

**LOUISIANA CORPORATE CREDIT UNION**

**FINANCIAL REPORT**

**December 31, 2011 and 2010**

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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, 2011 and the related Statements of Operations, Changes in Members' Equity, and Cash Flows for the year 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 the financial statements based on our audit. The financial statements as of December 31, 2010 were audited by Rebowe & Company, CPAs, who merged with Carr, Riggs & Ingram, LLC as of August 8, 2011, and whose report dated February 21, 2011, expressed an unqualified opinion on those statements.

We conducted our audit 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, 2011, 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.

The Credit Union plans on consummating a merger with another corporate credit union located in Alabama. This merger has been approved by the Louisiana Office of Financial Institutions (LOFI) and the Alabama Credit Union Administration (ACUA). See Note 21 to the accompanying financial statements.

Our audit was conducted 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, 2011 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.

Sincerely,

*Carr, Riggs & Ingram, LLC*

March 12, 2012

## FINANCIAL STATEMENTS

**LOUISIANA CORPORATE CREDIT UNION  
STATEMENTS OF FINANCIAL CONDITION  
December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 40,420,626	\$ 9,443,452
Time and interest bearing deposits	26,906,850	82,711,336
Investment securities, available-for-sale	127,534,114	50,027,173
Investment in CUSO	562,908	562,594
Federal Home Loan Bank stock, at cost	219,600	218,800
Investments reserved for deferred compensation	2,494,451	2,529,415
Loans receivable	197,582	485,803
Accrued interest receivable	68,440	120,498
Other receivables	20	21,890
NCUSIF deposit	294,301	308,220
Premises and equipment, net	13,880	14,184
Other assets	<u>350,264</u>	<u>290,516</u>
Total assets	<u>\$ 199,063,036</u>	<u>\$ 146,733,881</u>
 <b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' shares and share equivalents	\$ 201,628,631	\$ 149,114,286
Accrued interest payable	66,867	75,997
Accrued expenses and other liabilities	<u>40,535</u>	<u>90,368</u>
Total liabilities	<u>201,736,033</u>	<u>149,280,651</u>
Undivided earnings	120,210	72,237
Accumulated other comprehensive loss	<u>(2,793,207)</u>	<u>(2,619,007)</u>
Total members' equity, substantially restricted	<u>(2,672,997)</u>	<u>(2,546,770)</u>
Total liabilities and members' equity	<u>\$ 199,063,036</u>	<u>\$ 146,733,881</u>

See accompanying notes to financial statements.

**LOUISIANA CORPORATE CREDIT UNION**  
**STATEMENTS OF OPERATIONS**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Interest income:		
Investments	\$ 1,500,612	\$ 1,916,131
Loans receivable	1,121	3,243
Total interest income	1,501,733	1,919,374
Interest expense:		
Members' shares and share equivalents	456,912	947,031
Borrowed funds	449	161,484
Total interest expense	457,361	1,108,515
Net interest income	1,044,372	810,859
Non-interest income	596,817	628,363
Less: Other than temporary impairment of investments	13,585	9,017
Non-interest expense:		
General and administrative expenses	1,579,631	1,388,603
Net Income	\$ 47,973	\$ 41,602

See accompanying notes to financial statements.

**LOUISIANA CORPORATE CREDIT UNION**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**For the Years Ended December 31, 2011 and 2010**

	<u>Undivided</u> <u>Earnings</u>	Accumulated Other <u>Comprehensive</u> <u>Income (Loss)</u>	<u>Total</u>
Balance at January 1, 2010	\$ 30,635	\$ (2,972,632)	\$ (2,941,997)
Comprehensive Income (Loss):			
Net Income	41,602		41,602
Other Comprehensive Income:			
Net change in unrealized gains on securities available-for-sale		353,625	353,625
Total Comprehensive Income	<u>41,602</u>	<u>353,625</u>	<u>395,227</u>
Balance at December 31, 2010	\$ 72,237	\$ (2,619,007)	\$ (2,546,770)
Comprehensive Income (Loss):			
Net Income	47,973		47,973
Other Comprehensive Loss:			
Net change in unrealized losses on securities available-for-sale		(174,200)	(174,200)
Total Comprehensive Income (Loss)	<u>47,973</u>	<u>(174,200)</u>	<u>(126,227)</u>
Balance at December 31, 2011	<u>\$ 120,210</u>	<u>\$ (2,793,207)</u>	<u>\$ (2,672,997)</u>

See accompanying notes to financial statements.

**LOUISIANA CORPORATE CREDIT UNION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 47,973	\$ 41,602
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities:		
Depreciation	13,013	12,731
Increase (decrease) in operating assets:		
Accrued interest receivable	52,058	213,112
Other receivables	21,870	(21,890)
Other assets	(59,748)	63,262
(Decrease) increase in operating liabilities:		
Accrued interest payable	(9,130)	(235,032)
Accrued expenses and other liabilities	(49,833)	21,860
	\$ 16,203	\$ 95,645
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in:		
Time and interest bearing deposits	\$ 55,804,486	\$ 36,531,876
Loans receivable	288,221	(485,131)
NCUSIF deposit	13,919	6,969
Federal Home Loan Bank stock	(800)	(79,700)
Purchase of investment securities, available for sale	(99,522,504)	(39,107,736)
Maturity of investment securities, available for sale	21,876,327	23,973,570
Purchase of property and equipment	(12,709)	(2,223)
	\$ (21,553,060)	\$ 20,837,625
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		

(Continued)

**LOUISIANA CORPORATE CREDIT UNION**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) increase in members' shares and savings accounts	\$ 52,514,345	\$ (16,480,423)
Net (decrease) in borrowed funds	<u>(314)</u>	<u>(4,866,265)</u>
 NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	 <u>\$ 52,514,031</u>	 <u>\$ (21,346,688)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 \$ 30,977,174	 \$ (413,418)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>9,443,452</u>	 <u>9,856,870</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u><u>\$ 40,420,626</u></u>	 <u><u>\$ 9,443,452</u></u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
 Cash paid during the year for interest	 <u><u>\$ 466,491</u></u>	 <u><u>\$ 1,343,547</u></u>

See accompanying notes to financial statements.

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2011 and 2010**

**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' deposits.

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, 2011 and 2010, 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, Federal Home Loan Bank of Dallas, Capital One Bank, National Cooperative Bank and the Federal Reserve Bank of Atlanta. Such amounts are carried at cost, which approximates market value at December 31, 2011 and 2010.

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, 2011 and 2010**

**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, 2011 and 2010.

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, 2011 and 2010**

**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. As part of the Corporate Stabilization Plan (see Note 19), this amount was 1.242% and 1.00% of its insured shares, for the years ended December 31, 2011 and 2010, respectively. 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 8 to 18 basis points, based upon estimates of losses to be incurred and charged to the insurance fund. The premium charges associated with the Corporate Stabilization Plan (see Note 19) and assessed by the NCUA for the years ended December 31, 2011 and 2010 of 25 and 26 basis points, respectively, resulting in expenses of \$76,242 and \$79,691, respectively. These amounts are recorded in the accompanying 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, member paid-in-capital deposits and perpetual contributed 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.

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, 2011 and 2010**

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

The Credit Union filed their IRS Form 990 for the year ended December 31, 2010. The estimated liability, if any, resulting from 2011 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, 2011 and 2010.

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 March 12, 2012, 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 and the Statements of Cash Flows classification, the Credit Union considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The composition is as follows:

	December 31,	
	2011	2010
Cash and cash equivalents	\$ 40,420,626	\$ 9,443,452

**NOTE 3 - LOANS RECEIVABLE**

The composition of loans to members is as follows:

	December 31,	
	2011	2010
Demand/line-of-credit loans receivable	\$ 197,582	\$ 485,803

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**NOTE 3 - LOANS RECEIVABLE (CONTINUED)**

Member credit unions drew approximately \$40 million and \$80 million during the years ended December 31, 2011 and 2010, 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.

**NOTE 4 - AVAILABLE-FOR-SALE SECURITIES**

At December 31, 2011 and 2010, 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, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt Securities:				
U.S. Government and Federal Agency	\$ 23,668,245	\$ 11,562	\$ (84,359)	\$23,595,448
Government Agency Mortgage Related Issues	100,043,853	20,140	(544,441)	99,519,552
Corporate Debt Securities	<u>1,609,676</u>	<u>732</u>	<u>(849,811)</u>	<u>715,597</u>
Total Debt Securities	125,321,774	32,434	(1,478,611)	123,830,597
Mutual Fund Investment	<u>5,000,000</u>	<u>-0-</u>	<u>(1,296,482)</u>	<u>3,703,517</u>
	<u>\$130,321,774</u>	<u>\$ 32,434</u>	<u>\$(2,775,093)</u>	<u>\$127,534,114</u>
	December 31, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt Securities:				
U.S. Government and Federal Agency	\$ 5,937,566	\$ 5,969	\$ (158,789)	\$ 5,784,746
Government Agency Mortgage Related Issues	39,519,352	1,336	(237,706)	39,282,982
Corporate Debt Securities	<u>2,189,262</u>	<u>65</u>	<u>(963,550)</u>	<u>1,225,777</u>
Total Debt Securities	47,646,180	7,370	(1,360,045)	46,293,505
Mutual Fund Investment	<u>5,000,000</u>	<u>-</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>

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

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

The amortized cost and estimated market value of securities available-for-sale at December 31, 2011, 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	\$ 3,703,518
Due after one year through five years	18,153,994	18,146,270
Due after five years	<u>107,167,780</u>	<u>105,684,327</u>
	<u>\$130,321,774</u>	<u>\$ 127,534,114</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 \$13,585 and \$9,017 in other-than-temporary impairments (OTTI) associated with these securities at December 31, 2011 and 2010, respectively.

Information pertaining to securities with gross unrealized losses as of December 31, 2011 and 2010, aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

	<u>December 31, 2011</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	\$ 9,987,150	\$ (12,850)	\$ -	\$ -	\$9,987,150	\$ (12,850)
Federal agency mortgage backed securities	86,991,044	(518,520)	7,385,834	(28,542)	94,376,878	(547,062)
Non-agency ABS and CMO securities	<u>996,785</u>	<u>(3,215)</u>	<u>2,948,473</u>	<u>(960,483)</u>	<u>3,945,258</u>	<u>(963,698)</u>
Total temporarily impaired securities	<u>\$97,974,979</u>	<u>\$(534,585)</u>	<u>\$10,334,307</u>	<u>\$ (989,025)</u>	<u>\$108,309,286</u>	<u>\$(1,523,610)</u>

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

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

	December 31, 2010					
	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	\$ 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>

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 2011 and 2010 gross unrealized losses of \$989,025 and \$1,095,392, respectively, out of total unrealized losses for 2011 and 2010 of \$1,523,610 and \$1,464,685, 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 \$13,585 and \$9,017 in other-than-temporary impairments (OTTI) associated with these securities at December 31, 2011 and 2010, respectively.

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**NOTE 5 – PREMISES AND EQUIPMENT**

Premises and equipment is summarized as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 230,086	\$ 217,377
Leasehold improvements	<u>8,039</u>	<u>8,039</u>
Total Premises and Equipment	238,125	225,416
Less accumulated depreciation and amortization	<u>(224,245)</u>	<u>(211,232)</u>
Total premises and equipment, net	<u>\$ 13,880</u>	<u>\$ 14,184</u>

Depreciation expense for 2011 and 2010 was \$13,013 and \$12,731, respectively.

**NOTE 6 - MEMBERS' SHARES AND SHARE EQUIVALENTS**

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

	Interest Yield at <u>12/31/11</u>	<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
Daily shares	.10%	\$ 175,081,338	\$ 114,654,557
Share certificates	2.09%	17,671,707	26,026,707
Membership capital share (MCS)	.10%	-	7,461,102
Paid-in-capital shares (PIC)	.12%	37,145	544,184
Perpetual contributed capital (PCC)	.15%	6,631,671	-
MCS on notice	.10%	<u>2,206,770</u>	<u>427,736</u>
		<u>\$ 201,628,631</u>	<u>\$ 149,114,286</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 ("PIC"), membership capital shares ("MCS") and perpetual contributed capital ("PCC"). The NCUA has guaranteed all deposits, except for MCS, PCC, PIC, and NCA, at all corporate credit unions until December 31, 2012. Therefore, at December 31, 2011 and 2010, the uninsured amounts approximate \$8.9 million and \$8.4 million, respectively.

These amounts consist of \$8.9 million in member's PIC, PCC, 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, 2010 was approximately \$97 million.

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

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

Perpetual Contributed Capital ("PPC") 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 MCS and or PIC qualified for full membership by transferring their remaining amount of MCS to PCC.

Membership Capital 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 obligations to the members and the NUCSIF, as well as PCC and NCA issued after January 18, 2011 (see Note 16), but excluding Paid-In-Capital deposits ("PIC").

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 obligations to members, the NCUSIF, MCS deposits, as well as PCC and NCA deposits issued after January 18, 2011 (see Note 16). Dividends on MCS, PCC and non-refundable PIC are discretionary and are monthly by the Board of Directors.

At December 31, 2011, scheduled maturities of share certificates are as follows:

Maturity of less than one year	\$ 17,371,000
Maturity of one to three year	\$ 300,000
Maturity of over three year	\$ -

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

	December 31,	
	2011	2010
Daily shares	\$ 253,592	\$ 158,919
Share certificates	191,778	759,949
Membership capital shares (MCS)	4,425	10,046
Paid-in-capital shares (PIC)	272	797
Perpetual contributed capital (PCC)	5,965	-
MCS on Notification	880	17,320
	\$ 456,912	\$ 947,031

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**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, 2011 and 2010 was \$402,509, which is reflected in the accompanying Statements of Financial Condition.

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, 2011 and 2010 was \$50,000, which is reflected in the accompanying 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 0.84% to 1.205%.

Late in 2011, the redemption of units from a corporate credit union by Primary Financial increased the Credit Union’s ownership percentage to 1.23%.

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, 2011 and 2010 was \$90,000, which is reflected in the accompanying 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, 2011 and 2010 was \$20,318 and \$20,004, respectively, which is reflected in the accompanying 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, 2011 and 2010, the Credit Union had an advised line of credit of \$15 million and \$50 million, respectively, with U.S. Central Bridge Federal Credit Union.

The Credit Union has a secured credit agreement with the Federal Home Loan Bank of Dallas for a credit capacity of \$112.8 million and \$9.9 million at December 31, 2011 and 2010, respectively. The secured credit agreement is secured by securities transferred from the Credit Union to the Federal Home Loan Bank of Dallas for safekeeping.

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**NOTE 9 - LINES OF CREDIT (CONTINUED)**

Overnight borrowing under the U.S. Central's line of credit bears interest at a rate based on U.S. Central's overnight cost of funds. Term borrowing under the U.S. Central's 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 2011, the Credit Union drew approximately \$22 million on the advised line of credit in overnight advances at a rate of .75%.

Effective January 12, 2012, each corporate U.S. Central Bridge advised line of credit will be available only in connection with funding settlement liabilities to U.S. Central Bridge. Accordingly, the amount of each corporate available for credit will be adjusted daily and will be equal to the sum of all the corporate deposits (both overnight and term, if any) in U.S. Central Bridge that day, times 90 percent.

**NOTE 10 - UNINSURED DEPOSITS**

At December 31, 2011 and 2010, respectively, the Credit Union has approximately \$5,669,566 and \$417,717 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 \$5,114,101 and \$112,530 at December 31, 2011 and 2010, respectively.

**NOTE 11 - OPERATING LEASES**

Rent expense totaled \$50,925 and \$51,516 as of December 31, 2011 and 2010, respectively. The future minimum lease payment is \$188,185 at December 31, 2011.

**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, 2011 and 2010**

**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>2011</u>	<u>2010</u>
Advised lines of credit - unused	\$ 117,875,000	\$ 105,103,197
Standby letters of credit - unused	<u>21,655</u>	<u>247,915</u>
Total lines of credit	<u>\$ 117,896,655</u>	<u>\$ 105,351,112</u>

**NOTE 13 - SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

At December 31, 2011, 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, 2011 and 2010, the amount contributed by the Credit Union and charged to expense was \$13,581 and \$11,819, 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.

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 accompanying Statements of Operations with an offset to deferred compensation liability recognized in the accompanying Statements of Financial Condition and compensation expense recognized in the accompanying Statements of Operations.

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**NOTE 15 - DEFERRED COMPENSATION PLAN (CONTINUED)**

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 accompanying Statements of Changes in Member's Equity.

At December 31, 2011 and 2010, the values of the Plan assets recognized on the Statements of Financial Condition are \$2,494,451 and \$2,529,415, respectively. The amounts of unrealized loss recognized in the accompanying Statements of Changes in Members' Equity as of December 31, 2011 and 2010 is \$5,549 and \$-0-, respectively, therefore there was a liability of \$-0- and \$29,415 in December 2011 and 2010, respectively.

**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, as revised and amended. The amended regulation contains various phase-in periods for compliance with various measures of capital strength. 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, 2011 and 2010 the corporate was in compliance with all capital requirements contained in the regulation.

During 2011, the Credit Union issued Perpetual Contributed Capital (PCC) under terms described in the revised part 704.3 of NCUA Rules and Regulations (See Note 6). PCC are perpetual, non-cumulative dividend accounts, are available to cover losses that exceed retained earnings, are not insured by the NCUSIF or other share or deposit insurers; and cannot be pledged against borrowings. In the event the corporate is liquidated, any claims made by holders of PCC will be subordinate to other claims, including NCUSIF claims, but excluding PCC and NCA issued after January 18, 2011. Capital contributed to the Credit Union by members on or after January 18, 2011, as either Perpetual Contributed Capital (PCC) or Nonperpetual Capital Accounts (NCA) will have priority over capital contributed prior to January 18, 2011 for purposes of availability to absorb losses and payout in liquidation.

**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

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**NOTE 17 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

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 approximate the fair value of assets.

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:

*December 31, 2011*

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

Description	Balance at 12/31/11	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	\$ 23,595	\$ 23,595	\$ -	\$ -
Government Agency Mortgage Related Issues	99,519	99,519	-	-
Corporate Debt Securities	716	716	-	-
Mutual Fund Investment	3,704	3,704	-	-
Total	\$ 127,534	\$ 127,534	\$ -	\$ -

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**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	\$ -	\$ -

At December 31, 2011 and 2010, \$13,585 and \$ 9,017 in declines are deemed to be other-than-temporary. This amount was recorded to Other than temporary impairment of investment in the Statements of Operations.

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, 2011*

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

Description	Balance at 12/31/11	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Regular Demand	\$ 197	\$ 197	\$ -	\$ -
Non Full Member Demand	-	-	-	-
Regular Term	-	-	-	-
Total	\$ 197	\$ 197	\$ -	\$ -

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**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)
Regular Demand	\$ 486	\$ 486	\$ -	\$ -
Non Full Member Demand	-	-	-	-
Regular Term	-	-	-	-
Total	\$ 486	\$ 486	\$ -	\$ -

Accrued Interest: The carrying amounts of accrued interest approximate the fair values for the years ending December 31, 2011 and 2010.

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, 2011 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, 2011 and 2010**

**NOTE 17 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

*December 31, 2011*

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

Description	Balance at 12/31/11	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Daily shares	\$ 175,082	\$ -	\$ 175,082	\$ -
Share certificates	17,671	-	17,671	-
Membership capital share	-0-	-	-0-	-
Paid-in capital shares	37	-	37	-
Perpetual Contributed Capital	6,631	-	6,631	-
Capital shares on notice	2,207	-	2,207	-
Total	\$ 201,628	\$ -	\$ 201,628	\$ -

*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	-
Capital shares on notice	428	-	428	-
Total	\$ 149,115	\$ -	\$ 149,115	\$ -

**LOUISIANA CORPORATE CREDIT UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2011 and 2010**

**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 is 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.

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 premium charge associated with the Stabilization Fund of \$76,242 and \$79,691 for the years ended December 31, 2011 and 2010, respectively. These amounts are recorded in the accompanying 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, 2011 and 2010**

**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 accompanying Statements of Financial Condition at December 31, 2011 and 2010 are \$294,301 and \$308,220, 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 – 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. In 2011 and 2010, the Credit Union pledged as collateral investment securities with an estimated fair value of \$1,000,000. These securities are in safekeeping at The Federal Reserve Bank of Atlanta.

**NOTE 21 – PENDING MERGER**

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 application has received approval from the Louisiana Office of Financial Institutions, the Alabama Credit Union Administration, and the Board of Directors of both institutions.

The merger is pending NCUA approval.

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, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Service fees	\$ 560,389	\$ 488,559
Gain on sale of securities	31,702	139,244
Miscellaneous	4,726	560
	<u>\$ 596,817</u>	<u>\$ 628,363</u>

**LOUISIANA CORPORATE CREDIT UNION**  
**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Professional and outside services	\$ 599,187	\$ 609,500
Compensation and benefits	748,080	548,532
NCUSIF stabilization expense	76,242	79,691
Office operations and occupancy	106,287	113,432
Administrative expenses	<u>49,836</u>	<u>37,448</u>
	<u>\$ 1,579,631</u>	<u>\$ 1,388,603</u>