

LOUISIANA CORPORATE CREDIT UNION

FINANCIAL REPORT

December 31, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and
Supervisory Committee of
Louisiana Corporate Credit Union
Metairie, Louisiana

Dear Members:

We have audited the accompanying Statements of Financial Condition of Louisiana Corporate Credit Union (the "Credit Union") as of December 31, 2010 and 2009 and the related Statements of Operations, Changes in Members' Equity, and Cash Flows for the years then ended. These financial statements and the supplemental information are the responsibility of the Credit Union's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting standards generally accepted in the United States of America.

As discussed in Note 21 to the financial statements, under the NCUA corporate regulation, Part 704, all corporates are to submit Strategic and Capital Compliance Plans to the NCUA by March 31, 2011. The Credit Union plans on consummating a merger with another corporate credit union located in Alabama. This merger is pending NCUA and LOFI approval, which management expects to receive.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Non-Interest Income and General and Administrative Expenses for the year ended December 31, 2010 and 2009, contained on pages 27 and 28, respectively, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Rebowe & Company

February 21, 2011

FINANCIAL STATEMENTS

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF FINANCIAL CONDITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 9,443,452	\$ 9,856,870
Time and interest bearing deposits	82,711,336	119,243,212
Investment securities, available-for-sale	50,027,173	34,798,751
Investment in CUSO	562,594	562,594
Federal Home Loan Bank stock, at cost	218,800	139,100
Investments reserved for deferred compensation	2,529,415	2,270,046
Loans receivable	485,803	672
Accrued interest receivable	120,498	333,610
Other receivables	21,890	-
NCUSIF deposit	308,220	315,189
Premises and equipment, net	14,184	24,692
Other assets	290,516	353,778
	<hr/>	<hr/>
Total assets	<u>\$ 146,733,881</u>	<u>\$ 167,898,514</u>
 LIABILITIES AND MEMBERS' EQUITY		
Members' shares and share equivalents	\$ 149,114,286	\$ 165,594,709
Lines of credit	-	4,866,265
Accrued interest payable	75,997	311,029
Accrued expenses and other liabilities	90,368	68,508
	<hr/>	<hr/>
Total liabilities	<u>149,280,651</u>	<u>170,840,511</u>
Undivided earnings	72,237	30,635
Accumulated other comprehensive loss	<u>(2,619,007)</u>	<u>(2,972,632)</u>
Total members' equity, substantially restricted	<u>(2,546,770)</u>	<u>(2,941,997)</u>
	<hr/>	<hr/>
Total liabilities and members' equity	<u>\$ 146,733,881</u>	<u>\$ 167,898,514</u>

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Interest income:		
Investments	\$ 1,916,131	\$ 2,608,505
Loans receivable	3,243	21,560
Total interest income	1,919,374	2,630,065
Interest expense:		
Members' shares and share equivalents	947,031	1,418,476
Borrowed funds	161,484	352,878
Total interest expense	1,108,515	1,771,354
Net interest income	810,859	858,711
Non-interest income	628,363	643,522
Less: Other than temporary impairment of investment	9,017	-
Non-interest expense:		
Depletion of U.S. Central Federal Credit Union Shares	-	7,282,917
General and administrative expenses	1,388,603	1,610,357
Net (loss)/income	\$ 41,602	\$ (7,391,041)

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the Years Ended December 31, 2010 and 2009

	<u>Undivided</u> <u>Earnings</u>	<u>Accumulated</u> <u>Other</u> <u>Comprehensive</u> <u>Income (Loss)</u>	<u>Total</u>
Balance at January 1, 2009	\$ 3,981,839	\$ (3,943,780)	\$ 38,059
Comprehensive Income (Loss):			
Net Income	(7,391,041)		(7,391,041)
Reduction in Members' Paid-in-Capital	3,439,837		3,439,837
Other Comprehensive Income:			
Net change in unrealized losses on securities available-for-sale		971,148	971,148
Total Comprehensive Income	<u>(3,951,204)</u>	<u>971,148</u>	<u>(2,980,056)</u>
Balance at December 31, 2009	\$ 30,635	\$ (2,972,632)	\$ (2,941,997)
Comprehensive Income (Loss):			
Net Income	41,602		41,602
Other Comprehensive Loss:			
Net change in unrealized gains on securities available-for-sale		353,625	353,625
Total Comprehensive Income (Loss)	<u>41,602</u>	<u>353,625</u>	<u>395,227</u>
Balance at December 31, 2010	<u>\$ 72,237</u>	<u>\$ (2,619,007)</u>	<u>\$ (2,546,770)</u>

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 41,602	\$ (7,391,041)
Adjustments to reconcile net income (loss) to cash and cash equivalents provided by operating activities:		
Depreciation	12,731	22,340
Net amortization of premiums on securities	-	2,747
Increase (decrease) in operating assets:		
Accrued interest receivable	213,112	419,611
Other receivables	(21,890)	978
Other assets	63,262	(134,550)
(Decrease) increase in operating liabilities:		
Accrued interest payable	(235,032)	(376,318)
Accrued expenses and other liabilities	21,860	(1,682)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 95,645</u>	<u>\$ (7,457,915)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in:		
Time and interest bearing deposits	\$ 36,531,876	\$ 6,539,036
Investment in U.S. Central Federal Credit Union	-	3,439,837
Loans receivable	(485,131)	6,746,898
NCUSIF deposit	6,969	(154,047)
Federal Home Loan Bank stock	(79,700)	(23,400)
Purchase of investment securities, available for sale	(39,107,736)	(17,166,543)
Maturity of investment securities, available for sale	23,973,570	8,825,502
Purchase of property and equipment	(2,223)	(8,150)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 20,837,625</u>	<u>\$ 8,199,133</u>

(Continued)

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) increase in members' shares and savings accounts	\$ (16,480,423)	\$ 7,828,209
Net (decrease) in borrowed funds	<u>(4,866,265)</u>	<u>(22,919,759)</u>
NET CASH (USED IN) FINANCING ACTIVITIES	<u>\$ (21,346,688)</u>	<u>\$ (15,091,550)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (413,418)	\$ (14,350,332)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,856,870</u>	<u>24,207,202</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 9,443,452</u></u>	<u><u>\$ 9,856,870</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash paid during the year for interest	<u><u>\$ 1,343,547</u></u>	<u><u>\$ 2,147,672</u></u>

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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' savings.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Time and Interest Bearing Deposits

At December 31, 2010 and 2009, time and interest bearing accounts are comprised of overnight and short certificates with U.S. Central Bridge Federal Credit Union, Corporate America Credit Union, Kentucky Corporate Federal Credit Union and Federal Home Loan Bank of Dallas. Such amounts are carried at cost, which approximates market value at December 31, 2010 and 2009.

Investment Securities

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

Held-to-Maturity: Government, 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, 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.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 as direct increases or decreases in other comprehensive income. Declines in fair value of held-to-maturity and available-for-sale securities below their cost 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.

Loans

The Credit Union grants installment and demand loans to its members. Loans receivable are stated at unpaid 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.

Allowance for Loan Loss

Management believes that no allowance for loan losses is necessary since the loans are generally short-term in nature and secured by member’s deposits and other assets, for the years ended December 31, 2010 and 2009.

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.

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.

Valuation of Long-Lived Assets

The Credit Union accounts for the valuation of long-lived assets under the *Property, Plant, and Equipment* Topic of FASB ASC (FASB ASC 360-10). FASB ASC 360-10 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For the year ended December 31, 2009, as part of the Corporate Stabilization Plan (see Note 20), this amount was increased from the historical 1% to 1.3% of its insured shares calculated as of June 30, 2009. For the year ended December 31, 2010, the amount was decreased to 1.242% of its insured shares, calculated as of June 30, 2010. 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. The NCUA Board has announced that these percentages could range from 15 to 40 basis points, based upon estimates of losses to be incurred with regards to the Corporate Stabilization (see Note 21). The premium charges associated with the Corporate Stabilization Plan (see Note 19) and assessed by the NCUA for the years ended December 31, 2010 and 2009 of 26 and 15 basis points, respectively, resulting in expenses of \$79,691 and \$206,821, respectively. These amounts are recorded in the Statements of Operations.

Members’ Shares and Share Equivalents

Members’ shares are subordinated to all other liabilities of the Credit Union other than membership capital share deposits and member paid-in-capital deposits 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.

Income Taxes

The Credit Union is exempt by statute from federal and state income taxes, except for certain products and services such as financial management services, car warranties, and guaranteed auto protection (GAP) insurance which has been deemed by the Internal Revenue Service (IRS), in Technical Advice Memorandums released in March 2007, to be unrelated to the specific entity’s exempt purpose. As presented in the Technical Advice Memorandums, the net taxable income from these products and services is subject to income taxes under the Unrelated Business Income Tax (UBIT) regulations.

**LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior to April 1, 2008, the Credit Union had not filed tax returns concerning the taxable activities because the Louisiana Office of Financial Institutions (“LOFI”) had filed a combined IRS Form 990 for all state chartered credit unions. The Credit Union filed their IRS Form 990 for the year ended December 31, 2009. The estimated liability resulting from 2010 operations are not expected to have a material effect on the Credit Union’s financial position or results of operations; therefore, no liabilities have been accrued for the years ending December 31, 2010 and 2009.

Advertising

The Credit Union’s policy is to expense all advertising fees as incurred.

Comprehensive Income/(Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income/(loss). Certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the Statements of Financial Condition.

Subsequent Events

Subsequent events have been evaluated through February 18, 2011, the date of the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

For purposes of the Statements of Financial Condition classification and the Statements of Cash Flows, the Credit Union considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE 3 - LOANS RECEIVABLE

The composition of loans to members is as follows:

	December 31,	
	2010	2009
Demand/line-of-credit	<u>\$ 485,803</u>	<u>\$ 672</u>

Member credit unions drew approximately \$40 million and \$80 million during the years ended December 31, 2010 and 2009, respectively, on their lines of credit. The lines of credit are variable interest rate loans and are payable on demand. These balances are secured by deposits held by the Credit Union and a UCC-1 security interest in assets of the member credit unions.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 4 - AVAILABLE-FOR-SALE SECURITIES

At December 31, 2010 and 2009, certain investment securities have been classified as available-for-sale in accordance with the FASB ASC *Investments – Debt and Equity Securities* Topic (FASB ASC 320-10). The amortized cost and estimated fair value of securities available-for-sale are as follows:

	December 31, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt Securities:				
U.S. Government and Federal Agency Government Agency Mortgage Related Issues	\$ 5,937,566	\$ 5,969	\$ (158,789)	\$ 5,784,746
Corporate Debt Securities	39,519,352	1,336	(237,706)	39,282,982
Total Debt Securities	<u>2,189,262</u>	<u>65</u>	<u>(963,550)</u>	<u>1,225,777</u>
	47,646,180	7,370	(1,360,045)	46,293,505
Mutual Fund Investment	<u>5,000,000</u>	-	<u>(1,266,332)</u>	<u>3,733,668</u>
	<u>\$ 52,646,180</u>	<u>\$ 7,370</u>	<u>\$(2,626,377)</u>	<u>\$50,027,173</u>
	December 31, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt Securities:				
U.S. Government and Federal Agency Government Agency Mortgage Related Issues	\$ 9,443,238	\$ 3,013	\$ (164,241)	\$ 9,282,010
Corporate Debt Securities	18,939,493	229,311	(67,438)	19,101,366
Total Debt Securities	<u>4,158,697</u>	<u>87</u>	<u>(1,411,751)</u>	<u>2,747,033</u>
	32,541,428	232,411	(1,643,430)	31,130,409
Mutual Fund Investment	<u>5,000,000</u>	-	<u>(1,331,658)</u>	<u>3,668,342</u>
	<u>\$ 37,541,428</u>	<u>\$ 232,411</u>	<u>\$(2,975,088)</u>	<u>\$34,798,751</u>

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 4 - AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

The amortized cost and estimated market value of securities available-for-sale at December 31, 2010, by contractual maturity, are shown below. Expected maturities may vary from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in one year or less	\$ 5,000,000	\$ 3,733,668
Due after one year through five years	237,702	238,229
Due after five years	<u>47,408,478</u>	<u>46,055,276</u>
	<u>\$ 52,646,180</u>	<u>\$ 50,027,173</u>

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. Management has determined that there was \$9,017 and \$ - 0 - in other-than-temporary impairments (OTTI) associated with these securities at December 31, 2010 and 2009, respectively.

Information pertaining to securities with gross unrealized losses as of December 31, 2010 and 2009, aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

	<u>December 31, 2010</u>					
	<u>Less than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>
Direct obligations of US Government agencies and Government sponsored enterprises	\$ 999,994	\$ (6)	\$ -	\$ -	\$ 999,994	\$ (6)
Federal agency mortgage backed securities	25,135,443	(317,190)	2,670,522	(25,156)	27,805,965	(342,346)
Non-agency ABS and CMO securities	<u>2,435,585</u>	<u>(52,097)</u>	<u>1,996,723</u>	<u>(1,070,236)</u>	<u>4,432,308</u>	<u>(1,122,333)</u>
Total temporarily impaired securities	<u>\$28,571,022</u>	<u>\$(369,293)</u>	<u>\$4,667,245</u>	<u>\$(1,095,392)</u>	<u>\$33,238,267</u>	<u>\$(1,464,685)</u>

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 4 - AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

December 31, 2009

	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Direct obligations of US Government agencies and Government sponsored enterprises	\$ 1,999,998	\$ (2)	\$ -	\$ -	\$ 1,999,998	\$ (2)
Federal agency mortgage backed securities	9,118,129	(80,231)	2,096,705	(35,373)	11,214,834	(115,604)
Non-agency ABS and CMO securities	-	-	<u>3,581,024</u>	<u>(1,544,440)</u>	<u>3,581,024</u>	<u>(1,544,440)</u>
Total temporarily impaired securities	<u>\$11,118,127</u>	<u>\$ (80,233)</u>	<u>\$5,677,729</u>	<u>\$ (1,579,813)</u>	<u>\$16,795,856</u>	<u>\$(1,660,046)</u>

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to 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.

Changes in market interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of temporary unrealized gains and losses. Most of the 2010 and 2009 gross unrealized losses of \$1,095,392 and \$1,579,813, respectively, out of total unrealized losses for 2010 and 2009 of \$1,464,685 and \$1,660,046, respectively, have been in an unrealized loss position for 12 months or longer. 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. The Credit Union has determined that there was \$9,017 and \$ - 0 - in other-than-temporary impairments (OTTI) associated with these securities at December 31, 2010 and 2009, respectively.

**LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009**

NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment is summarized as follows:

	December 31,	
	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 217,377	\$ 215,154
Leasehold improvements	<u>8,039</u>	<u>8,039</u>
Total Premises and Equipment	225,416	223,193
Less accumulated depreciation and amortization	<u>(211,232)</u>	<u>(198,501)</u>
Total premises and equipment, net	<u>\$ 14,184</u>	<u>\$ 24,692</u>

Depreciation expense for 2010 and 2009 was \$12,731 and \$22,340, respectively.

NOTE 6 - MEMBERS' SHARES AND SHARE EQUIVALENTS

A summary of members' shares and share equivalents is as follows:

	Interest Yield at <u>12/31/10</u>	December 31,	
		<u>2010</u>	<u>2009</u>
Daily shares	.10%	\$ 114,654,557	\$ 98,720,046
Share certificates	2.09%	26,026,707	57,858,641
Membership capital share (MCS)	0.13%	7,461,102	7,888,838
Paid-in-capital shares (PIC)	.15%	544,184	544,184
Other	.13%	<u>427,736</u>	<u>583,000</u>
		<u>\$ 149,114,286</u>	<u>\$ 165,594,709</u>

Daily shares are readily accessible and earn interest, which accrues daily and is paid monthly. Share certificate interest payments vary according to the type of certificate issued and the length of maturity. Deposits at corporate credit unions under two years of maturity are fully guaranteed by the Temporary Corporate Credit Union Share Guarantee Program ("TCCUSGP"), except for investments in paid-in-capital and membership capital shares ("PIC" and "MCS"). The NCUA has guaranteed all deposits at all corporate credit unions until December 31, 2012. Therefore, at December 31, 2010 and 2009, the uninsured amounts approximate \$8.4 million and \$17.55 million, respectively. These amounts consist of \$8.4 million in member's PIC and MCS accounts, and \$- 0 - and \$9.15 million, in member's share certificates, respectively. The aggregate amount of members' shares and share equivalents that exceeds the federally insured amount of \$250 thousand at December 31, 2009 was approximately \$97 million.

**LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009**

NOTE 6- MEMBERS' SHARES AND SHARE EQUIVALENTS (CONTINUED)

Membership capital share deposits represent the investment required for membership capital with voting rights. Full members are required to maintain Membership Capital Shares ("MCS") of the lesser of \$250 thousand or 0.5% of their total shares, net of any paid-in-capital balances, at December 31 of the prior year. Per the NCUA's Letter to Corporate Credit Union, dated May 13, 2009, corporate credit unions were not required to adjust their member credit union's required 2009 investment in MCS. These accounts have no maturity date, require a three year notice of withdrawal and constitute regulatory capital. In the event of the Credit Union's liquidation, MCS deposits are payable only after satisfaction of all liabilities of the Credit Union, including uninsured share obligations to members and the NCUSIF, but excluding paid-in-capital deposits.

Paid-In-Capital shares have a maturity of twenty (20) years from the date of issuance and constitute regulatory capital. In the event of the Credit Union's liquidation, PIC shares are payable only after the satisfaction of all liabilities of the Credit Union, including uninsured share obligations to member, the NCUSIF, and MCS deposits. Dividends on MCS and non-refundable PIC are discretionary and are declared monthly by the Board of Directors.

At December 31, 2010, scheduled maturities of share certificates are as follows:

Maturity of less than one year	\$ 17,140,000
Maturity of one to three years	8,886,707
Maturity of over three years	-0-
	<u>\$ 26,026,707</u>

Interest expense on members' shares and savings accounts is summarized as follows:

	December 31,	
	2010	2009
Daily shares	\$ 158,919	\$ 108,086
Share certificates	759,949	1,250,293
Membership capital shares (MCS)	10,046	19,475
Paid-in-capital shares (PIC)	797	18,896
Other	<u>17,320</u>	<u>21,726</u>
	<u>\$ 947,031</u>	<u>\$ 1,418,476</u>

NOTE 7 - CREDIT UNION SERVICE ORGANIZATIONS

CNBS, LLC ("CNBS") was organized to provide a national institutional securities dealer and investment advisory service in cooperation with the credit union network. CNBS is a registered broker/dealer and investment adviser operating in the securities industry and provides services to financial institutions. The carrying value of this investment at December 31, 2010 and 2009 was \$402,590, which is reflected in the Statements of Financial Condition.

**LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009**

NOTE 7 - CREDIT UNION SERVICE ORGANIZATIONS (CONTINUED)

Primary Financial Company, LLC (“Primary”) offers a program, SimpliCD, which enables the Credit Union’s members to invest in federally insured certificates of deposit. The carrying value of this investment at December 31, 2010 and 2009 was \$50,000, which is reflected on the Statements of Financial Condition. On February 24, 2011, Primary redeemed 36 units of Primary that were involuntary transferred to the NCUA. This redemption of units changed the Credit Union’s ownership percentage in Primary from .84% to 1.205%.

CU Business Group, LLC (“CUBG”) provides business lending, deposit and consulting services to credit unions nationwide. The carrying value of this investment at December 31, 2010 and 2009 was \$90,000, which is reflected on the Statements of Financial Condition.

Core Network Processing, LLC (“CNP”) was organized on August 1, 2007 to develop and implement a core data processing system for a group of corporate credit unions. The carrying value of this investment at December 31, 2010 and 2009 was \$20,004, which is reflected on the Statements of Financial Condition.

NOTE 8 - 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.

NOTE 9 - LINES OF CREDIT

At December 31, 2010 and 2009, the Credit Union had an advised line of credit of \$50 million with U.S. Central Bridge Federal Credit Union. This line of credit was reduced to \$35 million in February 2011.

The Credit Union entered into a Non-Binding Cross Corporate Liquidity Agreement with ten corporate credit unions on July 1, 2009, which provides up to \$10 million in deposits. The Non-Binding Cross Corporate Liquidity Agreement’s intention is to assist with overnight liquidity needs in a non-binding and discretionary manner on the part of each corporate credit union listed in the agreement. The interest rate paid on the deposit shall be a rate that is equal to the Federal Open Market Committee’s target federal funds rate plus 0.025% on the applicable business day. In July 2009, the Credit Union also entered into a secured credit agreement with the Federal Home Loan Bank of Dallas for a credit capacity of \$11.9 million and \$9.9 million at December 31, 2010 and 2009, respectively. The secured credit agreement is secured by securities transferred from the Credit Union to the Federal Home Loan Bank of Dallas for safekeeping.

Overnight borrowing under the lines of credit bears interest at a rate based on U.S. Central's overnight cost of funds. Term borrowing under the lines of credit bear interest at market based fixed term rates. Both term and overnight borrowing are secured by all membership shares and certificates held at U.S. Central Bridge Federal Credit Union. During 2010, the Credit Union

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 9 - LINES OF CREDIT (CONTINUED)

drew approximately \$44 million on the advised line of credit in overnight advances at a rate of .75%.

At December 31, 2010, there was a balance of \$0 outstanding on the advised line of credit. At December 31, 2010 there were no deposits outstanding on the Non-Binding Cross Corporate Liquidity Agreement, along with no balance on the committed line of credit or the credit line with the Federal Home Loan Bank of Dallas. At December 31, 2009, there was a balance of \$4,866,265 outstanding on the advised line of credit. This amount consisted of term loans that were all paid off in September 2010 with an average fixed interest rate of 4.93%.

NOTE 10 - UNINSURED DEPOSITS

The Credit Union has deposits with corporate credit unions, the Federal Home Loan Bank of Dallas, and a national bank. Corporate deposits under two years of maturity are fully guaranteed by the Temporary Corporate Credit Union Share Guarantee Program ("TCCUSGP"), except for investments in paid-in-capital and membership capital shares (PIC and MCS). The NCUA has guaranteed all deposits at all corporate credit unions until December 31, 2012; see Note 20 for more information concerning investments in corporate credit unions.

At December 31, 2010 and 2009, respectively, the Credit Union has approximately \$417,717 and \$1,326,758 of deposits at banks. While management cannot estimate any loss as a result of this activity, these funds exceed the federally insured limit of \$250 thousand at December 31, 2010 and 2009, respectively. Uninsured deposits at these institutions totaled approximately \$112,530 and \$1,020,840 at December 31, 2010 and 2009, respectively.

NOTE 11 - OPERATING LEASES

At December 31, 2010, the Credit Union was obligated under a non-cancelable operating lease for office spaces expiring on September 30, 2015. Rent expense totaled \$51,516 and \$51,944 as of December 31, 2010 and 2009, respectively. The future minimum lease payment is \$237,570 at December 31, 2010.

NOTE 12 - 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 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.

**LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009**

NOTE 12 - 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.

At December 31, the Credit Union has outstanding commitments for unused lines of credit that are not reflected in the accompanying financial statements as follows:

	<u>2010</u>	<u>2009</u>
Advised lines of credit - unused	\$ 105,103,197	\$ 109,829,536
Standby letters of credit - unused	<u>247,915</u>	<u>202,792</u>
Total lines of credit	<u>\$ 105,351,112</u>	<u>\$ 110,032,328</u>

NOTE 13 - SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

At December 31, 2010, the Credit Union has no outstanding commitments to sell loans or securities.

NOTE 14 - PENSION PLAN

The Credit Union sponsors a defined contribution 401(k) pension 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. As of December 31, 2010 and 2009, the amount contributed by the Credit Union and charged to expense was \$11,819 and \$12,257, respectively. Effective January 1, 2007, the Board of Directors of the Credit Union agreed to provide participants a 3% discretionary contribution in addition to the 3% salary match. Effective September 30, 2009, the Board of Directors reduced the discretionary contribution to plan participants from 3% to 0%. As of December 31, 2010 and 2009, the discretionary contribution totaled \$0 and \$9,544, respectively.

NOTE 15 - DEFERRED COMPENSATION PLAN

The Credit Union entered into a noncontributory, nonqualified 457(f) Deferred Executive Compensation Plan ("the Plan"), effective as of June 26, 2007. The Plan covers members of executive management and full vesting in the Plan for each participant varies from ten to twelve years from the date of inception. The amounts payable under the Plan are based on the performance of investment products purchased to fund the retirement benefits. The original investment and any unrealized gains or losses remain part of the Credit Union's investments. The Plan was funded with a purchase during 2007 of \$2.5 million of investment products, managed by CUNA Mutual Group, and treated as available-for-sale securities.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)

Any increase in value of the 457(f) Plan asset over the original investment of \$2.5 million is recognized as investment income in the Statements of Operations with an offset to deferred compensation liability recognized in the Statements of Financial Condition and compensation expense recognized in the Statements of Operations.

Any decrease in value of the 457(f) Plan asset below the original investment of \$2.5 million is recognized as an unrealized loss which is recognized in the Statements of Changes in Member's Equity.

At December 31, 2010 and 2009, the values of the Plan assets recognized on the Statements of Financial Condition are \$2,529,415 and \$2,270,046, respectively. The amounts of unrealized loss recognized in the Statements of Changes in Members' Equity as of December 31, 2010 and 2009 is \$-0- and \$229,954, respectively, therefore there was a liability of \$29,415.

NOTE 16 - REGULATORY CAPITAL

The Credit Union is subject to regulatory capital requirements administered by the NCUA and contained in section 704.3 of NCUA Rules and Regulations. The Credit union is classified as a "Base Level" corporate for purposes of regulatory application. Failure to maintain minimum capital requirements can initiate certain actions by regulators as described in the regulation. At December 31, 2010 and 2009, the minimum NCUA Capital Ratio applicable to the Credit Union was 4%, or approximately \$5,990,023 and \$5,757,509. The Credit Union's Capital Ratio was 5.54% or \$8,295,295 at December 31, 2010 and 5.99% or \$8,426,860 at December 31, 2009.

As disclosed in Note 20, impairment of MCS and PIC in U.S. Central Bridge Federal Credit Union ("USC") has been recognized, and as of this report date, USC remains under the management of NCUA conservatorship as a "bridge corporate". The "Weekly Corporate Credit Union Update" dated April 24, 2009 by the NCUA stated that all corporate credit unions will use the capital level reported on their November 30, 2008 Call Report for determining regulatory compliance with capital-based requirements and regulations in the corporate rule. The use of the November 30th capital measurement date will continue until such time as the NCUA states. The Credit Union's capital ratio was 9.28% or \$15,850,625 at November 30, 2008.

Net worth amounts as reflected above and as reported in the attached Statements of Financial Condition may differ by insignificant amounts due to presentation differences.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 17 - FAIR VALUES OF FINANCIAL INSTRUMENTS

FASB ASC *Fair Value Measurements and Disclosures* Topic (FASB ASC 820-10) and FASB ASC *Financial Instruments* Topic (FASB ASC 825-10), requires disclosure of fair value information about financial instruments, whether or not recognized in the Statements of Financial Condition. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Credit Union's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 825-10 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Credit Union.

Level 1 classification is applied to assets (liabilities) that have readily available quoted prices from active markets where significant transparency exists in the executed/quoted price.

Level 2 classification is applied to assets (liabilities) that have evaluated prices received from fixed income vendors with data inputs which are observable either directly or indirectly, but do not represent quoted prices from an active market for each individual security.

Level 3 classification is applied to assets (liabilities) for which prices are not derived from existing market data.

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

Available-for-Sale Securities: 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. The estimated fair value of available-for-sale securities is as follows:

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 17 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2010

(\$ in thousands) Fair Value Measurement at Reporting Date Using Description

Description	Balance at 12/31/10	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government and Federal Agency	\$ 5,785	\$ 5,785	\$ -	\$ -
Government Agency Mortgage Related Issues	39,283	39,283	-	-
Corporate Debt Securities	1,226	1,226	-	-
Mutual Fund Investment	3,734	3,734	-	-
Total	\$ 50,028	\$ 50,028	\$ -	\$ -

December 31, 2009

(\$ in thousands) Fair Value Measurement at Reporting Date Using Description

Description	Balance at 12/31/09	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government and Federal Agency	\$ 9,282	\$ 9,282	\$ -	\$ -
Government Agency Mortgage Related Issues	19,101	19,101	-	-
Corporate Debt Securities	2,747	2,747	-	-
Mutual Fund Investment	3,668	3,668	-	-
Total	\$ 34,798	\$ 34,798	\$ -	\$ -

At December 31, 2010 and 2009, \$9,017 and \$ - 0 - in declines are deemed to be other-than-temporary. In December 2010, the Credit Union recorded \$9,017 of OTTI for one investment with a value of approximately \$1,340,000. This amount was recorded to Other than temporary impairment of investment on the Statements of Operations. No other OTTI was deemed to have been incurred at December 31, 2010.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 17 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Loans to Members: The fair value of loans receivable is estimated using significant unobservable inputs. This income approach is used to calculate the discounted cash flow method for each homogeneous loan type. This method uses the current balance, less the applicable portion of the allowance for loan losses, and the average interest rate and average period until maturity. The estimated fair value of loans receivable are as follows:

December 31, 2010

(\$ in thousands) Fair Value Measurement at Reporting Date Using Description

Description	Balance at 12/31/10	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Regular Demand	\$ 486	\$ -	\$ -	\$ -
Non Full Member Demand	-	-	-	-
Regular Term	-	-	-	-
Total	\$ 486	\$ -	\$ -	\$ -

December 31, 2009

(\$ in thousands) Fair Value Measurement at Reporting Date Using Description

Description	Balance at 12/31/09	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Regular Demand	\$ 0.672	\$ -	\$ 0.672	\$ -
Non Full Member Demand	-	-	-	-
Regular Term	-	-	-	-
Total	\$ 0.672	\$ -	\$ 0.672	\$ -

Accrued Interest: The carrying amounts of accrued interest approximate the fair values for the years ending December 31, 2010 and 2009.

Members' Share Deposits: The fair value of daily shares is the amount payable on demand at the reporting date. The fair value of share certificates is estimated by discounting the future cash flows using the market rates offered at December 31 for similar deposits with the same remaining maturities. The estimated fair value of member's share deposits are as follows:

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 17 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2010

(\$ in thousands) Fair Value Measurement at Reporting Date Using Description

Description	Balance at 12/31/10	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Daily shares	\$ 114,655	\$ -	\$ 114,655	\$ -
Share certificates	26,027	-	26,027	-
Membership capital share	7,461	-	7,461	-
Paid-in capital shares	544	-	544	-
Other	428	-	428	-
Total	\$ 149,115	\$ -	\$ 149,115	\$ -

December 31, 2009

(\$ in thousands) Fair Value Measurement at Reporting Date Using Description

Description	Balance at 12/31/09	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Daily shares	\$ 98,720	\$ -	\$ 98,720	\$ -
Share certificates	57,859	-	57,859	-
Membership capital share	7,889	-	7,889	-
Paid-in capital shares	544	-	544	-
Other	583	-	583	-
Total	\$ 165,595	\$ -	\$ 165,595	\$ -

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009

NOTE 18 – VOLUNTARY SUPERVISORY AGREEMENT

On February 27, 2009, the Credit Union entered into a Voluntary Supervisory Agreement (“VSA”) between the Credit Union and the National Credit Union Administration (“NCUA”). The purpose of the VSA was to extend unlimited share insurance on all qualifying credit union share accounts that exceed the Standard Maximum Share Insurance Amount (“SMSIA”), which is \$250,000. As of the date of this report, unlimited share insurance was in effect through December 31, 2012. On July 1, 2009, an addendum to the VSA was signed which clarifies terms contained in the original agreement. Qualifying share accounts do not include capital accounts or obligations that are not share obligations, some of which may be guaranteed under different NCUA programs, and are determined based on their final maturity date. In the opinion of management, the terms of the VSA will have no significant adverse effects on the operations of the Credit Union.

NOTE 19 – CORPORATE STABILIZATION FUND AND THE NATIONAL SHARE INSURANCE FUND (NCUSIF)

Under the NCUA’s *Corporate Credit Union Stabilization Plan* (the “Stabilization Plan) enacted January 28, 2009, the Credit Union was assessed a series of charges in order to restore the National Credit Union Share Insurance Fund (“NCUSIF”). Part of the Stabilization Plan involves a corporate share guarantee program that will be shared by all credit unions through a premium assessment to increase the NCUSIF capitalization ratio to the maximum allowed by law of 1.3% at an assessment rate of .15% of insured shares as of June 30, 2009. A second premium assessment was issued in December 2010 to replenish the NCUSIF to the required level. This assessment was at an assessment rate of .1242% of insured shares as of June 30, 2010. The NCUA has stated that there will be another assessment during the 2011 calendar year.

On May 20, 2009 the *Helping Families Save Their Homes Act of 2009* (“Helping Families Act”) was enacted which amended the Federal Credit Union Act. The Helping Families Act created a Corporate Stabilization Plan (“CSP”) to mitigate the near-term corporate stabilization costs. As a result, the NCUA Board has the authority to assess premium charges over a seven (7) year period to fund the CSP. Additionally, the NCUA has the ability to replenish the NCUSIF over a period of eight (8) years through additional premium assessments. In September 2010, Congress approved the extension of the Corporate Stabilization Plan until the year 2021.

The Credit Union was assessed the first premium charge associated with the Stabilization Fund of \$206,821 for the year ended December 31, 2009 and the second premium charge of \$79,691 for the year ended December 31, 2010. These amounts are recorded in the Statements of Operations. The Credit Union anticipates additional premium expenses in future periods. The amount of any future losses and expenses relating to the NCUSIF Deposit and premium assessments are dependent upon future decisions of the NCUA Board and upon the total value of the member shares held by the Credit Union when the assessment actually occurs. In accordance with the AICPA’s Statements of Position (SOP) No. 01-6 and Financial Accounting Standards Board’s (FASB) Emerging Issues Task Force (EITF) Topic No. D-47, premium assessments will be recorded as an expense by the Credit Union at that time.

**LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009**

NOTE 19 – CORPORATE STABILIZATION FUND AND THE NATIONAL SHARE INSURANCE FUND (NCUSIF) CONTINUED

The balance of the Credit Union's NCUSIF deposit recorded in the Statements of Financial Condition at December 31, 2010 and 2009 are \$308,220 and \$315,189, respectively. In Enclosure A of the NCUA's Letter No. 09-CU-14 to Federally Insured Credit Unions, states that the NCUSIF deposits at credit unions are now considered to be fully restored and refundable.

NOTE 20 – INVESTMENTS IN CORPORATE CREDIT UNIONS

In 2009, the Credit Union had membership capital shares ("MCS") and paid-in-capital shares ("PIC") in U.S. Central Bridge Federal Credit Union. On March 20, 2009 the NCUA placed USC into conservatorship. In May 2009, the NCUA's Letter No. 09-CU-14 to Federally Insured Credit Unions, states that a deficit in retained earnings triggers the regulatory mandate to apply PIC and then MCS to cover such losses. Three charge-offs of USC's member equity accounts occurred for each quarter during the 2009 year, with the final quarter's charge-off being assessed during the first quarter of 2010. The Credit Union has written off 100%, or \$7,282,917 of MCS and PIC of USC for the year ended December 31, 2009. This amount is recorded as Depletion of U.S. Central Bridge Federal Credit Union in the Statements of Operations.

Corporate deposits under two years of maturity are fully guaranteed by the Temporary Corporate Credit Union Share Guarantee Program ("TCCUSGP"), except for investments in capital instruments (PIC and MCS). Deposits not covered by TCCUSGP are federally insured up to \$250,000. At December 31, 2010 and 2009, respectively, the Credit Union has approximately \$82,711,336 and \$118,111,468 of deposits at corporate credit unions, of which \$-0- and \$9,150,000 are not covered by NCUSIF or TCCUSGP.

NOTE 21 – FEDERAL RESERVE BANK COLLATERAL

To cover potential negative intraday balances at the Federal Reserve Bank, the Credit Union is required to maintain a certain amount of collateral as determined by the Federal Reserve Bank of Atlanta. Beginning in 2001, the Federal Reserve Bank required the collateral to be held in marketable securities. In 2010 and 2009, the Credit Union pledged as collateral investment securities with an estimated fair value of \$1,000,000 and \$-0-, respectively. These securities are in safekeeping at The Federal Reserve Bank of Atlanta.

NOTE 22 – SUBSEQUENT EVENTS

Strategic and Capital Compliance Plan

Under the revised NCUA corporate regulation, Part 704, all corporates are to submit Strategic and Capital Compliance Plans to the NCUA by March 31, 2011. Part 704 requires the corporates to meet minimum capital requirements by October 20, 2011, if the corporate fails to meet these requirements it will be subject to the prompt corrective action provisions of Part 704, which may include filing net worth restoration plans, and may subject the corporate to the discretionary and mandatory actions of the new rule. The Credit Union has sent statements offering to convert their natural person credit union members' current PIC and MCS to the new Perpetual

**LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2010 and 2009**

NOTE 22 – SUBSEQUENT EVENTS CONTINUED

Contributed Capital (“PPC”) as detailed in the revised Part 704. Member credit unions have until April 30, 2011 to respond unless extended by action of the Credit Union’s Board. The Credit Union’s submission to the NCUA includes a letter of intent citing their merger proposal with Corporate America, with the contingency statement that the Credit Union would look for merging opportunities with another corporate credit union and services from a credit union servicing organization (“CUSO”) is considered sufficient for the Credit Union’s Strategic and Capital Compliance Plan required by the NCUA by March 31, 2011.

Pending Merger with Corporate America Credit Union

As of the date of this report, the Credit Union plans on consummating a merger with Corporate America Credit Union in Irondale, Alabama (“Corporate America”). The merger has been approved by the boards of directors of both of the credit unions. The merger is pending NCUA and LOFI approval, along with approval from the Alabama Credit Union Administration, which management expects to receive.

Upon the date of the merger, members of both credit unions will have shares in the new continuing corporate credit union.

SUPPLEMENTAL INFORMATION

LOUISIANA CORPORATE CREDIT UNION
SCHEDULES OF NON-INTEREST INCOME
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Service fees	\$ 488,559	\$ 483,057
Gain on sale of securities	139,244	-
Miscellaneous	560	160,465
	<u>\$ 628,363</u>	<u>\$ 643,522</u>

LOUISIANA CORPORATE CREDIT UNION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Professional and outside services	\$ 609,500	\$ 639,210
Compensation and benefits	548,532	547,785
NCUSIF stabilization expense	79,691	206,821
Office operations and occupancy	113,432	124,058
Administrative expenses	<u>37,448</u>	<u>88,482</u>
	<u>\$ 1,388,603</u>	<u>\$ 1,606,356</u>