

# OPERATING FUND



**PRELIMINARY & UNAUDITED  
FINANCIAL HIGHLIGHTS**  
October 31, 2022

A handwritten signature in black ink, appearing to read "E. Schied", is displayed on a light gray background.

**EUGENE H. SCHIED  
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**MANAGEMENT OVERVIEW  
October 31, 2022**

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**Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$147.3 million. The balance decreased by \$7.2 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 \$117.9 thousand. Its balance decreased by \$242.6 thousand from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.8 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 \$112.4 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 \$7.2 million from prior month. In the current month, \$6.2 million was used in operating activities, \$954.7 thousand was used in investing activities, and there were no financing activities.

**Other Information**

The Agency had 55 vacancies as of month-end, which represents 4.6 percent of the total authorized staff of 1,201. Of the 55 vacancies, there were 0 vacancies under authorized positions in the central office and 55 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 October 31, 2022 and 2021  
(Dollars in thousands)**

	<b>October 2022</b>	<b>October 2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$147,292	\$149,859
Due from National Credit Union Share Insurance Fund	19	145
Employee advances	-	15
Other accounts receivable, net	118	136
Prepaid expenses and other assets	5,479	5,056
Operating lease right-of-use assets <sup>4</sup>	410	-
Fixed assets <sup>1</sup>	33,839	26,839
Intangible assets <sup>2</sup>	26,949	31,458
<b>TOTAL ASSETS</b>	<b>\$214,106</b>	<b>\$213,508</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$24,592	\$14,445
Finance lease liabilities	103	59
Operating lease liabilities <sup>4</sup>	432	-
Accrued wages and benefits	8,102	7,066
Accrued FECA and unemployment benefits	392	403
Accrued actuarial FECA benefits	3,283	3,999
Deferred revenue <sup>3</sup>	18,264	20,709
Accrued annual leave	23,451	25,144
Accrued employee travel	-	-
<b>TOTAL LIABILITIES</b>	<b>78,619</b>	<b>71,825</b>
<b>FUND BALANCE</b>	<b>135,487</b>	<b>141,683</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$214,106</b>	<b>\$213,508</b>

<sup>1</sup> Net of accumulated depreciation of \$39,941 and \$41,117 as of October 31, 2022 and 2021, respectively.

<sup>2</sup> Net of accumulated amortization of \$29,464 and \$28,780 as of October 31, 2022 and 2021, 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 October 31, 2022 and 2021  
(Dollars in thousands)

	October 2022	Year-to-Date October 2022	Year-to-Date October 2021
<b>REVENUES</b>			
Operating fees	\$9,132	\$91,319	\$103,543
Interest	383	1,567	44
Other	28	357	384
Total Revenues	<u>9,543</u>	<u>93,243</u>	<u>103,971</u>
<b>EXPENSES, NET <sup>1</sup></b>			
Employee wages and benefits	7,141	74,570	74,983
Travel	128	1,384	219
Rent, communications, and utilities	272	1,506	2,086
Contracted services	1,776	19,596	16,549
Depreciation and amortization	281	3,046	2,996
Administrative	57	1,223	1,749
Total Expenses, Net	<u>9,655</u>	<u>101,325</u>	<u>98,582</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	(112)	(8,082)	5,389
<b>FUND BALANCE—Beginning of period</b>	<u>135,599</u>	<u>143,569</u>	<u>136,294</u>
<b>FUND BALANCE—End of period</b>	<u><u>\$135,487</u></u>	<u><u>\$135,487</u></u>	<u><u>\$141,683</u></u>

<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 October 31, 2022 and 2021  
(Dollars in thousands)**

	October 2022	Year-to-Date October 2022	Year-to-Date October 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over (under) expenses	\$ (112)	\$ (8,082)	\$ 5,389
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	739	8,027	7,899
Noncash operating lease expense <sup>1</sup>	-	304	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	10	4,899	3,116
Employee advances	-	5	1
Other accounts receivable, net	243	181	179
Prepaid expenses and other assets	(125)	(1,588)	(1,021)
(Decrease) increase in liabilities			
Accounts payable	1,758	7,324	6,355
Operating lease liabilities <sup>1</sup>	-	(312)	-
Accrued wages and benefits	862	(4,242)	(3,523)
Accrued FECA and unemployment benefits	-	217	249
Accrued actuarial FECA benefits	-	(716)	(382)
Deferred revenue	(9,132)	18,264	20,709
Accrued annual leave	-	1,302	2,805
Accrued employee travel	(442)	(93)	(82)
Net Cash Provided by/(Used in) Operating Activities	(6,199)	25,490	41,694
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(955)	(7,792)	(3,192)
Net Cash Provided by/(Used in) Investing Activities	(955)	(7,792)	(3,192)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal payments under finance lease liabilities	-	(21)	(30)
Net Cash Provided by/(Used in) Financing Activities	-	(21)	(30)
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(7,154)	17,677	38,472
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	154,446	129,615	111,387
<b>CASH AND CASH EQUIVALENTS—End of period</b>	147,292	147,292	149,859
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Recognition of operating lease right-of-use assets	\$ -	\$ 715	\$ -
Retirement of fully depreciated assets	\$ -	\$ 8,559	\$ 779
Acquisition of equipment under finance lease	\$ -	\$ (99)	\$ -

<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.