

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS**

October 31, 2023

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name and title.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW

October 31, 2023

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$136.6 million. The balance decreased by \$6.7 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 2024, at which time the Fund will collect the 2024 operating fees from its credit union members.

Other accounts receivable, net had a month-end balance of \$165.6 thousand. Its balance decreased by \$381.6 thousand from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.9 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 \$219.9 thousand 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 \$6.7 million from prior month. In the current month, \$6.6 million was used in operating activities, \$127.0 thousand was used in investing activities, and there were no financing activities.

Other Information

The Agency had 26 vacancies as of month-end, which represents 2.1 percent of the total authorized staff of 1,225. Of the 26 vacancies, there was no vacancies under authorized positions in the central office and 26 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, 2023 and 2022
(Dollars in thousands)**

	October 2023	October 2022
ASSETS		
Cash and cash equivalents	\$ 136,623	\$ 147,292
Due from National Credit Union Share Insurance Fund	-	19
Other accounts receivable, net	166	118
Prepaid expenses and other assets	7,673	5,479
Operating lease right-of-use assets ⁴	2,021	410
Fixed assets ¹	34,410	33,839
Intangible assets ²	22,893	26,949
TOTAL ASSETS	\$ 203,786	\$ 214,106
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 24,129	\$ 24,592
Finance lease liabilities	159	103
Operating lease liabilities ⁴	2,021	432
Accrued wages and benefits	10,121	8,102
Accrued FECA and unemployment benefits	436	392
Accrued actuarial FECA benefits	3,664	3,283
Deferred revenue ³	19,121	18,264
Accrued annual leave	24,965	23,451
TOTAL LIABILITIES	84,616	78,619
FUND BALANCE	119,170	135,487
TOTAL LIABILITIES AND FUND BALANCE	\$ 203,786	\$ 214,106

¹ Net of accumulated depreciation of \$43,776 and \$39,941 as of October 31, 2023 and 2022, respectively.

² Net of accumulated amortization of \$34,793 and \$29,464 as of October 31, 2023 and 2022, 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 October 31, 2023 and 2022

(Dollars in thousands)

	October 2023	Year-to-Date October 2023	Year-to-Date October 2022
REVENUES			
Operating fees	\$ 9,561	\$ 95,607	\$ 91,319
Interest	614	5,814	1,567
Other	28	322	357
Total Revenues	<u>10,203</u>	<u>101,743</u>	<u>93,243</u>
EXPENSES, NET ¹			
Employee wages and benefits	8,461	85,255	74,570
Travel	328	5,037	1,384
Rent, communications, and utilities	94	1,787	1,506
Contracted services	1,119	18,977	19,596
Depreciation and amortization	319	3,047	3,046
Administrative	102	1,609	1,223
Total Expenses, Net	<u>10,423</u>	<u>115,712</u>	<u>101,325</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(220)	(13,969)	(8,082)
FUND BALANCE—Beginning of period	<u>119,390</u>	<u>133,139</u>	<u>143,569</u>
FUND BALANCE—End of period	<u>\$ 119,170</u>	<u>\$ 119,170</u>	<u>\$ 135,487</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 October 31, 2023 and 2022
(Dollars in thousands)**

	October 2023	Year-to-Date October 2023	Year-to-Date October 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over (under) expenses	\$ (220)	\$ (13,969)	\$ (8,082)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	844	8,050	8,027
Noncash operating lease expense ¹	-	308	304
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	36	19	4,899
Employee advances	-	-	5
Other accounts receivable, net	382	188	181
Prepaid expenses and other assets	(1,198)	(3,003)	(1,588)
(Decrease) increase in liabilities			
Accounts payable	1,885	3,527	7,324
Operating lease liabilities ¹	-	(325)	(312)
Accrued wages and benefits	1,971	(1,525)	(4,242)
Accrued FECA and unemployment benefits	-	253	217
Accrued actuarial FECA benefits	-	381	(716)
Deferred revenue	(9,561)	19,121	18,264
Accrued annual leave	-	1,853	1,302
Accrued employee travel	(698)	(250)	(93)
Net Cash Provided by/(Used in) Operating Activities	(6,559)	14,628	25,490
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(127)	(4,984)	(7,792)
Net Cash Provided by/(Used in) Investing Activities	(127)	(4,984)	(7,792)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments under finance lease liabilities	-	(32)	(21)
Net Cash Provided by/(Used in) Financing Activities	-	(32)	(21)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(6,686)	9,612	17,677
CASH AND CASH EQUIVALENTS—Beginning of period	143,309	127,011	129,615
CASH AND CASH EQUIVALENTS—End of period	\$ 136,623	\$ 136,623	\$ 147,292
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Recognition of operating lease right-of-use assets	\$ 2,021	\$ 2,021	\$ 715
Retirement of fully depreciated assets	\$ -	\$ 327	\$ 8,559
Acquisition of equipment under finance lease	\$ -	\$ (31)	\$ (99)

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.