

**LOUISIANA CORPORATE
CREDIT UNION**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



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Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Supervisory Committee
Louisiana Corporate Credit Union
Metairie, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Corporate Credit Union (the "Credit Union"), which comprise the statements of financial condition as of December 31, 2017 and 2016, and the related statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the Credit Union's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated June 29, 2018 expressed an unmodified opinion.

Carly Riggs & Ingram, L.L.C.

Metairie, Louisiana

June 29, 2018

FINANCIAL STATEMENTS

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

<i>December 31,</i>	2017	2016
Assets		
Cash and cash equivalents		
Cash and due from banks	\$ 37,936,800	\$ 36,883,922
Interest bearing deposits	2,012,512	4,954,437
Total cash and cash equivalents	39,949,312	41,838,359
Investment securities, available for sale	92,896,007	99,826,902
Other securities, at cost	1,333,000	1,002,900
Loans to members	1,314,407	1,015,934
Accrued interest receivable	175,485	122,112
Premises and equipment, net	22,710	21,310
Investment in credit union service organizations	366,188	493,599
Prepaid expenses and other assets	22,942	151,558
NCUSIF deposit	204,076	218,487
Total assets	\$ 136,284,127	\$ 144,691,161
Liabilities and Members' Equity		
Members' shares and share equivalents	\$ 103,292,591	\$ 117,638,778
Borrowed funds	25,000,000	20,000,000
Accrued interest payable	91,463	36,076
Accounts payable and other liabilities	143,300	84,199
Total liabilities	128,527,354	137,759,053
Members' equity, substantially restricted		
Perpetual contributed capital	7,128,821	7,128,821
Undivided earnings	2,309,384	1,912,701
Accumulated other comprehensive loss	(1,681,432)	(2,109,414)
Total members' equity	7,756,773	6,932,108
Total liabilities and members' equity	\$ 136,284,127	\$ 144,691,161

See the accompanying notes to the financial statements.

Louisiana Corporate Credit Union
Statements of Income

<i>Years ended December 31,</i>	2017	2016
Interest income		
Investments	\$ 2,017,409	\$ 1,181,214
Loans to members	19,928	1,900
Total interest income	2,037,337	1,183,114
Interest expense		
Members' shares and share equivalents	929,704	423,277
Borrowed funds	81,024	8,230
Total interest expense	1,010,728	431,507
Net interest income	1,026,609	751,607
Non-interest income		
Service fees	864,093	843,081
Deepwater Horizon economic claim settlement	-	562,976
Miscellaneous	165	1,562
Gain on sale of securities available for sale	-	1,273
Total non-interest income	864,258	1,408,892
Non-interest expense		
Professional and outside services	702,305	746,087
Compensation and benefits	637,790	542,692
Office operations and occupancy	96,326	108,877
Administrative expenses	41,004	38,906
Other-than-temporary impairment of securities	13,200	7,880
Total non-interest expense	1,490,625	1,444,442
Net income	\$ 400,242	\$ 716,057

See the accompanying notes to the financial statements.

Louisiana Corporate Credit Union
Statements of Comprehensive Income

<i>Years ended December 31,</i>	2017	2016
Net income	\$ 400,242	\$ 716,057
Other comprehensive income (loss):		
Reclassification adjustments for gains (losses) included in income	13,200	6,607
Net change in unrealized losses on securities available for sale	414,782	747,007
Total other comprehensive income	427,982	753,614
Total comprehensive income	\$ 828,224	\$ 1,469,671

See the accompanying notes to the financial statements.

Louisiana Corporate Credit Union
Statements of Changes in Members' Equity

	Perpetual Contributed Capital	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2015	\$ 7,128,821	\$ 1,200,213	\$ (2,863,028)	\$ 5,466,006
Dividends paid on perpetual contributed capital	-	(3,569)	-	(3,569)
Total comprehensive income (loss)	-	716,057	753,614	1,469,671
Balance at December 31, 2016	7,128,821	1,912,701	(2,109,414)	6,932,108
Dividends paid on perpetual contributed capital	-	(3,559)	-	(3,559)
Total comprehensive income	-	400,242	427,982	828,224
Balance at December 31, 2017	\$ 7,128,821	\$ 2,309,384	\$ (1,681,432)	\$ 7,756,773

See the accompanying notes to the financial statements.

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

<i>Years ended December 31,</i>	2017	2016
Cash Flows from Operating Activities		
Net income	\$ 400,242	\$ 716,057
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities:		
Depreciation and amortization	13,270	14,050
Amortization of securities, net	81,126	88,389
Gain on sale of securities available for sale	-	(1,273)
Other-than-temporary impairment of securities	13,200	7,880
Net changes in operating assets and liabilities:		
Increase in accrued interest receivable	(53,373)	(33,450)
Decrease in prepaid expenses and other assets	128,616	55,830
Increase in accrued interest payable	55,387	21,707
Increase in accounts payable and other liabilities	59,101	28,053
Net cash provided by operating activities	697,569	897,243
Cash Flows from Investing Activities		
Purchases of investment securities, available for sale	(15,654,387)	(18,124,331)
Proceeds from calls, sales, maturities, and pay-downs of securities, available for sale	22,918,938	22,729,630
Purchases of other securities, at cost	(330,100)	(5,400)
Loans to members, net of principal collections	(298,473)	(1,012,376)
Purchase of	(14,670)	(12,069)
Decrease in investment in credit union service organizations	127,411	134,624
Decrease in NCUSIF deposit	14,411	3,879
Net cash provided by investing activities	6,763,130	3,713,957

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

<i>Years ended December 31,</i>	2017	2016
Cash Flows from Financing Activities		
Net decrease in members' shares and share equivalents	\$ (14,346,187)	\$ (10,644,171)
Dividends paid on perpetual contributed capital	(3,559)	(3,569)
Increase in borrowed funds	5,000,000	10,000,000
Net cash used in financing activities	(9,349,746)	(647,740)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,889,047)	3,963,460
Cash and Cash Equivalents at Beginning of Year	41,838,359	37,874,899
Cash and Cash Equivalents at End of Year	\$ 39,949,312	\$ 41,838,359
Supplementary cash flow information		
Cash paid during the year for interest	\$ 955,341	\$ 409,800

See the accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through June 29, 2018, the date which the financial statements were available to be issued.

Nature of Business

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

Significant Groups of Concentrations and Credit Risk

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

Use of Estimates

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

Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Securities

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

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

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

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

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

Other Securities

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

Loans to members

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses

The allowance for loan losses is based on management's evaluation of the collectability of the loans. The evaluation of management includes consideration of prior loan-loss experience, the results of internal review procedures, the current financial condition of the borrower, the quality of the collateral, and current economic condition affecting the inherent collection risks of the loan portfolio. The accrual of interest is discontinued when management believes that the collection of interest is doubtful. The Credit Union has not historically incurred loan losses. Management believes that no allowance for loan losses is necessary for the years ended December 31, 2017 and 2016 because the loans are generally short-term in nature and secured by member deposits and other assets. The Credit Union does not grant unsecured loans. There were no losses or delinquent loans in 2017 or 2016.

Premises and Equipment

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

Impairment of Long-Lived Assets

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

NCUSIF Deposit

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

NCUSIF Insurance Premiums

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members' Shares and Share Equivalents

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

Perpetual Contributed Capital

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

Advertising

The Credit Union's policy is to expense advertising costs as incurred. Advertising expense was \$3,442 and \$3,779 for the years ended December 31, 2017 and 2016, respectively.

Comprehensive Income (Loss)

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

Income Taxes

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

Off-Balance Sheet Credit Related Financial Instruments

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

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

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that “an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” In applying the revenue model to contracts within its scope, an entity:

- Identifies the contract(s) with a customer (step 1)
- Identifies the performance obligations in the contract (step 2)
- Determines the transaction price (step 3)
- Allocates the transaction price to the performance obligations in the contract (step 4)
- Recognizes revenue when (or as) the entity satisfies a performance obligation (step 5)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards (Continued)

ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2018. Subsequent to the issuance of ASU No. 2014-09, various ASU amendments to the revenue guidance have been issued. These updates address 1) Principal versus Agent Considerations (Reporting Revenue Gross versus Net); 2) Identifying Performance Obligations and Licensing; 3) Rescission of Certain SEC Staff Observer Comments upon Adoption of Topic 606; and 4) Narrow-Scope Improvements and Practical Expedients. The effective date for each of these revenue amendments is concurrent with the effective date of ASU 2014-09, as referenced above. Management is still evaluating the impact that implementation of these ASUs will have on the Credit Union's financial statements.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." ASU 2016-01 amends the guidance on the classification and measurement of financial instruments. Some of the amendments in ASU 2016-01 include the following: 1) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; 2) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; 3) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; and 4) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value; among others. For nonpublic business entities, the amendments of ASU 2016-01 are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Entities must apply the standard using a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The provisions related to this standard are to be applied prospectively to equity investments as of the adoption date. Any unrealized losses at the date of adoption for the Credit Union, January 1, 2019, will be recorded as a cumulative effect of a change in accounting principle, and any change in unrealized losses prospectively will be required to be presented in undivided earnings, rather than accumulated other comprehensive income.

In February 2016, the FASB issued ASU No. 2016-02, Leases, which requires lease obligations to be recognized on the balance sheet. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2019. Management is still evaluating the impact that implementation of this ASU will have on the Credit Union's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards (Continued)

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (the ASU), which introduces the current expected credit losses methodology. Among other things, the ASU requires the measurement of all expected credit losses for financial assets, including available-for-sale debt securities, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The new model will require institutions to calculate all probable and estimable losses that are expected to be incurred through the loan's entire life.

ASU 2016-13 also requires the allowance for credit losses for purchased financial assets with credit deterioration since origination to be determined in a manner similar to that of other financial assets measured at amortized cost; however, the initial allowance will be added to the purchase price rather than recorded as credit loss expense. The disclosure of credit quality indicators related to the amortized cost of financing receivables will be further disaggregated by year of origination (or vintage). Disaggregation by vintage will be optional for nonpublic business entities. Institutions are to apply the changes through a cumulative-effect adjustment to their retained earnings as of the beginning of the first reporting period in which the standard is effective. The amendments are effective for fiscal years beginning after December 15, 2020. Early application will be permitted for fiscal years beginning after December 15, 2018. Management is evaluating the impact the adoption of this standard will have on the Credit Union's financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides cash flow statement classification guidance for certain transactions including how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The guidance is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years and should be applied retrospectively. Early adoption is permitted, including adoption in an interim period. The Credit Union has assessed ASU 2016-15 and does not expect its adoption to have a material impact on its financial statements.

Louisiana Corporate Credit Union
Notes to Financial Statements

NOTE 2 - SECURITIES AVAILABLE FOR SALE

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>December 31, 2017</i>				
U.S. agency securities	\$ 56,506,994	\$ 61,310	\$ (225,707)	\$ 56,342,597
Mortgage backed securities	17,015,908	14,622	(119,148)	16,911,382
Corporate debt securities	16,054,540	85,858	(883)	16,139,515
Mutual funds	5,000,000	-	(1,497,487)	3,502,513
	\$ 94,577,442	\$ 161,790	\$ (1,843,225)	\$92,896,007
<i>December 31, 2016</i>				
U.S. agency securities	\$ 60,178,423	\$ 71,088	\$ (649,885)	\$ 59,599,626
Mortgage backed securities	18,169,242	3,715	(143,998)	18,028,959
Corporate debt securities	18,588,654	35,265	(3,491)	18,620,428
Mutual funds	5,000,000	-	(1,422,111)	3,577,889
	\$ 101,936,319	\$ 110,068	\$ (2,219,485)	\$ 99,826,902

The amortized cost and estimated fair value of investment securities, at December 31, 2017, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Amounts maturing in	Amortized Cost	Fair Value
Due in one year or less	\$ 10,251,237	\$ 10,309,271
Due after one year through five years	17,863,464	17,826,946
Due after five years through ten years	44,048,152	43,968,883
Due after ten years	17,414,589	17,288,396
Total	89,577,442	89,393,496

The investments were pledged as collateral for the Credit Union's line of credit with the Federal Home Loan Bank of Dallas.

Louisiana Corporate Credit Union
Notes to Financial Statements

NOTE 2 - SECURITIES AVAILABLE FOR SALE (CONTINUED)

Information pertaining to securities with gross unrealized losses at December 31, 2017 and 2016 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2017						
U.S. agency securities	\$17,768,481	\$ 25,771	\$25,012,806	\$ 199,936	\$42,781,287	\$ 225,707
Mortgage backed securities	3,799,465	21,619	9,093,075	97,529	12,892,540	119,148
Corporate debt securities	2,933,571	883	-	-	2,933,571	883
Mutual fund	-	-	3,502,513	1,497,487	3,502,513	1,497,487
Total	\$24,501,517	\$ 48,273	\$37,608,394	\$ 1,794,952	\$62,109,911	\$1,843,225

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2016						
U.S. agency securities	\$ 3,440,774	\$ 8,419	\$37,587,764	\$ 641,466	\$41,028,538	\$649,885
Mortgage backed securities	9,461,835	62,834	6,773,786	81,164	16,235,621	143,998
Corporate debt securities	1,401,274	513	2,946,613	2,978	4,347,887	3,491
Mutual fund	-	-	3,577,889	1,422,111	3,577,889	1,422,111
Total	\$14,303,883	\$ 71,766	\$50,886,052	\$ 2,147,719	\$65,189,935	\$2,219,485

There were no sales of investments in 2017. In 2016, securities totaling \$297,692 were redeemed and a gain of \$1,273 was recognized.

NOTE 2 - SECURITIES AVAILABLE FOR SALE (CONTINUED)

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of temporary unrealized losses. The government agency mortgage backed securities in a loss position have government sponsored enterprise (“GSE”) backing and therefore are not considered to have credit risk nor is the loss considered to be other than temporary. The U.S government and federal agency securities in a loss position are either GSE securities or have Federal Education Loan Program insurance coverage and are not considered to have other than temporary losses. The corporate debt securities are considered to be in a loss position due to changing interest rates and not deterioration of the securities credit. The mutual fund is comprised of underlying GSE securities and cash and is not subject to other-than-temporary impairment analysis. Management obtains, from an independent third party, an analysis of the Credit Union’s investments quarterly and neither the third party nor management believes that the mutual fund losses are other-than-temporarily impaired. Unrealized losses in the Credit Union’s investment portfolio are consistent with changes in market interest rates over the past year and are considered temporary.

At December 31, 2017 and 2016 , the Credit Union held, in its available for sale investment portfolio, two (2) securities that were determined to have other-than-temporary impairment losses. The Credit Union recognized a \$13,200 and \$7,880, non-cash other-than-temporary charge during the year ended December 31, 2017 and 2016, respectively.

NOTE 3 - LOANS TO MEMBERS

The composition of loans to members is as follows:

December 31,	2017	2016
Demand/line-of-credit loans receivable	\$ 716,488	\$ 1,015,934
Term loans	597,919	-
Total loans to members	\$ 1,314,407	\$ 1,015,934

The loans receivable balance as of December 31, 2017 was made up of four (4) demand loans and two (2) term loans to member credit unions which were originated in 2017. These loans were considered short-term loans and were expected to be fully collectible within one year. The loans receivable balance as of December 31, 2016 was made up of three (3) demand loans to member credit unions which were originated in 2016.

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

There were no impaired loans as of December 31, 2017 or 2016. Additionally, none of the loans were past due or had been modified as troubled as of December 31, 2017 or 2016.

NOTE 4 - PREMISES AND EQUIPMENT

Premises and equipment is summarized as follows:

December 31,	2017	2016
Furniture and equipment	\$ 196,418	\$ 192,134
Leasehold improvements	8,039	8,039
	204,457	200,173
Accumulated depreciation	(181,747)	(178,863)
Premises and equipment, net	\$ 22,710	\$ 21,310

Depreciation expense for the years ended December 31, 2017 and 2016 was \$13,270 and \$14,050, respectively.

NOTE 5 – INVESTMENT IN CREDIT UNION SERVICE ORGANIZATIONS

Investments in Credit Union Service Organizations are summarized as follows:

December 31,	2017	2016
CNBS, LLC	\$ -	\$ 29,449
Primary Financial Company, LLC	260,672	261,240
CU Business Group, LLC	105,516	92,720
Core Network Processing, LLC	-	110,190
Investment in Credit Union Service Organizations	\$ 366,188	\$ 493,599

CNBS, LLC (“CNBS”) was organized to provide a national institutional securities dealer and investment advisory service in cooperation with the credit union network. CNBS sold 100% of its assets to another credit union service organization in 2016. In 2017, following the filing of its 2016 tax return, it was determined that there was no recoverable equity remaining in CNBS.

Primary Financial Company, LLC (“Primary”) offers a program, SimpliCD, which enables the Credit Union’s members to invest in federally insured certificates of deposit.

CU Business Group, LLC (“CUBG”) provides business lending, deposit, and consulting services to credit unions nationwide.

Core Network Processing, LLC (“CNP”) provides data processing services to corporate credit unions nationwide. In December 2017, CNP changed ownership, and this investment was liquidated.

NOTE 6 - MEMBERS' SHARES AND SHARE EQUIVALENTS

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

<i>December 31,</i>	2017	2016
Daily Shares	\$ 103,255,446	\$ 117,101,633
Paid-in-capital shares	37,145	37,145
Non-perpetual capital (NCA)	-	500,000
	\$ 103,292,591	\$ 117,638,778

The aggregate amounts of members' share and savings accounts over \$250,000 were approximately \$96.1 million and \$111.6 million as of December 31, 2017 and 2016, respectively.

NOTE 7 – BORROWED FUNDS

The Credit Union maintains a line of credit with the Federal Home Loan Bank of Dallas ("FHLB"). The Credit Union had outstanding balances of approximately \$25.0 million and \$20.0 million on this line of credit as of December 31, 2017 and 2016, respectively. The Credit Union's remaining availability under this line of credit was approximately \$20.9 million and \$26.8 million as of December 31, 2017 and 2016, respectively. The line of credit is secured by the Credit Union's securities available for sale as deemed eligible by the FHLB and is renewable annually. The interest rate at December 31, 2017 and 2016 was approximately 1.30% and 0.55%, respectively.

NOTE 8 - LEASE COMMITMENTS

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

Location	Term (Years)	Expiration Date	Approximate Annual Rent
Main Office	6	September 2018	\$ 51,255

Rent expense was approximately \$54,027 and \$52,885 for the years ended December 31, 2017 and 2016, respectively.

The total future minimum lease payments under the non-cancelable operating lease above is \$39,283.

NOTE 9 - OFF-BALANCE SHEET ACTIVITIES

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

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

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

<i>December 31,</i>	2017	2016
Advised lines of credit - unused	\$ 121,848,593	\$ 123,548,066
Standby letters of credit - unused	1,007,392	1,021,655
Total	\$ 122,855,985	\$ 124,569,721

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

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

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.

NOTE 9 - OFF-BALANCE SHEET ACTIVITIES (CONTINUED)

The Credit Union, as agent, entered into an Excess Balance Account (EBA) agreement with participating member credit unions and the Federal Reserve Bank, whereby the Federal Reserve Bank opened EBA accounts for the benefit of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in the Credit Union's financial statements. These balances totaled approximately \$6,100,000 and \$12,300,000 as of December 31, 2017 and 2016, respectively. The aggregate balance in the EBA represents a deposit liability of the Federal Reserve Bank solely to the participants. The Credit Union, as agent, is responsible for calculating and distributing the interest payable to each participant on the participant's excess balance.

NOTE 10 - CONTINGENCIES

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

During 2009, the Credit Union wrote-off 100% of its investment in U.S. Central Federal Credit Union ("USC"), which was placed in conservatorship by the NCUA on March 20, 2009. The Credit Union is entitled to available recoveries after satisfaction of all liabilities of the liquidation estate based on its pro-rata share of member contributed capital. Based on projections provided by the NCUA as of December 31, 2017, the Credit Union's share of potential recoveries is estimated to be \$4.6 million, however, no assurance can be provided as to the ultimate amount, if any, to be recovered at this time. Final distribution of available funds is scheduled for 2021 as stated in the rules of the liquidation trust.

NOTE 11 - REGULATORY CAPITAL

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

Louisiana Corporate Credit Union
Notes to Financial Statements

NOTE 11 - REGULATORY CAPITAL (CONTINUED)

The Credit Union's actual and required ratios for December 31, 2017 and 2016 are as follows:

	Actual		Minimum To Be Adequately Capitalized Under Prompt Corrective Action Provisions		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
December 31, 2017						
Leverage	\$ 6,914	5.28%	\$ 5,237	4.00%	\$ 6,545	5.00%
Tier 1 risk -based capital (Tier 1 core capital to MMANRA)	\$ 6,914	29.33%	\$ 943	4.00%	\$ 1,415	6.00%
Total risk-based capital (Total capital to MMANRA)	\$ 9,109	38.64%	\$ 1,886	8.00%	\$ 2,358	10.00%
Retained earnings (Retained earnings to MDANA)	\$ 2,309	1.76%	\$ 589	0.45%	N/A	N/A
December 31, 2016						
Leverage	\$ 6,257	4.35%	\$ 5,758	4.00%	\$ 7,198	5.00%
Tier 1 risk -based capital (Tier 1 core capital to MMANRA)	\$ 6,257	27.04%	\$ 925	4.00%	\$ 1,388	6.00%
Total risk-based capital (Total capital to MMANRA)	\$ 8,585	37.10%	\$ 1,851	8.00%	\$ 2,314	10.00%
Retained earnings (Retained earnings to MDANA)	\$ 1,913	1.31%	\$ 658	0.45%	N/A	N/A

As of December 31, 2017 and 2016, the Credit Union met all capital requirements under Section 704.3 of the NCUA Regulations.

NOTE 12 – RETIREMENT PLANS

Defined Contribution Retirement Plans

The Credit Union sponsors a defined contribution 401(k) retirement plan for all eligible employees. All full-time employees with one year of service are eligible, and vesting is graduated over six years. The Credit Union makes matching contributions equal to 100% of the participants first 3% of salary contributed. The Credit Union may also make discretionary contributions at the direction of management. During the years December 31, 2017 and 2016, the amount contributed by the Credit Union and charged to expense was \$14,787 and \$3,873, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Credit Union made loans to member credit unions with common directors and principal officers. These loans are made on the same terms, including interest rate and collateral, as those prevailing at the time for similar loans with other members. There were no such loans outstanding at December 31, 2017. There was one loan outstanding to related parties at December 31, 2016 totaling \$597,632. Deposits from related parties at December 31, 2017 and 2016 amounted to \$43,667,660 and \$49,931,670, respectively.

NOTE 14 - FAIR VALUE MEASUREMENTS

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

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

NOTE 14 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

Fair Value Measurements at Reporting Date Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value				
(In Thousands)				
December 31, 2017				
Securities available for sale:				
U.S. agency securities	\$ 56,343	\$ -	\$ 56,343	\$ -
Mortgage backed securities	16,911	-	16,911	-
Corporate debt securities	16,139	-	16,139	-
Mutual funds	3,503	3,503	-	-
December 31, 2016				
Securities available for sale:				
U.S. agency securities	\$ 59,600	\$ -	\$ 59,600	\$ -
Mortgage backed securities	18,029	-	18,029	-
Corporate debt securities	18,620	-	18,620	-
Mutual funds	3,578	3,578	-	-

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Other securities, at cost: The value of Federal Home Loan Bank Stock is set by the FHLB at \$100 per share.

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

Accrued Interest: The carrying amounts of accrued interest approximate the fair values for the years ending December 31, 2017 and 2016.

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

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

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

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

Louisiana Corporate Credit Union
Notes to Financial Statements

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Carrying Amount	Fair Value
<i>December 31, 2017</i>		
Financial assets:		
Cash and cash equivalents	\$ 39,949	\$ 39,949
Investments available for sale	92,896	92,896
Other securities, at cost	1,333	1,333
Loans to members	1,314	1,315
Accrued interest receivable	175	175
Financial liabilities:		
Members' shares and share equivalents:		
Daily shares	103,255	103,253
Capital shares on notice	37	37
Lines of credit	25,000	25,000
Off-Balance-Sheet Credit Related Financial Instruments:		
Commitments to extend credit	-	122,856
<i>December 31, 2016</i>		
Financial assets:		
Cash and cash equivalents	\$ 41,838	\$ 41,838
Investments available for sale	99,827	99,827
Other securities, at cost	1,003	1,003
Loans to members	1,016	1,016
Accrued interest receivable	122	122
Financial liabilities:		
Members' shares and share equivalents:		
Daily shares	117,102	117,101
Capital shares on notice	37	37
Non-perpetual capital	500	500
Lines of credit	20,000	20,000
Off-Balance-Sheet Credit Related Financial Instruments:		
Commitments to extend credit	-	124,570

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

NOTE 16 – DEEPWATER HORIZON ECONOMIC CLAIM SETTLEMENT

During 2016, the Credit Union executed a settlement agreement with The Deepwater Horizon Claims Center (DHECC) resulting from litigation in United States Federal Court related to an oil spill in the Gulf of Mexico that resulted from the explosion of an offshore oil platform on April 20, 2010. The settlement agreement is a full and final settlement with respect to named British Petroleum (BP) corporate entities and other entities named as “released entities” in the agreement. The Credit Union received settlement proceeds of \$562,976, less legal and transaction fees of \$83,514, on December 16, 2016. The proceeds are recorded as non-interest income in the 2016 statement of income.