



2006 ANNUAL REPORT
2006



JOINT REPORT OF THE CHAIRMAN AND PRESIDENT

In 2006, Louisiana Corporate remained committed to its core values of providing exceptional member service; sound and conservative financial management; and state-of-the-art, reasonably priced correspondent services – values that are integral to our operation, now and for the future.

Sound internal controls and superior member service

We take seriously Louisiana Corporate's role as a safe and competitive choice for your investable funds, following a conservative, balanced investment strategy that performs consistently throughout any phase of the economic cycle. Regardless of current market conditions, our investment and asset/liability management are driven by one overriding goal: to ensure consistent, safe performance. By giving priority to long-term safety over short-term yield, Louisiana Corporate maintains the high degree of confidence that consumers place in the credit union system. Further, by combining a forward-looking approach to investment safety with state-of-the-art modeling and portfolio techniques, we offer one of the lowest-risk net economic value fluctuation profiles in the nation – all while offering term and structured CD rates that are among the most competitive in the corporate network.

Our member credit unions expect the highest degree of member service from Louisiana Corporate, and we continually expand on our abilities through a rigorous training program. Each year, our staff completes many hours of training on regulatory compliance, member service, investment products and correspondent services. Louisiana Corporate Member Service Representatives aren't simply switchboard operators who transfer your calls; they are capable professionals who are empowered to see your needs and concerns through to the right solutions. This past year, we added a field-based Member Relations position to further enhance our service capabilities.

High-quality, cost-effective products and services

Louisiana Corporate is committed to helping member credit unions remain competitive through access to up-to-date, cost-effective products and services. We don't believe our member/owners should settle for re-branded "house" brands from the lowest-cost providers when we can make best-of-breed investment and correspondent services available at fair prices. At Louisiana Corporate, we take pride in our ability to offer high-quality, affordable services from the most reputable and innovative national providers.

But you'll never see us rush to market before a product is proven – we take the time to thoroughly research and test it. One such example is our new branch image-capture program, which we will introduce in 2007. After an extensive review process, we're confident of the merits of this new product and that we will be offering members one of the best programs available.

During the past year, we were pleased to have teamed with other corporate credit unions to present the widely acclaimed, national "Dare to Compete" conference in 2006. The second event in this insightful and valuable training series will be held next November. Louisiana Corporate is honored to host the 2007 "Dare to Succeed" conference in New Orleans. This first-of-a-kind series is designed to equip your credit union with the tools you need to compete and succeed in a rapidly evolving financial services arena.

Thank you for once again choosing Louisiana Corporate to keep your own members' deposits working in your state and regional economy. We pledge to continue our mutual efforts to contribute to the success of a competitive, sound credit union community.

Respectfully submitted,



Larry R. DeRouen, Ph.D.
Chairman of the Board



David A. Savoie, CPA, CFE
President / CEO



Independent Auditor's Report

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

We have audited the accompanying statements of financial condition of Louisiana Corporate Credit Union (Credit Union) as of December 31, 2006 and 2005, and the related statements of income, changes in members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Louisiana Corporate Credit Union as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



A Professional Accounting Corporation

Metairie, Louisiana
March 13, 2007

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STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2006	2005
ASSETS		
Cash and Cash Equivalents	\$ 12,683,302	\$ 11,788,641
Time and Interest-Earning Deposits	103,915,617	124,172,193
Securities Available-for-Sale	30,724,855	39,660,016
Securities Held-to-Maturity	3,000,000	4,000,000
Investment in Credit Union Service Organizations	734,590	734,590
Federal Home Loan Bank Stock, at Cost	438,241	368,193
Loans	5,745,792	11,413,306
Accrued Interest Receivable	875,087	565,667
Other Receivable	-	32,595
NCUSIF Deposit	124,243	161,550
Property and Equipment, Net	42,304	40,114
Other Assets	96,080	90,473
Total Assets	\$ 158,380,111	\$ 193,027,338
LIABILITIES AND MEMBERS' EQUITY		
Lines of Credit	\$ -	\$ 20,000,000
Accrued Interest Payable	866,345	548,710
Other Liabilities	190,583	223,093
Members' Shares and Share Equivalents	154,205,830	169,695,185
Total Liabilities	155,262,758	190,466,988
Members' Equity, Substantially Restricted	3,117,353	2,560,350
Total Liabilities and Members' Equity	\$ 158,380,111	\$ 193,027,338

* The accompanying notes are an integral part of these financial statements.

STATEMENTS OF INCOME

	For The Years Ended December 31,	
	2006	2005
INTEREST INCOME		
Investments	\$ 7,180,249	\$ 4,112,285
Loans	427,596	71,053
Total Interest Income	7,607,845	4,183,338
INTEREST EXPENSE		
Members' Share and Share Equivalents	6,295,969	2,945,410
Borrowings	285,782	124,679
Total Interest Expense	6,581,751	3,070,089
NET INTEREST INCOME	1,026,094	1,113,249
OTHER OPERATING INCOME (LOSS)		
Service Fee Income	473,950	441,405
Miscellaneous Income	414,643	125,987
Total Other Operating Income	888,593	567,392
GENERAL AND ADMINISTRATIVE EXPENSES		
Compensation and Benefits	488,865	476,489
Professional and Contract Services	657,275	561,808
Office Expenses	124,345	144,905
Administrative Expenses	132,445	107,415
Total General and Administrative Expenses	1,402,930	1,290,617
NET INCOME	\$ 511,757	\$ 390,024

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For The Years Ended December 31, 2006 and 2005

	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2005	\$ 2,559,482	\$ (120,728)	\$ 2,438,754
Comprehensive Income			
Net Income	390,024	-	390,024
Other Comprehensive Income:			
Net Changes in Unrealized Loss on Securities- Available-for-Sale	-	(268,428)	(268,428)
Total Comprehensive Income (Loss)	390,024	(268,428)	121,596
Balance at December 31, 2005	2,949,506	(389,156)	2,560,350
Comprehensive Income			
Net Income	511,757	-	511,757
Other Comprehensive Income:			
Net Changes in Unrealized Loss on Securities- Available-for-Sale	-	45,246	45,246
Total Comprehensive Income	511,757	45,246	557,003
Balance at December 31, 2006	\$ 3,461,263	\$ (343,910)	\$ 3,117,353

* The accompanying notes are an integral part of these financial statements.

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STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 511,757	\$ 390,024
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Amortization of Premium on Investments	39,626	154,702
Non-Cash Dividend - FHLB Stock	(17,800)	-
Depreciation Expense	21,526	21,491
Increase in Accrued Interest Receivable	(309,421)	(214,787)
Decrease (Increase) in Other Receivable	32,595	(32,595)
Increase (Decrease) in Other Assets	(5,607)	69,810
Increase in Accrued Interest Payable	317,635	243,064
Decrease (Increase) in Other Liabilities	(32,510)	156,446
Net Cash Provided by Operating Activities	557,801	788,155

STATEMENTS OF CASH FLOWS (CONTINUED)

	For The Years Ended December 31,	
	2006	2005
CASH FLOWS FROM INVESTING ACTIVITIES		
(Decrease) Increase in Time and Interest-Bearing Deposits	20,256,576	(48,815,835)
(Decrease) Increase in Loans Receivable	5,667,514	(11,344,682)
Decrease in NCUSIF Deposit	37,307	2,202
Increase in Federal Home Loan Bank	(52,248)	(12,871)
Additional Investment in Investment in CUSO	-	(94,000)
Activity in Held-to-Maturity Securities:		
Paydowns and Maturities	1,000,000	-
Activity in Available-for-Sale Securities:		
Paydowns and Maturities	16,897,299	18,519,663
Purchases	(7,956,517)	(27,468,519)
Additions to Property and Equipment	(23,716)	(10,209)
Net Cash (Used in) Provided by Investing Activities	35,826,215	(69,224,251)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (Increase) in Members' Shares and Share Equivalents	(15,489,355)	47,369,066
Decrease (Increase) in Borrowed Funds	(20,000,000)	20,000,000
Net Cash Provided by (Used in) Financing Activities	(35,489,355)	67,369,066
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	894,661	(1,067,030)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,788,641	12,855,671
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,683,302	\$ 11,788,641
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest on Borrowings	\$ 285,782	\$ 124,679
Interest on Members' Shares	\$ 5,977,460	\$ 2,702,346

* The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Operations

Louisiana Corporate Credit Union (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.

Use Of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Statement of Financial Condition and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

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

Time And Interest-Bearing Deposits

Time and interest-bearing deposits include certificates of deposits and deposits in a corporate credit union including callable securities purchased from U.S. Central Federal Credit Union (U.S. Central), and are carried at cost.

Securities

Debt securities that management has the ability and intent to hold to maturity are classified as held-to-maturity and carried at cost, adjusted for amortization of premium and accretion of discounts using the interest method. Other marketable securities are classified as available-for-sale and are carried at fair value.

Unrealized gains and losses on investments available-for-sale are recognized as an increase or decrease in members' equity. Declines in the 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 losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) 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 investments available-for-sale are recognized using the specific identification method.

Investment In Credit Union Service Organizations

Investments in Credit Union Service Organizations, which are described in Note 3, are stated at cost, which does not exceed estimated net realizable value.

Loans

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. Management believes that no allowance for loan losses is necessary due to the loans being generally short-term in nature and secured by members' deposits and other 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

A credit union is required to pay an annual insurance premium equal to one-twelfth of one percent of its total insured shares, unless the payment is waived or reduced by the NCUA Board. The NCUA Board waived the 2006 and 2005 insurance premiums.

Property And Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the related asset. Maintenance and repairs are charged to expense, and gains or losses on disposition are reflected in the Statements of Operations.

NOTES TO FINANCIAL STATEMENTS

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 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 set 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 and, therefore, the accompanying financial statements do not contain a provision for income taxes.

Service Fee Income

Service fee income consists of charges to members for various services including correspondent, funds transfer, ACH, securities safekeeping and fees for services rendered in connection with Certificate of Deposit placement activities.

Comprehensive Income

Comprehensive income consists of net income and accumulated other comprehensive loss. Other comprehensive loss consists of unrealized losses on securities available-for-sale.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 156, Fair Value Measurements. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice.

NOTE 2 - SECURITIES

The amortized cost and fair value of securities, with gross unrealized gains and losses, follows:

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
Debt Securities:				
U.S. Government and Federal Agency	\$ 12,168,803	\$ 160	\$ 144,355	\$ 12,024,608
Government Agency Mortgage Related Issues	9,872,856	9,327	55,129	9,827,054
Corporate Debt Securities	4,027,106	-	13,209	4,013,897
Total Debt Securities	26,068,765	9,487	212,693	25,865,559
Mutual Fund Investment	5,000,000	-	140,704	4,859,296
Total Securities Available for Sale	\$ 31,068,765	\$ 9,487	\$ 353,397	\$ 30,724,855
Securities Held-to-Maturity				
CUNA Mutual Group Notes	\$ 3,000,000	\$ 18,000	\$ -	\$ 3,018,000

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SECURITIES (Continued)

	December 31, 2005			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
Debt Securities:				
U.S. Government and Federal Agency	\$ 17,551,467	\$ 501	\$ 166,494	\$ 17,385,474
Government Agency Mortgage Related Issues	9,099,349	21,474	109,051	9,011,772
Corporate Debt Securities	8,398,356	10,058	14,991	8,393,423
Total Debt Securities	35,049,172	32,033	290,536	34,790,669
Mutual Fund Investment	5,000,000	-	130,653	4,869,347
Total Securities Available for Sale	\$ 40,049,172	\$ 32,033	\$ 421,189	\$ 39,660,016
Securities Held-to-Maturity				
CUNA Mutual Group Notes	\$ 4,000,000	\$ 36,200	\$ -	\$ 4,036,200

As of December 31, 2005, included in available-for-sale securities is a security with a fair value of \$1,875,000 pledged to the Federal Reserve as collateral to secure negative intra-day clearing balances in the Credit Union's Federal Reserve account. On January 6, 2006, the collateral was released by the Federal Reserve and returned to safekeeping at U.S. Central.

The scheduled maturities of securities available-for-sale at December 31, 2006 are as follows:

	Amortized Cost	Fair Value
Due in One Year or Less	\$ 6,559,698	\$ 6,552,002
Due from One to Five Years	5,000,000	4,863,340
Due from Five to Ten Years	917,322	912,313
Due after Ten Years	3,718,890	3,710,849
Mortgage-Backed Securities	16,195,910	16,038,504
	9,872,856	9,827,054
	\$ 26,068,766	\$ 25,865,558

Information pertaining to securities with gross unrealized losses at December 31, 2006, aggregated by investment category and length of time that individual securities have been in a continuous loss position follows:

	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Debt Securities:				
U.S. Government and Federal Agency	\$ 54,900	\$ 2,945,100	\$ 89,456	\$ 8,470,242
Government Agency Mortgage Related Issues	15,087	3,528,356	40,041	4,492,562
Corporate Debt Securities	4,664	1,831,635	8,545	2,182,263
Total Debt Securities	74,651	8,305,091	138,042	15,145,067
Mutual Fund Investment	-	-	140,704	4,859,296
Total Securities	\$ 74,651	\$ 8,305,091	\$ 278,746	\$ 20,004,363

The unrealized losses on the Debt Securities are consistent with recent changes in the overall bond market caused by an increase in market yields. In addition, the Credit Union's Mutual Fund Investment consists of shares in an ultra-short mortgage loan fund. The unrealized losses associated with this fund were caused by interest rate increases and the timing between when these rate increases took place compared to the resulting repricing in the underlying mortgage loans. Because the Credit Union has the ability and intent to hold these investments for a reasonable period of time sufficient for recovery of fair value, which may be maturity for the debt securities, it does not consider the investments to be other than temporarily impaired at December 31, 2006.

NOTES TO FINANCIAL STATEMENTS

NOTE 3- INVESTMENT IN CREDIT UNION SERVICE ORGANIZATIONS

The Credit Union's investment in credit union service organizations at December 31, 2006 and 2005 follows:

Entity	Number of Shares/ Units Owned	Investment
CNBS, LLC	6,451	\$ 594,590
Primary Financial Company, LLC	1	50,000
CU Business Group, LLC	30	90,000
Total Investment		\$ 734,590

CNBS, LLC (CNBS) was organized to provide a national institutional securities dealer and investment advisory service in cooperation with the credit union network. During 2004, CNBS converted to an LLC. CNBS is a registered broker/dealer and investment adviser operating in the securities industry. CNBS provides services to financial institutions. The Credit Union's investment in CNBS at December 31, 2006 and 2005 represents approximately 18% and 12% of its outstanding ownership units and common stock, respectively.

Primary Financial Company, LLC offers a program, SimpliCD, which enables the Credit Union's members to invest in federally insured certificates of deposits.

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

NOTE 4 - LOANS

During the fiscal year ended December 31, 2006 and 2005, member credit unions drew a total of approximately \$201 million and \$100 million, respectively, on their respective lines of credit. The lines of credit are variable rate loans and are payable on demand. These balances are secured by deposits held by the Credit Union. The outstanding balances at December 31, 2006 and 2005 on the lines of credit were \$5,745,792 and \$11,413,306, respectively.

In 2005, the Credit Union borrowed a total of \$20,000,000 from U.S. Central's Disaster Loan Program at a reduced rate to offer zero percent interest demand loans to credit unions affected by Hurricane Katrina, which devastated the Gulf Coast during 2005. The disaster loans were substantially paid off as of December 31, 2006 with a balance of \$48,007 remaining. This balance was converted to a regular advance at a normal rate of interest and included in Loans on the Statement of Financial Condition at December 31, 2006.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2006	2005
Furniture and Equipment	\$ 202,244	\$ 178,903
Leasehold Improvements	8,039	8,039
Accumulated Depreciation	(167,979)	(146,828)
	\$ 42,304	\$ 40,114

At December 31, 2006, the Credit Union was obligated under a non-cancelable operating lease for office space expiring September 30, 2007. Rent expense under operating leases amounted to \$48,017 and \$31,940 for the years ending December 31, 2006 and 2005, respectively.

Minimum lease payments under the operating lease at December 31, 2006 are as follows:

2006	\$ 45,830
2007	34,794
Total	\$ 80,624

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - MEMBERS' SHARES AND SHARE EQUIVALENTS

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

	2006 Weighted Average Rate	Balance	2005 Weighted Average Rate	Balance
Daily Shares	3.7%	\$ 77,551,737	2.2%	\$ 104,216,827
Share Certificates	4.7%	64,774,565	2.9%	53,972,984
Membership Capital Share Deposit	2.7%	7,870,507	1.3%	7,496,353
Paid-in Capital Shares	5.4%	3,984,021	3.7%	3,984,021
Other	1.6%	25,000	1.6%	25,000
		<u>\$ 154,205,830</u>		<u>\$ 169,695,185</u>

Daily shares are readily accessible and earn interest, which accrues daily and is paid monthly. The membership capital share deposit represents the investment required for membership with voting rights. Full members are required to maintain Membership Capital Shares (MCS) at the lesser of \$250,000 or .5% of their total assets, net of any paid-in capital balances, at December 31st of the prior year. These accounts have no maturity date, require a three year notice of withdrawal and constitute regulatory capital. Paid-in capital has maturity of twenty years and constitutes regulatory capital. Dividends on MCS and non-refundable paid-in capital are discretionary and are declared monthly by the Board of Directors. Share certificates are issued with specific maturities and interest rates. Share certificate interest payments vary according to the type of certificate issued and length of maturity.

As of December 31, 2006, shares with scheduled final maturities are as follows:

Due in Less Than One Year	\$ 30,245,545
Shares Due in Greater Than One Year But Less than Three Years	34,429,030
Shares Due in Greater Than Three Years	100,000
	<u>\$ 64,774,565</u>

The aggregate amounts of members' share and savings accounts over \$100,000 were approximately \$126 million and \$141 million at December 31, 2006 and 2005, respectively.

NOTE 7 - LINES OF CREDIT

At December 31, 2006 and 2005, the Credit Union had an advised line of credit of \$50,000,000, and a committed line of credit of \$3,000,000. The line of credit bears interest at U.S. Central's overnight cost of funds and is secured by all membership shares and certificates held at U.S. Central. During 2006, the Credit Union drew a total of \$766,554,932 on the advised line of credit at rates ranging from 5.17% through 5.55%, and \$92,000,000 on the committed line of credit with rates ranging from 5.30% to 5.43%. As of December 31, 2006 and 2005, there was a \$-0- and \$20,000,000 balance outstanding on advised lines of credit and no balances outstanding in the committed line of credit, respectively

NOTE 8 - MISCELLANEOUS INCOME

Included in miscellaneous income are payments received by the Credit Union pertaining to bankruptcy liquidation distributions from a corporate debt security, NPF XII, Inc. 2001-4A, which was written off in a prior year. A total of \$439,360 has been received in bankruptcy liquidation distributions, of which \$157,127 was received during 2006. Also included in miscellaneous income are the settlements received from multi-plaintiff litigation filed in 2004, against various parties with potential fiduciary liability pertaining to the issue of the debt security. The amount received in 2006 was \$711,411. After fees and the required remittance described below, the total recognized in miscellaneous income during 2006 was \$402,266.

As part of a settlement, the Credit Union was required to remit to the brokerage firm that handled the Credit Union's purchase of the debt security 50% of any future distributions from the bankruptcy liquidation and multi-plaintiff litigation. These reimbursements were reduced by the Credit Union's related legal fees and were capped at a total reimbursement of \$450,000, net of related legal fees. During 2006, the \$450,000 reimbursement ceiling was met. The totals remitted during 2006 and 2005, were \$371,617 and \$66,664, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Credit Union makes 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 10 - PENSION PLAN

The Credit Union has a defined contribution 401(k) pension plan. 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 participant's salary reductions. In determining matching contributions, only salary reductions up to 3% of a participant's compensation are matched. The amount contributed and charged to expense was \$7,730 and \$6,854 as of December 31, 2006 and 2005, respectively. Effective January 1, 2006, the Board of Directors of the Credit Union agreed to provide participants a 2% discretionary contribution in addition to the 3% salary match, which totaled \$5,032 as of December 31, 2006.

NOTE 11 - OFF-BALANCE SHEET ACTIVITIES

At December 31, 2006 and 2005, the Credit Union has outstanding commitments for unused lines of credit that are not reflected in the accompanying financial statements as follows:

	2006	2005
Committed Lines of Credit	\$ -	\$ -
Advised Lines of Credit	\$ 95,051,249	\$ 87,210,761

NOTE 12 - CAPITAL REQUIREMENTS

The Credit Union is subject to regulatory capital requirements administered by the National Credit Union Administration (NCUA) and contained in Section 704.3 of NCUA Rules and Regulations. The Credit Union is classified as a "Base Level" corporate for purposes of regulatory application. Failure to maintain minimum capital requirements can initiate certain actions by regulators as described in the regulation. As of December 31, 2006, the minimum NCUA Capital Ratio applicable to the Credit Union was 4%, or approximately \$6,335,000 and \$7,700,000 for the years ended December 31, 2006 and 2005, respectively. The Credit Union's Capital Ratio was 8.71%, or \$15,068,000, at December 31, 2006, and 11.02%, or \$14,140,546, at December 31, 2005. There have been no conditions or events since the December 31, 2006 calculation that management believes have reduced the Credit Union's capital ratio below 4%.

NOTE 13 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. The aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Credit Union.

The following methods and assumptions were used by the Credit Union in estimating fair values of financial instruments as disclosed herein:

Cash and Cash Equivalents – The carrying amounts reported in the statement of financial condition for cash approximates their fair value.

Time and Interest-Bearing Deposits – Fair values for time and interest-bearing deposits are estimated using discounted cash flow analyses based on current rates for similar types of deposits.

Available-for-Sale and Held-to-Maturity Securities – Fair values for available-for-sale and held-to-maturity securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans – Fair value is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Other Borrowed Funds – The carrying amount of borrowed funds approximates the fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - FAIR VALUES OF FINANCIAL INSTRUMENTS

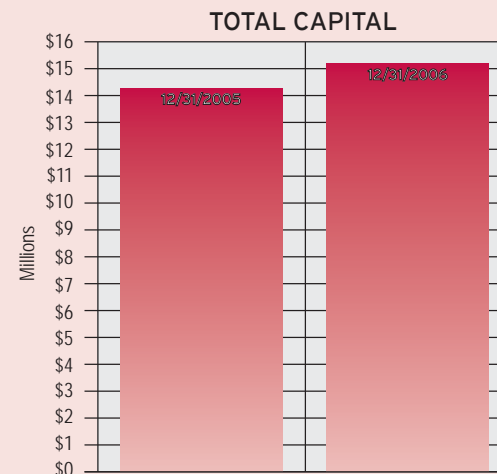
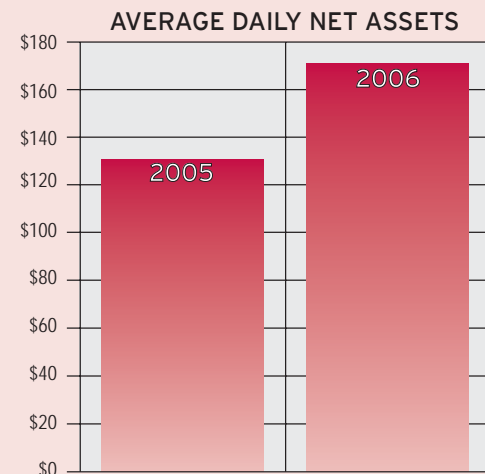
Members' Shares and Shares Equivalents – The fair value of daily share accounts is the amount payable on demand at the reporting date. The fair value of share certificates is estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate contractual maturities on such time deposits. The carrying value of membership capital share deposits approximates fair value.

Accrued Interest Receivable and Payable – The carrying amount of accrued interest approximates market value.

The estimated fair values of the Company's financial instruments are as follows:

	December 31, 2006		December 31, 2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	\$ 12,683,302	\$ 12,683,302	\$ 11,788,641	\$ 11,788,641
Time and Interest-Bearing Deposits	103,905,617	103,469,488	124,172,193	123,794,052
Securities Available-for-Sale	30,724,855	30,724,855	39,660,016	39,660,016
Securities Held-to-Maturity	3,000,000	3,018,000	4,000,000	4,036,200
Loans Receivable	5,745,792	5,745,792	11,413,306	11,004,436
Federal Home Loan Bank Stock	438,241	438,241	368,193	368,193
Accrued Interest Receivable	875,087	875,087	565,667	565,667
Financial Liabilities				
Members' Shares and Share Equivalents	\$ 154,205,830	\$ 154,045,283	\$ 169,695,185	\$ 169,225,817
Other Borrowed Funds	-	-	20,000,000	20,000,000
Accrued Interest Payable	866,345	866,345	548,710	548,710

SUPPLEMENTAL MANAGEMENT DATA - UNAUDITED



Our Staff

David A. Savoie, CPA, CFE
President / CEO

Sherrie Klotz, AAP
Senior Vice President - Operations

Kim Ramagos
Vice President - Finance

Jim Phillips
Vice President - Member Relations

Michelle Miles
Senior Member Service Representative

Pamela Prevou
Member Service Representative

Brandilyn Tanton
Member Service Representative

Natalie Tardo
Member Service Representative



Back row, standing, left to right, David Savoie, President, CEO; Sherrie Klotz, SVP-Operations; Brandilyn Tanton, MSR; Michelle Miles, Senior MSR, Jim Phillips, VP- Member Relations; Front row, seated, left to right, Natalie Tardo, MSR, Kim Ramagos, VP - Finance, Pamela Prevou, MSR

Board of Directors

Larry R. DeRouen, Ph.D.
McNeese FCU
Chairman

Paul Bertuccini
Louisiana Central CU
First Vice-Chairman

Julius Wagoner
Ouachita Valley FCU
Second Vice-Chairman

Gay Cook
Monroe Telco FCU
Treasurer

Mark Rosa
Jefferson Parish School Board Employees CU
Secretary / ALM Committee Chairman

Cary Anderson
LA DOTD FCU
Director

Donald Bock
New Orleans Firemen's FCU
Director

Emmet Foxworth
Coastland FCU
Director / ALM Committee Member

Larry Landry
Dow Louisiana FCU
Director / ALM Committee Member

Supervisory Committee

Ms. Edna Hickman, District 08 FCU, Chairman
Mr. Robert Brown, CPA, Louisiana USA FCU
Mr. Charles Kramer, ANECA FCU
Ms. Ginger Manint, Eagle Louisiana FCU
Mr. Richard Turnley, Southern Teachers and Parents FCU





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