

National Credit Union Administration



Operating Fund

***Preliminary Financial Highlights
December 31, 2010***

**Mary Ann Woodson
Chief Financial Officer**

National Credit Union Administration Operating Fund
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The numbers presented in the financial statements are preliminary and contain approximately \$26 million in estimated accruals. The final accruals will be recorded in late January and at that time the books will be closed, resulting in final pre-audited financial statements.

Balance Sheet

Overnight Investments decreased \$6.2 million for payment of operating expenses.

Accrued Employee Compensation increased \$3.4 million primarily due to recognition of estimated accruals for employee travel vouchers and lodging night bonuses.

Other Current Liabilities decreased \$4.6 million. This decrease is primarily due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period. The remaining balance reflects the worker's compensation liability.

Statement of Revenue and Expenses

Net income for the month was \$2.5 million lower than planned due to all expense categories except contracted services being over the monthly budget. The average investment yield on interest income for the month was 0.09%, compared to 0.04% in 2009.

Statement of Cash Flow

Cash decreased by \$6.1 million for the month primarily due to payment for operating expenses, fixed assets and notes payable.

Budget (Year-to-Date)

Agency spending was under budget by \$10.7 million or 5.3 percent. Pay, benefits and travel were under budget by \$6.1 million or 3.6 percent. The remaining variance of \$4.6 million was derived from rent, communications & utilities and contracted services. The year-to-date travel per FTE cost was \$20,461 compared to \$18,605 in 2009. Administrative expenses was the only category over the year-to-date budget mainly due to depreciation (i.e., capital acquisitions being amortized over a shorter useful life than originally anticipated, in order to be in compliance with Generally Accepted Accounting Principles).

Vacancies

The agency had 29 vacancies as of December 31. Of the 29 vacancies, there were 12 in the central office, 38 in the regional offices and AMAC and a net over-hire of 21 in the field staff. The vacancies represent 2.6 percent of total authorized staff of 1,130.85.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
December 31, 2010
Preliminary

	December 2009	November 2010	December 2010
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 513,625.63	\$ 500,152.27	\$ 551,983.41
Overnight Investments	23,808,000.00	38,720,000.00	32,541,000.00
Accounts Receivable	1,306,596.57	347,679.84	10,880,510.69
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	2,048,932.91	1,790,256.85	1,393,358.06
Home Purchase Program	494,820.00	1,067,924.78	729,842.78
Other	0.00	0.00	0.00
<i>Total Current Assets</i>	28,171,975.11	42,426,013.74	46,096,694.94
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	24,964,166.00	24,946,976.84	24,851,230.61
Capital Lease	40,544.00	23,570.33	22,188.33
Equipment	4,111,297.00	5,813,479.99	5,503,163.91
Assets Under Construction	4,334,203.28	2,238,158.99	2,528,483.52
<i>Total Property, Plant, and Equipment</i>	37,396,474.23	36,968,450.10	36,851,330.32
TOTAL ASSETS	\$ 65,568,449.34	\$ 79,394,463.84	\$ 82,948,025.26
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 2,400,067.86	\$ 1,998,090.25	\$ 2,548,281.87
Accrued Employee Compensation	16,148,415.08	18,452,846.67	21,810,159.51
Other Current Liabilities	59,417.30	7,281,115.64	2,712,655.29
<i>Total Current Liabilities</i>	18,607,900.24	27,732,052.56	27,071,096.67
Non-Current Liabilities			
Notes Payable	18,437,891.49	17,208,698.80	17,096,954.01
Other	163,526.90	230,892.74	230,892.74
<i>Total Non-Current Liabilities</i>	18,601,418.39	17,439,591.54	17,327,846.75
TOTAL LIABILITIES	37,209,318.63	45,171,644.10	44,398,943.42
FUND BALANCE:			
Unappropriated	27,359,130.71	33,222,819.74	37,549,081.84
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
TOTAL FUND BALANCE	28,359,130.71	34,222,819.74	38,549,081.84
TOTAL LIABILITIES AND FUND BALANCE	\$ 65,568,449.34	\$ 79,394,463.84	\$ 82,948,025.26

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
December 31, 2010
Preliminary

	December 2010 Monthly Actual	December 2010 Monthly Budget	December 2010 Year-To-Date Actual	December 2010 Year-To-Date Budget	December 2009 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 3,585.30	\$ 4,166.67	\$ 62,753.90	\$ 86,666.67	\$ 41,041.32
Program-related Income	7,231,115.64	7,117,500.00	86,778,403.59	149,467,500.00	81,679,084.99
Other Income	82,020.53	25,000.00	1,089,449.39	523,333.33	283,896.56
Total Revenue	7,316,721.47	7,146,666.67	87,930,606.88	150,077,500.00	82,004,022.87
EXPENSES:					
Employee Pay	4,351,213.31	4,275,174.56	47,035,830.89	48,513,937.36	45,417,355.42
Employee Benefits	2,080,756.16	1,236,190.06	13,470,277.08	14,028,069.77	12,125,909.73
Employee Travel	1,717,589.23	829,597.11	9,949,468.47	9,955,165.32	8,184,543.75
Rent/Communications/Utilities	168,723.58	167,561.25	1,623,463.15	2,010,735.00	1,934,608.86
Administrative Costs	1,319,538.02	417,603.74	6,380,257.13	5,011,244.88	4,541,270.85
Contracted Services	471,208.20	539,675.86	5,406,445.34	6,476,110.32	3,975,371.23
Total Expenses	10,109,028.50	7,465,802.58	83,865,742.06	85,995,262.65	76,179,059.84
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (2,792,307.03)	\$ (319,135.91)	\$ 4,064,864.82	\$ 64,082,237.35	\$ 5,824,963.03

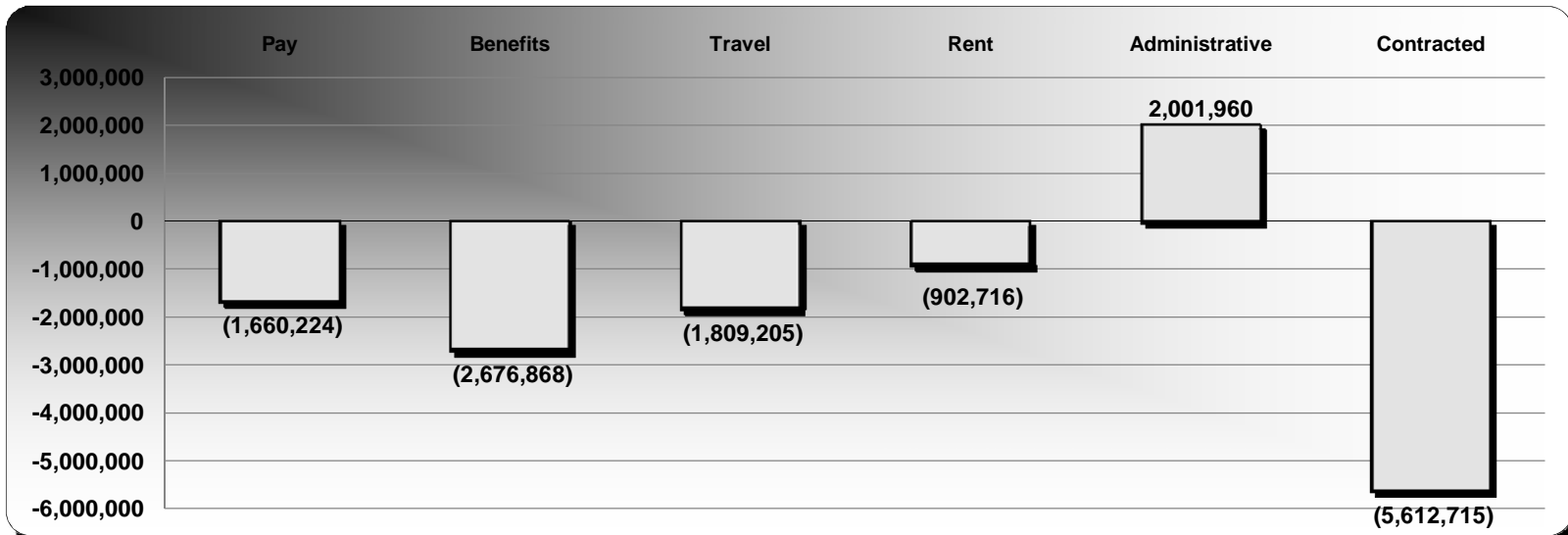
National Credit Union Administration Operating Fund
Statement of Cash Flow
December 31, 2010
Preliminary

	Month December 2009	Month December 2010	Y-T-D December 2009	Y-T-D December 2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ -	\$ -	\$ 83,811,547.13	\$ 86,769,141.37
Interest received from cash and cash equivalents	932.49	3,585.30	41,041.32	62,753.90
Other income received	6,485.30	82,020.53	283,896.56	1,089,449.39
(Cash paid for operating expenses)	(864,972.56)	(6,032,314.99)	(72,322,604.65)	(73,310,492.45)
Net cash (used) in operating activities	(857,554.77)	(5,946,709.16)	11,813,880.36	14,610,852.21
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(1,729,802.69)	(406,796.91)	(6,707,950.79)	(4,263,534.17)
Proceeds (purchases) home purchase program	415,081.56	338,082.00	(288,431.75)	(235,022.78)
Net cash (used) in investing activities	(1,314,721.13)	(68,714.91)	(6,996,382.54)	(4,498,556.95)
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,340,937.48)	(1,340,937.48)
(Capital lease payments)	(3,037.22)	0.00	(747,273.53)	0.00
Net cash (used) in financing activities	(114,782.01)	(111,744.79)	(2,088,211.01)	(1,340,937.48)
NET INCREASE (DECREASE) IN CASH	(2,287,057.91)	(6,127,168.86)	2,729,286.81	8,771,357.78
Cash and cash equivalents at beginning of period	26,608,683.54	39,220,152.27	21,592,338.82	24,321,625.63
Cash and cash equivalents at end of period	\$ 24,321,625.63	\$ 33,092,983.41	\$ 24,321,625.63	\$ 33,092,983.41
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	\$ 1,221,919.14	\$ (2,792,307.03)	\$ 5,824,963.03	\$ 4,064,864.82
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	271,886.18	411,370.19	2,710,744.04	5,138,710.92
Unrealized (gain) loss	0.00	0.00	0.00	0.00
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	5,668.44	0.00	311,111.75	0.00
Interest expense on leases	0.00	0.00	0.00	0.00
Miscellaneous allowances	0.00	0.00	(0.00)	(0.00)
Change in current assets and liabilities				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	90,058.97	0.00
Accounts receivable	3,178,018.14	(10,532,830.85)	(761,996.57)	(9,573,914.12)
Interest receivable	0.00	0.00	0.00	0.00
Prepaid expenses	942,928.89	396,898.79	1,606,109.16	655,574.85
Other assets	645,993.50	0.00	100.00	0.00
Increase (decrease) in liabilities:				
Accounts payable	1,613,132.21	7,781,307.25	(981,134.46)	7,379,329.64
Accrued employee compensation	(985,506.52)	3,357,312.84	2,658,335.02	5,482,912.27
Other non current liabilities	(7,953.69)	0.00	372,723.51	67,365.84
Other current liabilities	(7,743,641.06)	(4,568,460.35)	(17,134.09)	2,653,237.99
Total adjustments	(2,079,473.91)	(3,154,402.13)	5,988,917.33	11,803,217.39
Net cash (used) in operating activities	\$ (857,554.77)	\$ (5,946,709.16)	\$ 11,813,880.36	\$ 15,868,082.21

National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
December 31, 2010
Preliminary

	2010				2009			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	113,350,321	111,690,097	(1,660,224)	-1.5%	101,005,754	100,617,063	(388,691)	-0.4%
Benefits	32,775,864	30,098,996	(2,676,868)	-8.2%	29,074,277	26,891,752	(2,182,526)	-7.5%
Travel	23,259,732	21,450,527	(1,809,205)	-7.8%	20,120,853	18,345,456	(1,775,397)	-8.8%
Rent, Communications, & Utilities	4,697,979	3,795,263	(902,716)	-19.2%	4,205,883	4,189,191	(16,692)	-0.4%
Administrative	11,708,516	13,710,476	2,001,960	17.1%	12,818,591	9,482,500	(3,336,090)	-26.0%
Contracted Services	15,131,099	9,518,384	(5,612,715)	-37.1%	10,567,516	8,621,328	(1,946,188)	-18.4%
TOTAL	200,923,511	190,263,744	(10,659,767)	-5.3%	177,792,873	168,147,289	(9,645,584)	-5.4%

Amount Over (Under) Budget
December 31, 2010



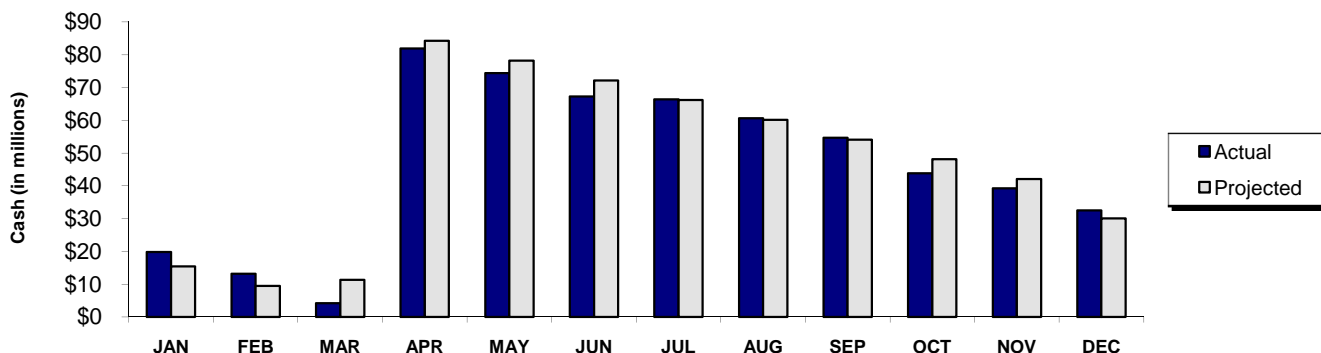
National Credit Union Administration Operating Fund

Graphs and Ratios

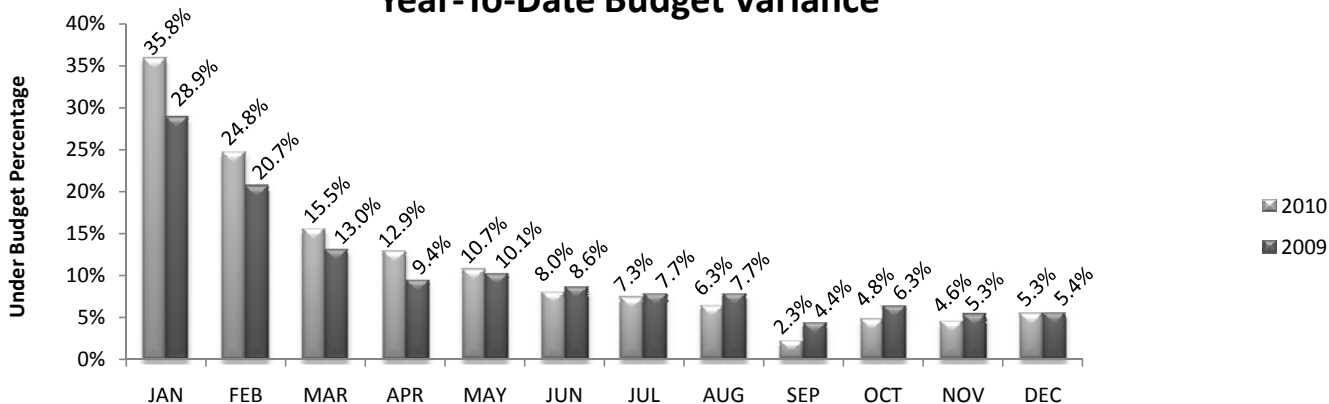
December 31, 2010

Preliminary

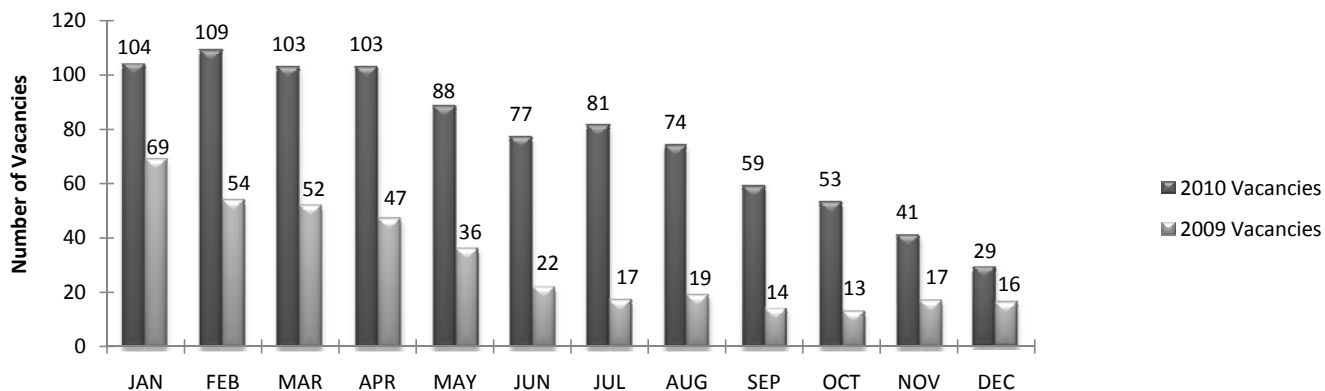
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



	December 2009	December 2010
Retained earnings / Total assets	43.25%	46.47%
Monthly interest income to average investments (annualized)	0.04%	0.09%
YTD Travel per full-time equivalent, before overhead transfer, (annualized)	\$18,605	\$20,461
Net year to date cash inflow (outflow) in millions of dollars	\$2.7	\$9.4
Cash and Overnight investments / Total assets	37.1%	39.9%
Overhead Transfer Rate	53.80%	57.20%