877	915
Administrative	96	472	323
Total Expenses, Net	13,784	34,774	28,998
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	(4,079)	(4,859)	(1,480)
<b>FUND BALANCE—Beginning of period</b>	132,359	133,139	143,569
<b>FUND BALANCE—End of period</b>	\$ 128,280	\$ 128,280	\$ 142,089

<sup>1</sup> 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, 2023 and 2022  
(Dollars in thousands)**

	March 2023	Year-to-Date March 2023	Year-to-Date March 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over (under) expenses	\$ (4,079)	\$ (4,859)	\$ (1,480)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	771	2,312	2,414
Noncash operating lease expense <sup>1</sup>	102	102	102
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(1,091)	(1,072)	4,898
Employee advances	-	-	5
Other accounts receivable, net	(94,506)	(113,815)	(109,532)
Prepaid expenses and other assets	(202)	(2,077)	(2,302)
(Decrease) increase in liabilities			
Accounts payable	(3,033)	532	1,549
Operating lease liabilities <sup>1</sup>	(108)	(108)	(104)
Accrued wages and benefits	(3,922)	(3,659)	336
Accrued FECA and unemployment benefits	64	64	61
Deferred revenue	86,046	86,046	82,187
Accrued annual leave	1,154	1,154	95
Accrued employee travel	-	(250)	(93)
Net Cash Provided by/(Used in) Operating Activities	<u>(18,804)</u>	<u>(35,630)</u>	<u>(21,864)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(1,071)	(1,344)	(2,706)
Net Cash Provided by/(Used in) Investing Activities	<u>(1,071)</u>	<u>(1,344)</u>	<u>(2,706)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal payments under finance lease liabilities	(10)	(10)	(3)
Net Cash Provided by/(Used in) Financing Activities	<u>(10)</u>	<u>(10)</u>	<u>(3)</u>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(19,885)</b>	<b>(36,984)</b>	<b>(24,573)</b>
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<b>109,912</b>	<b>127,011</b>	<b>129,615</b>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<b>\$ 90,027</b>	<b>\$ 90,027</b>	<b>\$ 105,042</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Recognition of operating lease right-of-use assets	\$ -	\$ -	\$ 715
Retirement of fully depreciated assets	\$ 302	\$ 302	\$ 21
Acquisition of equipment under finance lease	\$ (17)	\$ (17)	\$ -

<sup>1</sup> 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.