

From: [REDACTED]
To: "Michael Verne" <MVERNE@ftc.gov>
Date: 5/22/02 5:07PM
Subject: RE: [REDACTED]

Mike,

No problem (I had to call and find out...) The daily share account is somewhat akin to an interest bearing checking account. Technically it is money deposited by [REDACTED] with [REDACTED] (A corporate credit union to the corporate credit unions) that returns an overnight rate. Its basically how [REDACTED] holds its money that has to be kept completely liquid (hence the overnight rate of return).

Please let me know if this is enough explanation.

Thanks,
[REDACTED]

-----Original Message-----

From: Michael Verne [mailto:MVERNE@ftc.gov]
Sent: Wednesday, May 22, 2002 4:42 PM
[REDACTED]
Subject: Re: Emailing: NCUA5310 Call Report.pdf

What exactly are the "daily shares" in item 4a? Sorry, I don't profess to be a financial expert.

>> [REDACTED] 5/22/02 4:50 PM >>>
Mike,

I meant to mention that I hadn't included all of the attachments. Attached is the detail for investments. Please review and call me if you have any questions.

Thanks,
[REDACTED]

Your files are attached and ready to send with this message. <<NCUA5310 Call Report.pdf>>

Calculation Detail Excluded Assets From Form 5310 Dated April 30, 2002

A	Total Assets	<u>\$ 93,753,186</u>
	Line	
	1.a.	\$ 3,598,086
	1.b.	\$ 9,007,505
	1.i.	<u>\$ 79,680,136</u>
B	Total Excluded Assets	<u>\$ 92,285,727</u>
	Total assets used in determining whether size of transaction threshold is met. (A - B)	<u>\$ 1,467,459</u>

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Period: Apr-2002
Date: 5/21/2002

SCHEDULE SFC : STATEMENT OF FINANCIAL CONDITION

Assets	Amount	Schedule Code
1. a. Cash & Balances Due	3,598,086	A-1
b. Future Dated ACH Transactions	9,007,505	
c. Loans - Net	167,020	A-2
d. Total Securities Held-to-Maturity	0	A-3A
e. Total Securities Available for Sale	9,672,762	A-3A
f. Total Securities in Trading Portfolio	0	A-3A
g. Total Non-FASB 115 Investments	70,007,374	A-3A
h. Derivative Contracts	0	A-3
i. Total Investments (Less Derivatives Contracts)	79,680,136	A-3
j. Fixed Assets - Net	1,090,191	A-4
k. Accrued Income and Other Assets	210,248	A-5
TOTAL ASSETS	93,753,186	
 Liabilities		
2. a. Borrowings	2,659,175	L-1
b. Accounts Payable	27,174	L-1
c. Uncollected Deposits	9,007,505	L-1
d. Dividends Payable on Shares and Certificates	92,928	L-1
e. Interest Payable on Borrowings	5,901	L-1
f. Derivative Contracts	0	L-1
g. Other Liabilities	15,112	L-1
TOTAL LIABILITIES	11,807,795	
 Shares and Equity		
3. TOTAL SHARES	78,759,896	L-2
4. a. Corporate Reserves	1,067,964	C-1
b. Other Reserves	0	C-1
c. Other Comprehensive Income (Equity)		
1. Accumulated Unrealized G/L on AFS Securities	18,072	C-1
2. Accumulated FASB 133 Adjustments	0	C-1
3. Other Comprehensive Income Items	0	C-1
d. Undivided Earnings	2,099,459	C-1
e. Accumulated Net Income/Loss	0	C-1
f. Member Paid-in Capital	0	C-1
g. Non-member Paid-in Capital	0	C-1
TOTAL EQUITY	3,185,495	
 TOTAL LIABILITIES, SHARES, AND EQUITY	 93,753,186	

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SCHEDULE IS : INCOME STATEMENT

<i>Income and Expenses</i>	Monthly Amount	Schedule Code
1. a. Investment Income	142,398	IS-1
b. Loan Interest Income	275	Manual Input
c. Trading Gains/Losses(Realized and Unrealized)	0	IS-4
TOTAL INTEREST INCOME	142,673	
2. Cost of Funds	92,495	IS-3
NET INTEREST INCOME	50,178	
3. a. Fee Income	13,043	Manual Input
b. Miscellaneous Operating Income	52,991	Manual Input
c. Investment Gains/Losses	0	IS-4
d. Gain/Loss on Disposition of Assets	0	Manual Input
e. Gain/Loss on Hedged Transactions	0	Manual Input
f. Non-Operating Income/Expense	0	Manual Input
TOTAL NON-INTEREST INCOME	66,034	
4. Operating Expenses	176,549	IS-5
5. Minority Interest	0	Manual Input
NET INCOME	(60,337)	
6. Required Reserve Transfer	8,144	C-1
7. Voluntary Reserve Transfers	0	C-1
NET TRANSFER TO UNDIVIDED EARNINGS	(68,481)	
8. Equity Transfer for PIC Dividends	0	Manual Input

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SCHEDULE A-1 : CASH & BALANCES DUE

Cash	Amount
1. Cash in Banks	3,342,758
2. Federal Reserve Banks	174,220
3. Other Cash	(13,388)
TOTAL CASH	3,503,590
Balances Due	
4. Uncollected Funds from Banks	40,055
5. Uncollected Funds from Federal Reserve Banks	54,130
6. Other Items Due	311
TOTAL BALANCES DUE	94,496
TOTAL CASH AND BALANCES DUE	3,598,086

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SCHEDULE A-2: LOANS

Guaranteed Loans to Member Credit Unions

Amount

1. CLF Lines of Credit(NCUSIF Guaranteed)	0
2. CLF Liquidity Loans	0
3. Other	0
SUBTOTAL	0

All Other Loans to Member Credit Unions

4. Share Secured	0
5. Loans Secured by Other Collateral	167,020
6. Unsecured	0
7. Loans Derived from Securities Purchased from Members with Agreement to Resell	0
8. Other	0
SUBTOTAL	167,020

Loans to Credit Unions that are not Members

9. Share Secured	0
10. Loans Secured by Other Collateral	0
11. Unsecured	0
12. Other	0
SUBTOTAL	0

All Other Loans

13. Loan Participations from Other Corporate Credit Unions	0
14. Other Loan Participations	0
15. Loans to Corporate CUSOs	0
16. Share Secured	0
17. Loans Secured by Other Collateral	0
18. Unsecured	0
19. Loans to Non-Credit Union Members	0
20. Other	0
SUBTOTAL	0

TOTAL LOANS

167,020

20. Allowance for Loan and Lease Losses

0

NET LOANS

167,020

Loan Background Information

Amount

1. Outstanding Loans to Credit Unions of Corporate Officials	0
2. Approved Lines of Credit to Credit Unions of Corporate Officials	34,650,000
3. Outstanding Loans to Corporate Officials and Employees	0
4. Outstanding Loans to Leagues and Affiliated Parties	0
5. Approved Lines of Credit to Leagues and Affiliated Parties	0
6. Total Lines to Watchlist Institutions and Other Parties	1,250,000

**NCUA 5310 Call Report**Period: Apr-2002
Date: 5/21/2002**SCHEDULE A-2A : DELINQUENT LOANS**

	30 to 60 Days	61 to 90 Days	91 + Days
1. Guaranteed Loans to Member Credit Unions	0	0	0
2. All Other Loans to Member Credit Unions	0	0	0
3. Loans to Credit Unions that are not Members	0	0	0
4. All Other Loans	0	0	0
TOTAL DELINQUENT LOANS	0	0	0

SCHEDULE A-2B : LOANS CHARGED OFF AND RECOVERIES

	Charge-Offs This Month	Recoveries This Month	Net Charge-Offs
1. Loans to Member Credit Unions	0	0	0
2. Loans to Credit Unions that are not Members	0	0	0
3. All Other Loans	0	0	0
TOTAL LOANS CHARGED OFF & RECOVERIES	0	0	0

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SCHEDULE A-3 : INVESTMENTS

	Amount	
1. US. Government and Government Guaranteed Obligations		0
2. Obligations of US. Government Sponsored Enterprises		0
3. Central Liquidity Stock(Direct)		0
US. Central Obligations		
4. a. Daily Shares	57,110,205	
b. Time Certificates	4,162,000	
c. Investments Resulting from Repurchase Transactions	0	
d. Amortizing Certificates	0	
e. Smart Floaters	0	
f. Step Up Certificates	0	
g. FRAPs	1,000,000	
h. Membership Capital Shares	4,077,995	
i. CLF Share Deposit	2,659,175	
j. Other	0	
SUBTOTAL		69,009,375
5. Other Corporate Credit Unions		0
6. Other Credit Unions		0
US. Banks		
7. a. Fed Funds Sold	0	
b. Certificates of Deposit	998,000	
c. Deposit Notes	0	
d. Compensating Balances	0	
e. Other	0	
SUBTOTAL		998,000
Foreign Banks		
8. a. Fed Funds Sold	0	
b. Certificates of Deposit	0	
c. Deposit Notes	0	
d. Compensating Balances	0	
e. Other	0	
SUBTOTAL		0
Repurchase Activity		
9. a. Securities Purchased from Members under Agreement to Resell	0	
b. Securities Purchased from Others under Agreement to Resell	0	
SUBTOTAL		0

SCHEDULE A-3 : INVESTMENTS (Continued)

Amount

Government and Agency Mortgage Related Issues

10. a. Fixed Rate CMOs/REMICs	0
b. Variable Rate CMOs/REMICs	2,907,568
c. Mortgage Backed Pass Throughs	0
d. Other	0
SUBTOTAL	2,907,568

Privately Issued Mortgage Related Issues

11. a. Fixed Rate CMOs/REMICs	0
b. Variable Rate CMOs/REMICs	0
c. Mortgage Backed Pass Throughs	0
d. Other	0
SUBTOTAL	0

Asset Backed Securities

12. a. CUGRs	0
b. Fixed Rate Credit Cards	0
c. Variable Rate Credit Cards	0
d. Fixed Rate Autos	0
e. Variable Rate Autos	0
f. Fixed Rate Home Equity	0
g. Variable Rate Home Equity	5,757,381
h. Fixed Rate Other	0
i. Variable Rate Other	1,007,812
SUBTOTAL	6,765,193

13. **Mutual Funds** 0

Commercial Debt Obligations

14. a. Commercial Paper	0
b. Notes	0
c. Bonds	0
d. Other	0
SUBTOTAL	0

15. CMG Notes and other CUNA Mutual Inv Products	0
16. Municipal Securities	0
17. Corporate CUSOs (if cost or equity method)	0
18. Derivative Contracts	0
19. Other Investments	0

TOTAL INVESTMENTS (Less Derivatives Contracts) **79,680,136**

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SCHEDULE A-3A : VALUATION

	Book Value	Fair Value
1. Total Securities Held-to-Maturity	0	0
2. Total Securities Available for Sale	9,672,762	9,672,762
3. Total Securities in Trading Portfolio	0	0
4. U.S. Central Obligations	69,009,374	69,010,495
5. Investment in CUSOs - Minority Interest (Cost Method)	0	0
6. Investment in CUSOs - Wholly Owned or Influential Interest (Equity Method)	0	0
7. Derivative Contracts	0	0
8. All Other Investments	998,000	998,000
TOTAL INVESTMENTS (Less Derivatives Contracts)	79,680,136	79,681,257
9. Book Value of the Aggregate of Investments with Unmatched Embedded Options	9,672,762	

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SCHEDULE A-4 : FIXED ASSETS

	Purchase Amount	Accum. Deprec.	Net Book Value
1. Data Processing Equipment	1,007,196	295,505	711,691
2. Land and Building	0	0	0
3. Furniture and Equipment	413,886	63,648	350,238
4. Leasehold Improvements	54,811	26,549	28,262
5. Leased Assets	0	0	0
6. Other Fixed Assets	0	0	0
TOTAL FIXED ASSETS	1,475,893	385,702	1,090,191

SCHEDULE A-5 : ACCRUALS AND OTHER ASSETS

	Amount
1. Accrued Income on Loans	52
2. Accrued Income on Investments	36,555
3. Other Accrued Income	0
TOTAL ACCRUED INCOME	36,607
4. <i>Goodwill</i>	0
5. <i>Other Assets</i>	116,735
6. <i>NCUSIF Capitalization Deposit</i>	56,906
TOTAL ACCRUED INCOME AND OTHER ASSETS	210,248

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SCHEDULE L-1 : LIABILITIES

Amount

1. a. Borrowings from US. Central	0
b. Borrowings from Other Corporates or Credit Unions	0
c. Other Borrowings	0
d. Commercial Paper	0
e. Loan from US. Central to Fund Purchase of CLF Stock	2,659,175
f. Pass-Through Borrowings as CLF Agent	0
g. Corporate Securities Sold Under Agreement to Repurchase from US. Central for Arbitrage	0
h. Member Securities Sold Under Agreement to Repurchase from US. Central for Arbitrage	0
i. Corporate Securities Sold Under Agreement to Repurchase from Others for Arbitrage	0
j. Members Securities Sold Under Agreement to Repurchase from Others for Arbitrage	0
k. Corporate Securities Sold Under Agreement to Repurchase from US. Central for Liquidity	0
l. Member Securities Sold Under Agreement to Repurchase from US. Central for Liquidity	0
m. Corporate Securities Sold Under Agreement to Repurchase from Others for Liquidity	0
n. Member Securities Sold Under Agreement to Repurchase from Others for Liquidity	0
TOTAL BORROWINGS	2,659,175
2. Accounts Payable	27,174
3. Uncollected Deposits	9,007,505
4. Dividends Payable on Shares and Certificates	92,928
5. Interest Payable on Borrowings	5,901
6. Derivative Contracts	0
7. Other Liabilities	15,112
TOTAL LIABILITIES	11,807,795
TOTAL AMOUNT OF ADVISED LINES OF CREDIT SOURCES	20,000,000
TOTAL AMOUNT OF COMMITTED LINES OF CREDIT SOURCES	0
TOTAL BORROWINGS SUBJECT TO NCUA RULES AND REGULATIONS LIMITATION	0
Ten Times Capital	113,418,740
Fifty Percent of Shares and Capital (Less Shares Created by Member Reverse Repurchase Agreements)	40,963,660

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SCHEDULE L-2 : SHARES

**Deposits from Member Credit Unions (Retail Corporates) and
Deposits from Member Corporate Credit Unions (Wholesale Corporates)**

Amount

1. Daily Shares	67,586,445
2. Time Certificates	2,999,000
3. Step Ups	0
4. Smart Floaters	0
5. Amortizing Certificates	0
6. FRAPs	0
7. Repurchase Certificates	0
8. Other	0
SUBTOTAL	70,585,445

Deposits from Other Corporates

9. Daily Shares	0
10. Time Certificates	0
11. Step Ups	0
12. Smart Floaters	0
13. Amortizing Certificates	0
14. FRAPs	0
15. Repurchase Certificates	0
16. Other	0
SUBTOTAL	0

Membership Capital

17. Qualifying Membership Capital	8,174,451
18. Amortized Portion of Membership Capital under Notification	0
SUBTOTAL	8,174,451

All Other Deposits

19. Nonmember Credit Union Deposits	0
20. Affiliate Deposits	0
21. Non-affiliate Deposits	0
22. Natural Person Deposits	0
SUBTOTAL	0

TOTAL SHARES **78,759,896**

NCUSIF Insured Shares

23. Total Insured Shares **5,717,008**

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SCHEDULE IS-1 : INVESTMENT INCOME

	Monthly Amount
1. US. Government and Government Guaranteed Obligations	0
2. Obligations of US. Government Sponsored Enterprises	0
3. Central Liquidity Stock (Direct or Pass Through)	5,589
4. U.S. Central Obligations	116,123
5. Other Corporate Credit Unions (Excluding U.S. Central)	0
6. Natural Person Credit Unions	0
7. U.S. Banks	3,095
8. Foreign Banks	0
9. Securities Purchased under Agreement to Resell	0
10. Spread Trade (Income derived from reverse repo/repo transactions qualifying for netting)	0
11. Government and Agency Related Issues	5,198
12. Private Mortgage Related Issues	0
13. Asset Backed Securities	12,393
14. Mutual Funds	0
15. Corporate Debt	0
16. Municipal Securities	0
17. Corporate CUSOs	0
18. Other Investments	0
TOTAL INVESTMENT INCOME	142,398

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SCHEDULE IS-2 : NET REPURCHASE EARNINGS

	Monthly Amount
1. Loan Interest Income Earned on Repurchase Transactions	0
2. Investment Income Earned on Securities Purchased under Agreement to Resell	0
3. Dividends Earned on Repurchase Certificates	0
4. Interest Paid to US. Central on Repurchase Transactions	0
5. Interest Paid to Others on Repurchase Transactions	0
NET REPURCHASE EARNINGS	0

SCHEDULE IS-3 : COST OF FUNDS

	Monthly Amount	
1. Dividends on Shares and Certificates	86,594	
2. Dividends Paid to Members on Repurchase Certificates	0	
3. Interest on Borrowings	5,901	
4. Interest Paid on Paid-in Capital	0	
5. Interest Paid to US. Central on Repurchase Transactions	0	IS-2
6. Interest Paid to Others on Repurchase Transactions	0	IS-2
TOTAL COST OF FUNDS	92,495	

SCHEDULE IS-4 : INVESTMENT GAINS AND LOSSES

	Monthly Amount
1. Gain/Loss on Trading Portfolios	0
2. Gain/Loss on Investments	0

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SCHEDULE IS-5 : OPERATING EXPENSES

	Monthly Amount
Personnel	
1. a. Salaries	31,882
b. Employee Benefits	11,394
c. Other	0
SUBTOTAL	43,276
Training, Travel, and Communications	
2. a. Travel and Conference	2,242
b. Education and Promotion	1,068
c. Telephone	3,591
d. Postage	784
e. Other	0
SUBTOTAL	7,685
Fees	
3. a. League Dues	1,313
b. League Support Payments	0
c. Professional and Outside Services	39,985
d. Federal/State Operating Fee	1,872
e. Investment Advisory Fees	1,833
f. Other	0
SUBTOTAL	45,003
Furniture and Equipment	
4. a. Leased Data Processing Equipment	0
b. Leased Furniture and Equipment	0
c. Maintenance of Furniture and Equipment	6,570
d. Depreciation of Data Processing Equipment	13,351
e. Depreciation of Furniture and Equipment	1,314
f. Other	0
SUBTOTAL	21,235
Occupancy	
5. a. Office Lease Costs	3,556
b. Utilities	795
c. Hazard Insurance	208
d. Building Maintenance	1,667
e. Real Estate Taxes	0
f. Building Depreciation	0
g. Leasehold Improvements Depreciation	913
h. Other	0
SUBTOTAL	7,139
6. Provision for Loan Loss	0
7. All Other Expenses	52,211
TOTAL OPERATING EXPENSES	176,549

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SCHEDULE C-1 : CAPITAL AND NET ECONOMIC VALUE (NEV) MEASURES

		Amount	
1. a.	Allowance for Loan and Lease Losses	0	A-2/A-3
b.	Qualifying Membership Capital, Net of Amortization	8,174,451	L-2
c.	Corporate Reserves	1,067,964	
d.	Other Reserves	0	
e.	Other Comprehensive Income (Equity)		
	1. Accumulated Unrealized G/L on AFS Securities	18,072	
	2. Accumulated FASB 133 Adjustments	0	
	3. Other Comprehensive Income Items	0	
f.	Undivided Earnings	2,099,459	
g.	Accumulated Net Income/Loss	0	
h.	Paid-In Capital (Members)	0	
i.	Paid-In Capital (Non-Members)	0	
2. a.	RUDE Ratio	3.20%	
b.	Reserve Ratio	3.20%	
c.	Capital Ratio	11.45%	
3.	Required Reserve Transfer Percentage	0.10%	
4. a.	Required Reserve Transfer	8,144	
b.	Voluntary Reserve Transfer	0	
	TOTAL RESERVE TRANSFER	8,144	
5 a.	Date of Most Recent NEV Simulation	03/31/2002	
b.	Base Case NEV (\$)	3,317,376	
c.	NEV Ratio	3.02%	
d.	Percentage NEV Change - Plus (+) 300bp	3.09%	
e.	Percentage NEV Change - Minus (-) 300bp	-2.90%	
f.	Expanded Authority Operating Level	1	
	<i>Enter All Applicable Approved Authorities</i>	0	
	<i>1 for Base</i>	0	
	<i>2 for Base Plus (+)</i>	0	
	<i>3 for Part 1</i>	0	
	<i>4 for Part 2</i>	0	
	<i>5 for Wholesale Corporate Credit Union</i>	0	
	<i>6 for Part 3</i>	0	
	<i>7 for Part 4</i>	0	

SCHEDULE M-1 : COMMITMENTS AND OFF BALANCE SHEET DATA

<i>Commitments</i>	Amount
1. Approved Lines of Credit	
a. Total Advised/Revocable Lines of Credit	63,718,000
b. Total Committed/Irrevocable Lines of Credit	0
2. Commitments to Participate in a Loan	0
3. Irrevocable Stand-By Letters of Credit	0
4. Forward Commitments to Purchase an Asset or Perform Under a Lease Package	0
5. Reverse Repo/Repo Transactions Qualifying for Netting	0

Derivative Instruments

Contract Type	Total Notional / Premium	Fair Value	Weighted Average Maturity	Net Credit Exposure
6. a. Futures	0	0	0	N/A
b. Swaps	0	0	0	0
c. FRAs	0	0	0	0
d. Options	0	0	0	0
e. Other	0	0	0	0
TOTAL	0	0	0	0

SCHEDULE M-2 : MISCELLANEOUS

1.	Daily Average Net Assets (DANA)	
a.	Current reporting period DANA	97,324,516
b.	Twelve month moving DANA	99,074,783
2.	Number of Current Members	61
3.	Number of Potential Members	0
4.	Number of Full Time Employees (or Full Time Equivalent)	12
5.	Number of Part Time Employees	2
6.	Does the Corporate Share Expenses with an Affiliated Group? (Enter 1 for No, 2 for Yes)	1
7.	Date of Most Recent Audit and Verification (e.g. 11/16/1996)	6/30/2001
8.	Corporate Developed-Bonds Borrowed Program with Member Natural Person Credit Unions (Enter 1 for No, 2 for Yes)	1
9.	Does the Corporate Have a Website on the Internet? (Enter 1 for No, 2 for Yes)	2
10.	Is the Corporate's Website Interactive (Ability to Conduct Business)? (Enter 1 for No, 2 for Yes, 3 for N/A)	2
11.	Investments in Corporate CUSOs (If investment is consolidated on the balance sheet of the Corporate)	0
12.	Total number of ACH credit entries	140

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- 13. Total dollar amount of ACH credit entries 16,097,550
- 14. Total number of ACH debit entries 22
- 15. Total dollar amount of ACH debit entries 630,047

SCHEDULE M-3 : CORPORATE CONTACT DATA - STATE CHARTERED CORPC
COMPLETE ONLY IF REQUIRED BY STATE REGULATOR
(DATA CANNOT BE ENTERED IN THIS SECTION)
(PLEASE COMPLETE IN BLUE OR BLACK INK)

- 1. Corporate CEO _____
- 2. Chairperson of Board of Directors _____
- 3. Chairperson's Credit Union Employer _____
- 4. 5310 Preparer _____
- 5. Certified Correct By: _____
- 6. Phone Number _____
- 7. FAX Number _____