

# OPERATING FUND



## PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS December 31, 2023

A handwritten signature in black ink, appearing to read "Eugene H. Schied".

**EUGENE H. SCHIED  
CHIEF FINANCIAL OFFICER**

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## MANAGEMENT OVERVIEW

December 31, 2023

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### Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$116.2 million. The balance decreased by \$7.1 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.

Amount due from National Credit Union Share Insurance Fund of \$1.6 million represents the receivable for expenses paid by the Operating Fund.

Other accounts receivable, net had a month-end balance of \$605.3 thousand. Its balance increased by \$312.4 thousand from prior month.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$847.0 thousand 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 \$3.0 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 \$7.1 million from prior month. In the current month, \$6.8 million was used in operating activities, \$239.0 thousand was used in investing activities, and \$13.0 thousand was used in financing activities.

### Other Information

The Agency had 20 vacancies as of month-end, which represents 1.6 percent of the total authorized staff of 1,225. Of the 20 vacancies, there were no vacancies under authorized positions in the central office and 20 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 December 31, 2023 and 2022  
(Dollars in thousands)**

	December 2023	December 2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 116,187	\$ 127,011
Due from National Credit Union Share Insurance Fund	1,648	19
Other accounts receivable, net	605	353
Prepaid expenses and other assets	5,695	4,670
Operating lease right-of-use assets <sup>3</sup>	1,932	308
Fixed assets <sup>1</sup>	34,091	33,872
Intangible assets <sup>2</sup>	22,455	26,467
<b>TOTAL ASSETS</b>	<b>\$ 182,613</b>	<b>\$ 192,700</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 21,642	\$ 20,601
Finance lease liabilities	146	160
Operating lease liabilities <sup>3</sup>	2,032	325
Accrued wages and benefits	15,586	11,646
Accrued FECA and unemployment benefits	168	184
Accrued actuarial FECA benefits	3,664	3,283
Accrued annual leave	24,211	23,112
Accrued employee travel	276	250
<b>TOTAL LIABILITIES</b>	<b>67,725</b>	<b>59,561</b>
<b>FUND BALANCE</b>	<b>114,888</b>	<b>133,139</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 182,613</b>	<b>\$ 192,700</b>

<sup>1</sup> Net of accumulated depreciation of \$43,908 and \$40,451 as of December 31, 2023 and 2022, respectively.

<sup>2</sup> Net of accumulated amortization of \$35,547 and \$30,395 as of December 31, 2023 and 2022, respectively.

<sup>3</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 December 31, 2023 and 2022**

**(Dollars in thousands)**

	December 2023	Year-to-Date December 2023	Year-to-Date December 2022
<b>REVENUES</b>			
Operating fees	\$ 9,561	\$ 114,728	\$ 109,582
Interest	516	6,882	2,375
Other	36	415	442
Total Revenues	<u>10,113</u>	<u>122,025</u>	<u>112,399</u>
<b>EXPENSES, NET <sup>1</sup></b>			
Employee wages and benefits	9,085	102,772	89,993
Travel	681	6,333	2,149
Rent, communications, and utilities	235	2,154	1,692
Contracted services	2,568	23,418	23,842
Depreciation and amortization	310	3,687	3,658
Administrative	199	1,912	1,495
Total Expenses, Net	<u>13,078</u>	<u>140,276</u>	<u>122,829</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	(2,965)	(18,251)	(10,430)
<b>FUND BALANCE—Beginning of period</b>	<u>117,853</u>	<u>133,139</u>	<u>143,569</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 114,888</u>	<u>\$ 114,888</u>	<u>\$ 133,139</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 December 31, 2023 and 2022  
(Dollars in thousands)**

	December 2023	Year-to-Date December 2023	Year-to-Date December 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over (under) expenses	\$ (2,965)	\$ (18,251)	\$ (10,430)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities before allocation to the NCUSIF:			
Depreciation and amortization	848	9,771	9,643
Noncash operating lease expense <sup>1</sup>	89	397	407
(Gain) Loss on fixed and intangible asset retirements	17	17	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(1,620)	(1,629)	4,899
Employee advances	-	-	5
Other accounts receivable, net	(312)	(252)	(54)
Prepaid expenses and other assets	1,783	(1,025)	(779)
(Decrease) increase in liabilities			
Accounts payable	(976)	912	3,065
Operating lease liabilities <sup>1</sup>	11	(314)	(420)
Accrued wages and benefits	6,579	3,940	(698)
Accrued FECA and unemployment benefits	(268)	(16)	9
Accrued actuarial FECA benefits	-	381	(716)
Deferred revenue	(9,561)	-	-
Accrued annual leave	(754)	1,099	963
Accrued employee travel	276	26	157
Net Cash Provided by/(Used in) Operating Activities	<u>(6,853)</u>	<u>(4,944)</u>	<u>6,051</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(205)	(5,835)	(8,621)
Net Cash Provided by/(Used in) Investing Activities	<u>(205)</u>	<u>(5,835)</u>	<u>(8,621)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal payments under finance lease liabilities	(13)	(45)	(34)
Net Cash Provided by/(Used in) Financing Activities	<u>(13)</u>	<u>(45)</u>	<u>(34)</u>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,071)</b>	<b>(10,824)</b>	<b>(2,604)</b>
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<b>123,258</b>	<b>127,011</b>	<b>129,615</b>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<b>\$ 116,187</b>	<b>\$ 116,187</b>	<b>\$ 127,011</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Purchase of fixed and intangible assets in accounts payable	\$ (129)	\$ (129)	\$ (266)
Recognition of operating lease right-of-use assets	\$ -	\$ 2,021	\$ 715
Acquisition of equipment under finance lease	\$ -	\$ (31)	\$ (168)

<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.