

**LOUISIANA CORPORATE  
CREDIT UNION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**



**CRI** CARR  
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# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

Supervisory Committee  
Louisiana Corporate Credit Union  
Metairie, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Louisiana Corporate Credit Union (the "Credit Union"), which comprise the Statements of Financial Condition as of December 31, 2015 and 2014, and the related Statements of Comprehensive Income, Changes in Members' Equity, and Cash Flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Credit Union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

We also have audited, in accordance with the Credit Union's internal control over financial reporting as of December 31, 2015, based on criteria established in 2013 *Internal Control-Integrated Framework Issues* by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated April 28, 2016 expressed an unmodified opinion.

*Carly Riggs & Ingram, L.L.C.*

April 28, 2016



# **FINANCIAL STATEMENTS**

**Louisiana Corporate Credit Union  
Statements of Financial Condition**

<i>December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents		
Cash and due from banks	\$ 33,852,485	\$ 28,588,577
Interest bearing deposits	4,022,414	9,071
Total cash and cash equivalents	<b>37,874,899</b>	28,597,648
Investment securities available for sale	<b>103,773,583</b>	101,668,939
Other securities, at cost	<b>997,500</b>	1,159,300
Loans to members	<b>3,558</b>	1,012,609
Accrued interest receivable	<b>88,662</b>	80,892
Premises and equipment, net	<b>23,291</b>	35,156
Investment in Credit Union Service Organizations	<b>628,223</b>	610,836
Prepaid expenses and other assets	<b>207,388</b>	252,225
NCUSIF deposit	<b>222,366</b>	244,322
Total assets	<b>\$ 143,819,470</b>	\$ 133,661,927
<b>Liabilities and Members' equity</b>		
Members' shares and share equivalents	\$ 128,282,949	\$ 100,497,979
Borrowed funds	<b>10,000,000</b>	27,000,000
Accrued interest payable	<b>14,369</b>	12,017
Accounts payable and other liabilities	<b>56,146</b>	56,659
Total liabilities	<b>138,353,464</b>	127,566,655
Members' equity, substantially restricted		
Perpetual contributed capital	<b>7,128,821</b>	7,128,821
Undivided earnings	<b>1,200,213</b>	1,128,019
Accumulated other comprehensive loss	<b>(2,863,028)</b>	(2,161,568)
Total members' equity	<b>5,466,006</b>	6,095,272
Total liabilities and members' equity	<b>\$ 143,819,470</b>	\$ 133,661,927

*See the accompanying notes to the financial statements.*

**Louisiana Corporate Credit Union  
Statements of Comprehensive Income**

<i>Years ended December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Interest income</b>		
Investments	\$ 804,602	\$ 733,937
Loans to members	1,663	5,688
Total interest income	<b>806,265</b>	739,625
<b>Interest expense</b>		
Members' shares and share equivalents	171,662	127,270
Borrowed funds	13,960	13,801
Total interest expense	<b>185,622</b>	141,071
Net interest income	<b>620,643</b>	598,554
<b>Non-interest income</b>		
Service fees	837,007	779,930
Miscellaneous	267	93,851
Gain (loss) on sale of securities available for sale	1,109	(1,898)
Total non-interest income	<b>838,383</b>	871,883
<b>Non-interest expense</b>		
Professional and outside services	647,976	657,942
Compensation and benefits	570,017	581,141
Office operations and occupancy	108,576	112,436
Administrative expenses	39,397	43,025
Other-than-temporary impairment of securities	13,057	3,424
NCUSIF stabilization expense	729	-
Total non-interest expense	<b>1,379,752</b>	1,397,968
Net income	<b>79,274</b>	72,469
Other comprehensive (loss) income:		
(Gain) loss on sale of securities available for sale	(1,109)	1,898
Other-than-temporary impairment of securities	13,057	3,424
Net change in unrealized losses on securities available for sale	(713,408)	335,579
Total other comprehensive income (loss)	<b>(701,460)</b>	340,901
Total comprehensive income	<b>\$ (622,186)</b>	\$ 413,370

*See the accompanying notes to the financial statements.*



**Louisiana Corporate Credit Union  
Statements of Changes in Members' Equity**

	<b>Perpetual Contributed Capital</b>	<b>Undivided Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total</b>
Balance at January 1, 2014	\$ 7,119,452	\$ 1,072,127	\$ (2,502,469)	\$ 5,689,110
Perpetual contributed capital issued	9,369	-	-	9,369
Dividends paid on perpetual contributed capital	-	(16,577)	-	(16,577)
Total comprehensive income	-	72,469	340,901	413,370
Balance at December 31, 2014	7,128,821	1,128,019	(2,161,568)	6,095,272
Dividends paid on perpetual contributed capital	-	(7,080)	-	(7,080)
Total comprehensive income (loss)	-	79,274	(701,460)	(622,186)
<b>Balance at December 31, 2015</b>	<b>\$ 7,128,821</b>	<b>\$ 1,200,213</b>	<b>\$ (2,863,028)</b>	<b>\$ 5,466,006</b>

*See the accompanying notes to the financial statements.*

**Louisiana Corporate Credit Union**  
**Statements of Cash Flows**

<i>Years ended December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 79,274	\$ 72,469
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities:		
Depreciation and amortization	15,345	14,678
Amortization of securities, net	143,454	145,514
(Gain) loss on sale of securities available for sale	(1,109)	1,898
Other-than-temporary impairment of securities	13,057	3,424
Net changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(7,770)	74,688
Decrease in prepaid expenses and other assets	44,837	53,087
Increase (decrease) in accrued interest payable	2,352	(1,482)
(Decrease) increase in accounts payable and other liabilities	(513)	12,422
<b>Net cash provided by operating activities</b>	<b>288,927</b>	<b>376,698</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investment securities, available for sale	(33,814,115)	(11,585,626)
Proceeds from calls, maturities, and pay-downs of securities, available for sale	22,844,016	17,833,580
Proceeds from sale of securities, available for sale	8,008,593	4,203,114
Proceeds from sale of other securities, at cost	161,800	45,000
Loans to members, net of principal collections	1,009,051	(71,699)
Purchases of premises and equipment	(3,480)	(9,876)
Decrease in Investment in Credit Union Service Organization	(17,387)	(118,988)
Decrease in NCUSIF deposit	21,956	22,643
<b>Net cash (used in) provided by investing activities</b>	<b>(1,789,566)</b>	<b>10,318,148</b>

-Continued-

*See the accompanying notes to the financial statements.*

**Louisiana Corporate Credit Union  
Statements of Cash Flows (Continued)**

<i>Years ended December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in members' shares and share equivalents	<b>27,784,970</b>	(729,091)
Perpetual contributed capital issued	-	9,369
Dividends paid on perpetual contributed capital	<b>(7,080)</b>	(16,577)
(Decrease) increase in borrowed funds	<b>(17,000,000)</b>	6,000,000
Net cash provided by financing activities	<b>10,777,890</b>	5,263,701
<b>Net Increase in Cash and Cash Equivalents</b>	<b>9,277,251</b>	15,958,547
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>28,597,648</b>	12,639,101
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 37,874,899</b>	\$ 28,597,648
<b>Supplementary cash flow information</b>		
Cash paid during the year for interest	<b>\$ 183,270</b>	\$ 142,553

*See the accompanying notes to the financial statements.*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Date of Management's Review of Subsequent Events***

Management has evaluated subsequent events through April 28, 2016, the date which the financial statements were available to be issued.

***Nature of Business***

Louisiana Corporate Credit Union (the "Credit Union") is a cooperative association organized in accordance with the provisions of the Louisiana Credit Union Act for the purpose of serving corporate accounts through money management and creating a source of credit for its members who are principally state and federally chartered credit unions located in the United States. The Credit Union competes with other asset management and investment companies, including other corporate credit unions. The Credit Union is chartered by the State of Louisiana and regulated by the State as well as by the federal government through the National Credit Union Administration ("NCUA"), which also provides insurance on members' deposits.

***Significant Groups of Concentrations and Credit Risk***

The Credit Union may be exposed to credit risk from a regional economic standpoint because a significant concentration of its borrowers is located in Louisiana. The Credit Union continually monitors operations, including loan and investment portfolios, for potential impairment. However, the loan portfolio is well diversified and the Credit Union does not have any significant concentrations of credit risk.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, management has made estimates based on the amount of uncollectible loan receivables, assumptions for fair value of financial instruments, and the assessment of other than temporary impairment on investments. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

For purposes of financial statement classification, the Credit Union considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Investment Securities***

The Credit Union's investments in securities are classified and accounted for as follows:

Held-to-Maturity - Government and government agency, and corporate bonds, notes, and certificates which the Credit Union has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts which are recognized in interest income using the interest method over the period to maturity.

Available-for-Sale - Government and government agency, and corporate bonds, notes, and certificates are classified as available-for-sale when the Credit Union anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on securities available-for-sale are recognized as direct increases or decreases in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in fair value of held-to-maturity and available-for-sale securities that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment (OTTI) losses, management considers the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

The Credit Union does not maintain a trading portfolio. Other investments are classified separately, stated at cost and subject to OTTI evaluation.

***Other Securities***

Restricted stock is stock from the Federal Home Loan Bank of Dallas (FHLB), which is restricted as to their marketability. Because no ready market exists for these investments and they have no quoted market value, the Company's investment in these stocks is carried at cost.

***Loans***

The Credit Union grants installment and demand loans to its members. Loans receivable are stated at unpaid principal balances. Interest on loans, which is recognized on the accrual basis, is calculated based on the principal balance using variable rates as stipulated in the loan agreements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Allowance for Loan Losses***

The allowance for loan losses is based on management's evaluation of the collectability of the loans. The evaluation of management includes consideration of prior loan-loss experience, the results of internal review procedures, the current financial condition of the borrower, the quality of the collateral, and current economic condition affecting the inherent collection risks of the loan portfolio. The accrual of interest is discontinued when management believes that the collection of interest is doubtful. The Credit Union has not historically incurred loan losses. Management believes that no allowance for loan losses is necessary for the years ended December 31, 2015 and 2014 because the loans are generally short-term in nature and secured by members' deposits and other assets. The Credit Union does not grant unsecured loans. There were no losses or delinquent loans in 2015 or 2014.

***Premises and Equipment***

All premises and equipment are carried at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

***Impairment of Long-Lived Assets***

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

***NCUSIF Deposit***

The deposit in the National Credit Union Share Insurance Fund ("NCUSIF") is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board.

***NCUSIF Insurance Premiums***

The Credit Union is required to pay an annual insurance premium equal to a percent of its total insured shares as determined by the NCUA, unless the payment is waived or reduced by the NCUA Board.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Members' Shares and share equivalents***

Members' shares are subordinated to all other liabilities of the Credit Union other than membership capital share deposits, member paid-in-capital deposits, perpetual contributed capital, and non-perpetual capital accounts upon liquidation. Interest on members' shares and share equivalents is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are established by the Board of Directors, based on an evaluation of current and future market conditions.

***Perpetual Contributed Capital***

Perpetual Contributed Capital (PCC) represents the investment required for membership capital voting rights and membership by credit unions. Members of record with balances lower than the required amount due to a charge down of their members' capital shares and or Paid-in-capital shares qualified for full membership by transferring their remaining amount of members' capital shares to PCC. PCC is not negotiable or assignable but may be transferable to another eligible member credit union under certain provisions. PCC may not be pledged or used as security for borrowing. PCC dividends are determined based on net earnings and the overall capital needs of the Credit Union. Additionally, PCC dividends are not guaranteed and may be suspended if earnings are negative and/or capital levels fall below regulatory and/or policy minimum levels.

***Comprehensive Income (Loss)***

Comprehensive income or loss consists of net income or loss and other comprehensive income or loss that includes unrealized gains and losses on securities available for sale.

***Income Taxes***

The Credit Union is exempt by statute from federal and state income taxes, except for certain products and services deemed by the IRS to be unrelated to the Credit Union's exempt purpose.

***Off-Balance Sheet Credit Related Financial Instruments***

In the ordinary course of business, the Credit Union has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fair Value Measurements***

The Credit Union follows the guidance of FASB ASC 825, *Financial Instruments*, and FASB ASC 820, *Fair Value Measurements and Disclosures*. This guidance permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

***Advertising***

The Credit Union's policy is to expense advertising costs as incurred. Advertising expense was \$3,666 and \$4,265 for the years ended December 31, 2015 and 2014, respectively.

***Recently Issued Accounting Standards***

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820). Topic 820, Fair Value Measurement, permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. For investments that are redeemable with the investee at a future date, a reporting entity must take into account the length of time until those investments become redeemable to determine the classification within the fair value hierarchy. The amendments in this Update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments of ASU 2015-07 are effective for fiscal years beginning after December 15, 2016, and interim periods within those financial years. The adoption of ASU 2015-07 is not expected to have a significant impact on the Credit Union's financial position, results of operations, or cash flows.



**Louisiana Corporate Credit Union**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recently Issued Accounting Standards (Continued)***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). Topic 842 supersedes Topic 840, *Leases*, and effects how entities account for operating and capital leases. The main provision of Topic 842 requires entities to recognize a lease asset and lease liability for leases classified as operating under previous guidance. A lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The guidance allows for accounting policy election to not recognize a lease asset or liability for leases with terms of 12 months or less. The amendments of ASU 2016-07 are effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Management is evaluating the impact adoption of ASU 2016-02 will have on the Credit Union's financial position, results of operations, and cash flows.

**NOTE 2 - SECURITIES AVAILABLE FOR SALE**

The amortized cost and estimated fair value of securities available for sale are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b><i>December 31, 2015</i></b>				
U.S. agency securities	\$ 66,448,476	\$ 50,724	\$ (1,384,351)	\$ 65,114,849
Mortgage backed securities	15,198,818	2,231	(93,348)	15,107,701
Corporate debt securities	19,989,317	2,627	(79,101)	19,912,843
Mutual funds	5,000,000	-	(1,361,810)	3,638,190
	<b>\$ 106,636,611</b>	<b>\$ 55,582</b>	<b>\$ (2,918,610)</b>	<b>\$ 103,773,583</b>
<b><i>December 31, 2014</i></b>				
U.S. agency securities	\$ 65,896,820	29,946	\$ (610,606)	\$ 65,316,160
Mortgage backed securities	19,160,087	13,437	(261,311)	18,912,213
Corporate debt securities	13,773,600	1,000	(32,526)	13,742,074
Mutual funds	5,000,000	-	(1,301,508)	3,698,492
	<b>\$ 103,830,507</b>	<b>\$ 44,383</b>	<b>\$ (2,205,951)</b>	<b>\$ 101,668,939</b>

The amortized cost and estimated fair value of investment securities, at December 31, 2015, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

**Louisiana Corporate Credit Union**  
**Notes to Financial Statements**

**NOTE 2 - SECURITIES AVAILABLE FOR SALE (CONTINUED)**

Amounts maturing in	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ -	\$ -
Due after one year through five years	26,148,498	25,899,112
Due after five years through ten years	47,831,772	47,163,523
Due after ten years	27,656,341	27,072,758
	101,636,611	100,135,393
Mutual Funds	5,000,000	3,638,190
<b>Total</b>	<b>\$106,636,611</b>	<b>\$103,773,583</b>

Information pertaining to securities with gross unrealized losses at December 31, 2015 and 2014 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<b><i>December 31, 2015</i></b>						
U.S. agency securities	\$17,332,893	\$ 68,608	\$39,731,233	\$ 1,315,742	\$57,064,126	\$1,384,351
Mortgage backed securities	5,293,073	20,579	7,133,175	72,769	12,426,249	93,348
Corporate debt securities	14,479,132	76,200	5,249,200	2,901	19,728,332	79,101
Mutual fund	-	-	3,638,191	1,361,809	3,638,191	1,361,809
<b>Total</b>	<b>\$37,205,098</b>	<b>\$ 165,388</b>	<b>\$55,751,799</b>	<b>\$ 2,918,610</b>	<b>\$92,856,897</b>	<b>\$2,918,610</b>

**Louisiana Corporate Credit Union**  
**Notes to Financial Statements**

**NOTE 2 - SECURITIES AVAILABLE FOR SALE (CONTINUED)**

	<b>Less Than 12 Months</b>		<b>12 Months or Greater</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Losses</b>
<b><i>December 31, 2014</i></b>						
U.S. agency securities	\$ 6,091,908	\$ 68,860	\$45,509,637	\$ 541,746	51,601,545	\$ 610,606
Mortgage backed securities	5,201,121	23,467	8,940,591	237,844	14,141,712	261,311
Corporate debt securities	6,193,862	18,039	7,432,843	14,487	13,626,705	32,526
Mutual fund	-	-	3,698,492	1,301,508	3,698,492	1,301,508
<b>Total</b>	<b>\$17,486,891</b>	<b>\$ 110,366</b>	<b>\$65,581,563</b>	<b>\$ 2,095,585</b>	<b>\$83,068,454</b>	<b>\$2,205,951</b>

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of temporary unrealized losses. The U.S government and federal agency securities in a loss position are considered to be government sponsored enterprise ("GSE") securities and are not considered to have other than temporary losses. The government agency mortgage backed securities in a loss position also have GSE backing and therefore are not considered to have credit risk nor is the loss considered to be other than temporary. One (1) of the nine (9) corporate debt securities in a loss position are considered to be impaired and are discussed further below. The remaining corporate debt securities were purchased in the current year are considered to be in a loss position due to changing interest rates. The mutual fund is comprised of underlying GSE securities and cash and is not subject to other-than-temporary impairment analysis. Management obtains, from an independent third party, an analysis of the Credit Union's investments quarterly and the neither the third party nor management believe that the mutual fund losses are other-than-temporarily impaired. Unrealized losses in the Credit Union's investment portfolio are consistent with changes in market interest rates over the past year and are considered temporary.

At December 31, 2015, the Credit Union held, in its available for sale investment portfolio, two (2) bond securities that were determined to have other-than-temporary impairment losses. In light of the significant decline in the market value of these securities, and as it is unclear if the value of these securities will improve, the Credit Union recognized a \$13,057, non-cash other-than-temporary charge on this investment as of December 31, 2015.

**NOTE 3 - LOANS TO MEMBERS**

The composition of loans to members is as follows:

December 31,	2015	2014
Demand/line-of-credit loans receivable	\$ 3,558	\$ 1,012,609
<b>Total loans to members</b>	<b>\$ 3,558</b>	<b>\$ 1,012,609</b>

The loans receivable balance as of December 31, 2015 was made up of one (1) demand loans to member credit unions which were originated on December 31, 2015. These loans were considered short-term loans and were expected to be fully collectible within thirty (30) days. The loans receivable balance as of December 31, 2014 consisted of five (5) loans.

The Credit Union has not established an allowance for loan losses as all outstanding loans are secured either by a general or a specific pledge of the member credit unions' assets and there has been no historical loss.

There were no impaired loans as of December 31, 2015 or 2014. Additionally, none of the loans were past due or had been modified as troubled as of December 31, 2015 or 2014.

**NOTE 4 - PREMISES AND EQUIPMENT**

Premises and equipment, including construction in progress, is summarized as follows:

December 31,	2015	2014
Furniture and equipment	\$ 180,064	\$ 176,585
Leasehold improvements	8,039	8,039
	<b>188,103</b>	184,624
Accumulated depreciation	<b>(164,812)</b>	(149,468)
<b>Premises and equipment, net</b>	<b>\$ 23,291</b>	<b>\$ 35,156</b>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$15,344 and \$14,678, respectively.

**NOTE 5 - MEMBERS' SHARES AND SHARE EQUIVALENTS**

A summary of members' shares and savings accounts is as follows:

<i>December 31,</i>	<b>2015</b>	<b>20134</b>
Daily Shares	\$ 124,745,804	\$ 96,960,834
Share certificates	3,000,000	3,000,000
Paid-in-capital shares	37,145	37,145
MCS on notice	-	-
Non-perpetual capital (NCA)	500,000	500,000
	<b>\$ 128,282,949</b>	<b>\$ 100,497,979</b>

The \$3,000,000 in share certificates at December 31, 2015 are continuously callable and scheduled to mature on April 29, 2016 unless called earlier.

The aggregate amounts of members' share and savings accounts over \$100,000 were approximately \$124.9 million and \$81.6 million as of December 31, 2015 and 2014, respectively.

**NOTE 6 – BORROWED FUNDS**

The Credit Union maintains a line of credit with the Federal Home Loan Bank of Dallas ("FHLB"). The Credit Union had outstanding balances of approximately \$10.0 million and \$27.0 million on this line of credit as of December 31, 2015 and 2014, respectively. The Credit Union's availability under the line of credit was approximately \$39.7 million and \$7.4 million as of December 31, 2015 and 2014, respectively. The line of credit is secured by a portion of the Credit Union's securities available for sale as deemed eligible by the FHLB and is renewable annually. The interest rate at December 31, 2015 and 2014 was approximately 0.31% and 0.09%, respectively.

**NOTE 7 - LEASE COMMITMENTS**

The Credit Union leases its main office facilities under an operating lease as follows:

Location	Term (Years)	Expiration Date	Approximate Annual Rent
Main Office	6	September 2018	\$ 50,881

Rent expense was approximately \$53,885 and \$51,636 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 7 - LEASE COMMITMENTS (CONTINUED)**

The future minimum lease payments for each of the succeeding calendar years under the non-cancelable operating lease above with initial or remaining lease terms in excess of a year consisted of the following at December 31, 2015:

2016	\$ 51,255
2017	52,377
2018	39,283
Total future minimum lease payments	\$ 142,915

**NOTE 8 - OFF-BALANCE SHEET ACTIVITIES**

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend credit which include lines of credit, credit cards, and home equity lines that involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recognized in the financial statements.

The Credit Union's exposure to credit loss, in the event of non-performance by the other party to the financial instrument for commitments to extend credit, is represented by the contractual notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for on-balance sheet instruments.

The following financial instruments were outstanding whose contract amounts represent credit risk:

<i>December 31,</i>	<b>2015</b>	2014
Advised lines of credit - unused	\$ <b>126,130,442</b>	\$ 123,921,391
Standby letters of credit - unused	<b>21,655</b>	21,655
Total	\$ <b>126,152,097</b>	\$ 123,943,046

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Credit Union upon extension of credit is based on management's credit evaluation of the counterparty. Collateral generally consists of the total assets of the member.

Advised lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit are collateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Credit Union is committed.

**NOTE 8 - OFF-BALANCE SHEET ACTIVITIES (CONTINUED)**

Standby letters of credit are conditional commitments issued by the Credit Union to guarantee the performance of a member credit union to a third party. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to members. Standby letters of credit reduce a member credit union's advised line of credit.

The Credit Union, as agent, entered into an Excess Balance Account (EBA) agreement with participating member credit unions and the Federal Reserve Bank, whereby the Federal Reserve Bank opened EBA accounts for the benefit of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in the Credit Union's financial statements. These balances totaled approximately \$7,700,000 as of December 31, 2015 and 2014. The aggregate balance in the EBA represents a deposit liability of the Federal Reserve Bank solely to the 1participants. The Credit Union, as agent, is responsible for calculating and distributing the interest payable to each participant on the participant's excess balance.

**NOTE 9 - LEGAL CONTINGENCIES**

The Credit Union is a party to various legal actions normally associated with financial institutions, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the Credit Union's financial condition.

**NOTE 10 - REGULATORY CAPITAL**

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's consolidated financial statements. Failure to meet minimum capital requirements would require the Credit Union to submit a plan of action to correct the shortfall. Additionally, NCUA could require an increase in capital to specific levels, reduction of interest, and ceasing or limiting the Credit Union's ability to accept deposits.

**Louisiana Corporate Credit Union  
Notes to Financial Statements**

**NOTE 10 - REGULATORY CAPITAL (CONTINUED)**

The Credit Union's actual and required ratios for December 31, 2015 and 2014 are as follows:

	Actual		Minimum To Be Adequately Capitalized Under Prompt Corrective Action Provisions		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
<b>December 31, 2015</b>						
Leverage	\$ 7,701	5.44%	\$ 5,660	4.00%	\$ 7,075	5.00%
Tier 1 risk -based capital (Tier 1 core capital to MMANRA)	\$ 7,701	30.33%	\$ 1,016	4.00%	\$ 1,524	6.00%
Total risk-based capital (Total capital to MMANRA)	\$ 7,790	30.68%	\$ 2,031	8.00%	\$ 2,539	10.00%
Retained earnings (Retained earnings to MDANA)	\$ 1,200	0.85%	\$ 636	0.45%	N/A	N/A
<b>December 31, 2014</b>						
Leverage	\$ 7,646	6.02%	\$ 5,083	4.00%	\$ 6,354	5.00%
Tier 1 risk -based capital (Tier 1 core capital to MMANRA)	\$ 7,646	30.11%	\$ 1,016	4.00%	\$ 1,524	6.00%
Total risk-based capital (Total capital to MMANRA)	\$ 7,860	30.95%	\$ 2,031	8.00%	\$ 2,539	10.00%
Retained earnings (Retained earnings to MDANA)	\$ 1,128	0.89%	\$ 572	0.45%	N/A	N/A

As of December 31, 2015 and 2014, the Credit Union met all capital requirements under Section 704.3 of the NCUA Regulations.



**NOTE 11 - PENSION PLANS**

***Defined Contribution Retirement Plans***

The Credit Union sponsors a defined contribution 401(k) retirement plan for all eligible employees. All full-time employees with one year of service are eligible, and vesting is graduated over six years. The Credit Union makes matching contributions equal to 100% of the participants first 3% of salary contributed. The Credit Union may also make discretionary contributions at the direction of management. During the years December 31, 2015 and 2014, the amount contributed by the Credit Union and charged to expense was \$14,834 and \$18,413, respectively.

**NOTE 12 - RELATED PARTY TRANSACTIONS**

In the normal course of business, the Credit Union made loans to member credit unions with common directors and principal officers. These loans are made on the same terms, including interest rate and collateral, as those prevailing at the time for similar loans with other members. There were no such loans outstanding at December 31, 2015 and 2014. Deposits from related parties at December 31, 2015 and 2014 amounted to \$64,030,821 and \$49,534,230, respectively.

**NOTE 13 - FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements*, provides a framework for measuring fair value that requires an entity to determine fair value based on exit price in the principal market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.
- Level 2 asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

**NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)**

**Securities Available for Sale:** Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include certain collateralized mortgage and debt obligations and certain high-yield debt securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. Securities classified within Level 3 include certain residual interests in securitizations and other less liquid securities.

*Fair Value of Assets and Liabilities Measured on a Recurring Basis*

Fair values of assets and liabilities measured on a recurring basis are as follows:

<b>Fair Value Measurements at Reporting Date Using</b>					
<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>		
(In Thousands)					
<b>December 31, 2015</b>					
Securities available for sale:					
U.S. agency securities	\$ 65,115	\$ -	\$ 65,115	\$ -	
Mortgage backed securities	15,107	-	15,107	-	
Corporate debt securities	19,913	-	19,913	-	
Mutual funds	3,638	3,638	-	-	
<b>December 31, 2014</b>					
Securities available for sale:					
U.S. agency securities	\$ 65,316	\$ -	\$ 65,316	\$ -	
Mortgage backed securities	18,912	-	18,912	-	
Corporate debt securities	13,742	-	13,742	-	
Mutual funds	3,698	3,698	-	-	

**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

**Cash and Cash Equivalents:** The carrying amounts reported in the accompanying Statements of Financial Condition for cash and cash equivalents approximate those assets' fair values.

**Securities Available for Sale:** Fair values of available-for-sale securities are usually based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

**Loans to Members:** The fair value of loans receivable is determined by discounting the expected cash flows to a present value. The expected cash flows are generated from month-end balances, rates and account characteristics. The discount rates used to calculate the present value are generated from an historical interest rate yield curve.

**Accrued Interest:** The carrying amounts of accrued interest approximate the fair values for the years ending December 31, 2015 and 2014.

**Members' Share Deposits:** The fair value of members' shares is determined by discounting the expected cash flows to a present value. The expected cash flows are generated from month-end balances, rates and account characteristics. The discount rates used to calculate the present value are generated from an historical interest rate yield curve.

**Line of credit:** The carrying amounts reported in the accompanying Statements of Financial Condition for current liabilities approximate those liabilities' fair values.

**Off-Balance Sheet Commitments:** Fair value of off-balance sheet commitments is equivalent to the total available credit limits granted to members through various line of credit agreements.

The Credit Union has no non-financial assets or non-financial liabilities measured at fair value on a recurring basis.

**Louisiana Corporate Credit Union**  
**Notes to Financial Statements**

**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The estimated fair values and related carrying or notional amounts of the Credit Union's financial instruments are as follows (dollars in thousands):

	<b>Carrying Amount</b>	<b>Fair Value</b>
<b><i>December 31, 2015</i></b>		
Financial assets:		
Cash and cash equivalents	\$ 37,878	\$ 37,878
Investments available for sale	103,774	103,774
Loans to members	4	4
Accrued interest receivable	89	89
Financial liabilities:		
Members' shares and share equivalents:		
Daily shares	124,746	124,745
Certificates	3,000	3,000
Capital shares on notice	37	37
Non-perpetual capital	500	500
Lines of credit	10,000	10,000
Off-Balance-Sheet Credit Related Financial Instruments:		
Commitments to extend credit	-	126,152
<b><i>December 31, 2014</i></b>		
Financial assets:		
Cash and cash equivalents	\$ 28,598	\$ 28,598
Investments available for sale	101,669	101,669
Loans to members	1,013	1,013
Accrued interest receivable	81	81
Financial liabilities:		
Members' shares and share equivalents:		
Daily shares	96,961	96,960
Certificates	3,000	3,000
Capital shares on notice	37	37
Non-perpetual capital	500	500
Lines of credit	27,000	27,000
Off-Balance-Sheet Credit Related Financial Instruments:		
Commitments to extend credit	-	123,943

The carrying amounts in the preceding table are included in the accompanying Statements of Financial Condition under the applicable captions.