



CORPORATE CENTRAL CREDIT UNION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

**CORPORATE CENTRAL CREDIT UNION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

AUDIT COMMITTEE REPORT	
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL CONDITION	3
STATEMENTS OF INCOME	4
STATEMENTS OF COMPREHENSIVE INCOME	5
STATEMENTS OF CHANGES IN MEMBERS' EQUITY	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



Corporate Central Credit Union's Audit Committee is an independent committee. The Audit Committee has the responsibility to review the financial information, which is provided to the members, regulators, and others. The Audit Committee evaluates the systems of internal controls, which the Board of Directors and management have established, along with the audit process as specified by NCUA Regulation 704. The Audit Committee is responsible to ensure that Corporate Central Credit Union complies with all applicable regulations, state and federal law, and that the financial records provide a true reflection of the financial condition.

CliftonLarsonAllen LLP, independent public accountants, audited Corporate Central Credit Union's financial statements in accordance with Accounting Principles Generally Accepted in the United States of America and their report is included in this Annual Report.

The Wisconsin Department of Financial Institution's – Office of Credit Unions, and the National Credit Union Administration – Office of National Examinations and Supervision performed an examination. All reports from these regulatory agencies confirm Corporate Central Credit Union's financial and operational strength.

Internal audits were completed by CliftonLarsonAllen LLP in the areas of Domestic Wire Transfers, International Wire Transfers, Automated Clearing House, Asset Liability Management, Investment Securities, Borrowings, Loan Operations, Loan Origination, Business Development, Marketing, Corporate Cash, Item Processing, Mobile Banking, Cash Management, Correspondent Banking, Investment Services, Accounting, Financial Reporting, Regulatory Reporting, and Investment Accounting. Trace Security performed an internal audit of Information Technology. CliftonLarsonAllen LLP also performed independent testing on the Bank Secrecy Act, Anti-Money Laundering, and the Office of Foreign Assets Control. These internal audits and tests are monitored by your Audit Committee.

Based on these reviews, audits, tests, and examinations, as well as Corporate Central Credit Union's continued strengthening of capital and asset quality, the Audit Committee is confident that Corporate Central Credit Union is successfully functioning as a strong financial cooperative dedicated to meeting and exceeding the needs of its members.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sally Dischler".

Sally Dischler
Audit Committee Chairman

Greg Hilbert
Committee Member

Daniel Ige
Committee Member

Jay Magulski
Committee Member

Kim Sponem
Board Chairman (ex-officio)

INDEPENDENT AUDITORS' REPORT

Audit Committee and Board of Directors
Corporate Central Credit Union
Muskego, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Corporate Central Credit Union, which comprise the statements of financial condition as of December 31, 2015 and 2014, 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 of 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 entity'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 entity'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 above present fairly, in all material respects, the financial position of Corporate Central Credit Union as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

We also have audited in accordance with attestation standards established by the American Institute of Certified Public Accountants, Corporate Central Credit Union's internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (CUSO) and our report dated February 5, 2016 expressed an unmodified opinion on the effectiveness of the Credit Union's internal control over financial reporting.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 5, 2016

**CORPORATE CENTRAL CREDIT UNION
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 588,265,525	\$ 573,984,616
Securities - Available-for-Sale	792,083,404	913,737,917
Loans, Net	89,124,533	123,166,507
Accrued Interest Receivable	549,440	500,896
Premises and Equipment, Net	2,498,672	2,470,919
NCUSIF Deposit	496,848	517,200
Pension Funding Asset	1,012,585	1,480,125
Other Assets	883,209	1,075,566
Total Assets	\$ 1,474,914,216	\$ 1,616,933,746
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' Share and Certificate Deposits	\$ 1,334,548,196	\$ 1,475,191,029
Accrued Interest Payable	354,205	267,847
Accrued Expenses and Other Liabilities	827,104	1,378,863
Total Liabilities	1,335,729,505	1,476,837,739
MEMBERS' EQUITY		
Regular Reserves	3,000,000	3,000,000
Undivided Earnings	41,641,633	38,067,139
Members' Perpetual Contributed Capital	101,369,915	101,232,513
Accumulated Other Comprehensive Loss	(6,826,837)	(2,203,645)
Total Members' Equity	139,184,711	140,096,007
Total Liabilities and Members' Equity	\$ 1,474,914,216	\$ 1,616,933,746

See accompanying Notes to Financial Statements.

CORPORATE CENTRAL CREDIT UNION
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
INTEREST INCOME		
Asset Backed Securities	\$ 5,796,109	\$ 4,936,935
U.S. Government Agency Mortgage Backed Securities	595,707	737,656
Other Investments	1,306,555	1,597,057
Loans	1,019,723	1,021,218
Total Interest Income	8,718,094	8,292,866
INTEREST EXPENSE		
Plateau Daily Shares	329,045	294,865
Premier Shares	210,419	353,553
LIBOR Investment Shares	960	558
Money Market Shares	359,908	198,394
Variable Rate/Plus Shares	104,195	106,443
Fixed Rate Shares	1,888,586	1,798,179
Other Shares	173,397	254,914
Nonperpetual Capital Accounts	151,725	153,242
Notes Payable	933	133
Total Interest Expense	3,219,168	3,160,281
NET INTEREST INCOME	5,498,926	5,132,585
NON-INTEREST INCOME		
Service Charges and Fees	6,075,894	6,378,560
Other Non-Interest Income	260,553	242,522
Net Gain on Sale of Investments	49,446	171,187
Total Non-Interest Income	6,385,893	6,792,269
NON-INTEREST EXPENSE		
Compensation and Employee Benefits	3,257,029	3,187,943
Occupancy and Equipment	184,200	212,832
Advertising and Training	189,552	224,505
Contracted Expense	2,573,054	2,690,927
Depreciation Expense	112,653	139,828
Other Expenses	980,586	1,020,346
Total Non-Interest Expense	7,297,074	7,476,381
NET INCOME	\$ 4,587,745	\$ 4,448,473

See accompanying Notes to Financial Statements.

**CORPORATE CENTRAL CREDIT UNION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
NET INCOME	\$ 4,587,745	\$ 4,448,473
OTHER COMPREHENSIVE INCOME (LOSS)		
Securities - Available-For-Sale		
Unrealized Gain (Loss) During the Period	(4,031,997)	712,182
Reclassification Adjustment for Gains Realized in Income	(49,446)	(171,187)
Subtotal	(4,081,443)	540,995
Defined Benefit Plan		
Net Loss During the Period	(688,727)	(831,518)
Amortization of Net Loss	146,978	59,813
Subtotal	(541,749)	(771,705)
TOTAL OTHER COMPREHENSIVE LOSS	(4,623,192)	(230,710)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ (35,447)	\$ 4,217,763

See accompanying Notes to Financial Statements.

CORPORATE CENTRAL CREDIT UNION
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Regular Reserve	Undivided Earnings	Member Perpetual Contributed Capital	Accumulated Other Comprehensive Loss	Total
BALANCE AT DECEMBER 31, 2013	\$ 2,958,106	\$ 34,653,769	\$ 98,023,665	\$ (1,972,935)	\$ 133,662,605
Net Income	-	4,448,473	-	-	4,448,473
Other Comprehensive Loss	-	-	-	(230,710)	(230,710)
Perpetual Contributed Capital Dividends	-	(993,209)	-	-	(993,209)
Change in Members' Perpetual Contributed Capital Transfers, Net	-	-	3,208,848	-	3,208,848
	41,894	(41,894)	-	-	-
BALANCE AT DECEMBER 31, 2014	3,000,000	38,067,139	101,232,513	(2,203,645)	140,096,007
Net Income	-	4,587,745	-	-	4,587,745
Other Comprehensive Loss	-	-	-	(4,623,192)	(4,623,192)
Perpetual Contributed Capital Dividends	-	(1,013,251)	-	-	(1,013,251)
Change in Members' Perpetual Contributed Capital	-	-	137,402	-	137,402
BALANCE AT DECEMBER 31, 2015	<u>\$ 3,000,000</u>	<u>\$ 41,641,633</u>	<u>\$ 101,369,915</u>	<u>\$ (6,826,837)</u>	<u>\$ 139,184,711</u>

See accompanying Notes to Financial Statements.

CORPORATE CENTRAL CREDIT UNION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 4,587,745	\$ 4,448,473
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	112,653	139,828
Net Securities Discount/Premium Amortization	122,059	806,226
Net Gain on Sale of Investments	(49,446)	(171,187)
Changes in:		
Accrued Interest Receivable	(48,544)	(23,311)
Other Assets	(349,392)	(894,701)
Accrued Interest Payable	86,358	(97,843)
Pension Funding Asset	467,540	517,381
Accrued Expenses and Other Liabilities	(551,759)	108,354
Net Cash Provided by Operating Activities	4,377,214	4,833,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Securities Available-for-Sale	(497,082,643)	(400,847,975)
Proceeds from Maturities of Securities Available-for-Sale	541,214,507	377,738,061
Proceeds from Sales of Securities Available-for-Sale	73,368,593	67,334,953
Loan Originations Net of Principal Collected on Loans to Members	34,041,974	44,316,226
Decrease in NCUSIF Deposit	20,352	9,892
Proceeds from Sales of Property and Equipment	10,026	-
Expenditures for Property and Equipment	(150,432)	(49,471)
Net Cash Provided by Investing Activities	151,422,377	88,501,686
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Members' Share and Certificate of Deposits	(140,642,833)	54,253,880
Net Increase in Member Perpetual Contributed Capital	137,402	3,208,848
Dividends on Member Perpetual Contributed Capital	(1,013,251)	(993,209)
Net Cash Provided (Used) by Financing Activities	(141,518,682)	56,469,519
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,280,909	149,804,425
Cash and Cash Equivalents - Beginning of Year	573,984,616	424,180,191
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 588,265,525	\$ 573,984,616
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Borrowed Funds Interest Paid	\$ 933	\$ 133
Members' Shares and Certificate Interest Paid	\$ 3,131,877	\$ 3,257,991

See accompanying Notes to Financial Statements.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Corporate Central Credit Union (Corporate Central) is a state-chartered cooperative association headquartered in Muskego, Wisconsin, organized in accordance with the provisions of the state of Wisconsin for the purpose to be a place for member credit unions to invest funds at a competitive return and to create a source of credit for these members at a reasonable rate of interest, under a national field of membership. This is accomplished primarily by accepting deposits from members and lending to members or making other investments.

Additionally, Corporate Central obtains service fee revenue through fees that it charges members for providing a variety of correspondent services.

Corporate Central derives its authority to operate from Chapter 186 of the Wisconsin Statutes. The Wisconsin Department of Financial Institutions Office of Credit Unions (OCU) regulates Corporate Central. The member accounts at Corporate Central are federally insured. As a federally insured Corporate, the National Credit Union Administration (NCUA) - Office of National Examinations and Supervision performs an annual exam of Corporate Central.

Uses of Estimates

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

Material estimates that are particularly susceptible to significant change in the near term include the valuation of securities, determination of the adequacy of the allowance for loan losses and the fair value of financial instruments.

Risks and Uncertainties

Corporate Central is subject to certain risks and uncertainties including, but not limited to, interest rate, prepayment, market, geographic concentration, regulatory and credit risk. Net interest income and dividends result from the difference between interest income and dividends earned on interest-earning assets and the interest and dividend expense incurred on interest-bearing liabilities and shares. Net interest income and dividends can be significantly affected by changes in the relative amounts of, and the interest rates and dividend rates associated with these assets, liabilities and shares. Additionally, during periods of falling interest rates, the loans underlying Corporate Central's securities portfolio are more likely to prepay, and Corporate Central may not be able to reinvest the proceeds from prepayments in securities and other financial assets with yields similar to those of the prepaying securities. Moreover, Corporate Central's assets, liabilities and shares are primarily interest and credit sensitive financial instruments and, as such, are subject to a degree of market risk, which may affect their fair value.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration

As of December 31, 2015 and 2014, one member had deposits of approximately \$191,868,000 and \$165,500,000, respectively, with Corporate Central. These concentrations are within regulatory limits.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and funds due from other financial institutions and brokerage firms. For purposes of the statements of cash flows, Corporate Central considers demand deposit cash accounts, share and daily interest deposit accounts and certificates of deposit with a maturity of three months or less to be cash equivalents.

Corporate Central maintains cash and some investments in deposit accounts at financial institutions that may, at times, exceed federally insured limits.

Certain cash balances represent deposits made by Corporate Central's members that have not cleared various depository institutions. On December 31, 2015 and 2014, the uncollected cash balances totaled \$152,495,897 and \$341,956,831, respectively. Such amounts generally become available for investment or withdrawal within one to three business days.

Securities

Securities are classified as "available-for-sale" and recorded at fair value, with the unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Realized gains and losses on securities available-for-sale are included in other non-interest income or expense and, when applicable, are reported as a reclassification adjustment in other comprehensive income (loss). Gains and losses on sales of securities are determined using the specific identification method on the trade date. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Declines in the fair value of individual available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. Corporate Central monitors the security portfolio for impairment on an individual security basis and has a process in place to identify securities that could potentially have a credit impairment that is other than temporary. This process involves analyzing the length of time and the extent to which the fair value has been less than the amortized cost basis, the market liquidity for the security, the financial condition and near-term prospects of the issuer, expected cash flows, and Corporate Central's intent and ability to hold the investment for a period of time sufficient to recover the temporary loss. The ability to hold is determined by whether it is more likely than not that Corporate Central will be required to sell the security before its anticipated recovery. A decline in value due to a credit event that is considered other than temporary is recorded as a loss in non-interest income.

Corporate Central did not record any other than temporary impairment during the years ended December 31, 2015 and 2014.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans, Net

Loans are made to members that meet established credit requirements. The loans are used by members to meet short-term and long-term liquidity needs. Loans are stated at the amount of unpaid principal. Loans are for outstanding balances on advised lines of credit granted to member credit unions. Interest on loans to members is recognized over the terms of the loans and is calculated using the simple interest method on principal amounts outstanding.

The accrual of interest on a loan is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. There were no loans on nonaccrual status at December 31, 2015 and 2014.

Corporate Central has not capitalized, to be amortized over the life of the loan, any loan origination costs.

Allowance for Loan Losses

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that Corporate Central will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement.

Corporate Central has not modified any loans as a troubled debt restructuring during the years ended December 31, 2015 and 2014.

Corporate Central's portfolio segments and their risk characteristics are described as follows:

Fixed Rate Term Loans: Fixed rate term loans have maturities ranging from less than one month to three years and are available to members with an approved line of credit. The inherent risk in these loans is due to interest rate risk on long-term loans.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Line of Credit: Line of credit loans are used for members' daily settlement transactions. There is low inherent risk with these loans as they are short term in nature and require the member to maintain a settlement deposit account with Corporate Central.

Demand Loans: A demand loan is a master loan under which a member may borrow a minimum of \$1,000,000 or multiples as a source of liquidity. These loans have low inherent risk as Corporate Central has the ability to demand repayment at any time. There were \$25,000,000 and \$5,000,000 in demand loans outstanding at December 31, 2015 and 2014, respectively.

Corporate Central assigns a risk rating to loans and periodically performs detailed internal reviews of all member credit unions to identify credit risks and to assess any changes to line of credit agreements upon review. During the internal reviews, management monitors and analyzes the financial condition of member credit unions. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into the following major categories, defined as follows:

Good Standing: A credit with no existing or known potential weaknesses deserving of management's close attention.

Watch: Loans classified as watch have a potential weakness that deserves management's attention. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date. Watch loans are not adversely classified and do not expose Corporate Central to sufficient risk to warrant adverse classification.

As of December 31, 2015 and 2014, all loans were performing in accordance with the contractual terms. Management believes that no loan loss reserve is necessary due to the loans being generally short term in nature, secured by the members' assets, and because Corporate Central has not historically incurred loan losses.

Off-Statement of Financial Condition Credit Related Financial Instruments

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

Premises and Equipment, Net

Land is carried at cost. Building, office furniture, and fixtures, and equipment are carried at cost, less accumulated depreciation. Building, office furniture, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Advertising Costs

Advertising costs are expensed as incurred.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (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 Corporate Central 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. The NCUA has the ability to assess premiums related to this fund as deemed necessary.

Members' Share and Certificate Deposits

Corporate Central offers various types of shares to members, from daily shares to fixed-term certificates with interest rates that are fixed or variable. In case of dissolution, after assets are liquidated and debts paid, members would be paid a liquidating dividend in proportion to their deposits.

Nonperpetual capital accounts (NCA) are capital investments by member credit unions and denote their commitment in Corporate Central. Notice of intent to redeem is required and once notification is given, the deposit will be redeemed in five years.

Under the definitions of NCA accounts and perpetual contributed capital (PCC) in Part 704.2 of Rules and Regulations of the NCUA, capital is available to cover losses that exceed retained earnings. In May 2009, the NCUA published Letter to Credit Unions 09-CU-10, reinforcing the regulatory requirement in Part 704.2 that PCC accounts and NCA accounts are available to cover losses that exceed retained earnings and stating that when there is an accumulated deficit (retained earnings deficit) at a corporate credit union, PCC and NCA accounts must be depleted to the extent necessary to eliminate the accumulated deficit. As of December 31, 2015 and 2014, Corporate Central was not required to deplete membership capital as retained earnings increased due to net income.

In addition, all credit union deposits up to \$250,000, other than NCA and PCC accounts, in Corporate Central were guaranteed by NCUSIF through December 31, 2015.

Corporate Central's ability to pay the interest or dividends contractually due its members may be restricted in the event it accumulates an undivided earnings deficit.

In the event claims were placed on Corporate Central's assets to satisfy its liabilities, members' shares would be satisfied after creditors, but before NCA and PCC accounts.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members' Equity

Members' Equity is restricted for specific purposes by Corporate Central's Bylaws, Board directive or regulation. During 2015 and 2014, Corporate Central issued PCC shares to participating members. Corporate Central's PCC is a wholly at risk investment for those members who subscribed, with neither the dividends nor the repayment of principal guaranteed by any share or deposit insurance fund. Dividends and principal on PCC are subordinate to payment of dividends and principal on members' share deposits. There is no maturity on the PCC and the funds are callable at the option of Corporate Central only. There is no public or private market on PCC. The terms of the PCC shares are such that the amounts qualify as equity for both regulatory capital purposes and under GAAP.

Corporate Central is also required by regulation to maintain a statutory regular reserve. This reserve, which represents a regulatory restriction of retained earnings, is not available for the payment of interest or dividends.

NCUA Regulation 704 is the federal regulation governing corporate credit unions. For 2015 and 2014, the regulation requires maintaining a leverage ratio of 4% or greater, a Tier 1 risk-based capital ratio of 4% or greater, and a total risk-based capital ratio of 8% or greater. See Note 7 for additional discussion of regulatory net worth requirements.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other comprehensive income (loss). Accumulated other comprehensive income (loss), also recognized as a separate component of members' equity, includes valuation adjustments for available-for-sale securities, and transition obligations, prior service credits and other gains and losses related to Corporate Central's defined benefit pension.

The components of accumulated other comprehensive income (loss) included in members' equity, are as follows:

	December 31,	
	2015	2014
Unrealized Loss on Available-for-Sale Securities	\$ (4,177,943)	\$ (96,500)
Defined Benefit Plan:		
Net Loss	(2,642,043)	(2,088,985)
Prior Service Cost	(6,851)	(18,160)
Net Unrecognized Loss	<u>(2,648,894)</u>	<u>(2,107,145)</u>
Total Accumulated Other Comprehensive Loss	<u>\$ (6,826,837)</u>	<u>\$ (2,203,645)</u>

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Corporate Central is exempt, under IRC 501(c)(14), from federal and state income taxes.

The taxing authorities have the ability to assess taxes, penalties and interest for any years for which no tax return was filed. In the opinion of management, any liability resulting from taxing authorities imposing income taxes on the net taxable income from activities potentially deemed to be unrelated to Corporate Central's exempt purpose is not expected to have a material effect on Corporate Central's financial position or results of operations.

Corporate Central adopted the income tax accounting standard for uncertain tax positions. As a result, Corporate Central evaluated its tax positions and determined no uncertain tax positions exist as of December 31, 2015 and 2014.

Corporate Central's 2012 and subsequent tax years are open for examination by federal and state taxing authorities.

Service Fee Income

Service fee income consists of fees related to item processing, Automated Clearing House (ACH) processing, cash orders, ATM servicing, wire transfers, settlement services, depository services, and other correspondent services that Corporate Central provides to its members.

Retirement Plans

Defined Benefit Pension Plan – Corporate Central provides a defined benefit pension plan covering substantially all of Corporate Central's employees who are eligible as to age and length of service. Corporate Central's funding practice is to make at least the minimum annual contribution that is required by the Employee Retirement Income Security Act of 1974.

401(k) Plan – Corporate Central provides a 401(k) plan, which covers substantially all of the Credit Union's employees who are eligible as to age and length of service. A participant may elect to make contributions of up to the statutory limits. Corporate Central does not make any matching or discretionary contributions to the 401(k) plan.

CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Corporate Central categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Corporate Central has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, Corporate Central may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis with changes to fair value recognized through the income statement. Corporate Central adopted the policy to value certain financial instruments at fair value. However, Corporate Central has not elected to measure any existing financial instruments using the fair value option. Corporate Central may elect to measure newly acquired financial instruments at fair value in the future.

Subsequent Events

In preparing these financial statements, Corporate Central has evaluated events and transactions for potential recognition or disclosure through February 5, 2016, the date the financial statements were available to be issued.

Reclassification of 2014 Data

Data in the 2014 financial statements has been reclassified to conform with the presentation of the 2015 financial statements. This reclassification did not have any change on net income or members' equity.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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	Estimated Fair Value (Carrying Value)
December 31, 2015				
Asset Backed Securities	\$ 681,554,213	\$ 61,808	\$ (4,482,976)	\$ 677,133,045
U.S. Government Agency Mortgage Backed Securities	114,707,134	262,187	(18,962)	114,950,359
Total	<u>\$ 796,261,347</u>	<u>\$ 323,995</u>	<u>\$ (4,501,938)</u>	<u>\$ 792,083,404</u>
December 31, 2014				
Asset Backed Securities	\$ 770,357,954	\$ 706,493	\$ (1,155,651)	\$ 769,908,796
U.S. Government Agency Mortgage Backed Securities	143,476,463	375,001	(22,343)	143,829,121
Total	<u>\$ 913,834,417</u>	<u>\$ 1,081,494</u>	<u>\$ (1,177,994)</u>	<u>\$ 913,737,917</u>

Proceeds from sales of securities available-for-sale during the years ended December 31, 2015 and 2014 were approximately \$73,369,000 and \$67,335,000, respectively. These sales resulted in gross gains of approximately \$49,000 and \$171,000 and no gross losses during the years ended December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, securities carried at approximately \$217,540,000 and \$204,334,000, respectively, were pledged as collateral to secure borrowed funds at the Federal Reserve Bank. At December 31, 2015 and 2014, securities carried at approximately \$153,711,000 and \$277,649,000, respectively, were pledged as collateral to secure borrowed funds at U.S. Bank.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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

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

	Available-for-Sale	
	Amortized Cost	Estimated Fair Value (Carrying Value)
Asset Backed Securities and Agency Securities:		
Less Than One Year	\$ 863,410	\$ 863,198
One to Five Years	369,631,898	368,989,303
Five to Ten Years	177,114,129	174,977,078
After Ten Years	133,944,776	132,303,466
	<u>681,554,213</u>	<u>677,133,045</u>
Mortgage Backed Securities	114,707,134	114,950,359
Total	<u>\$ 796,261,347</u>	<u>\$ 792,083,404</u>

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

	Less Than Twelve Months		Greater Than Twelve Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
December 31, 2015				
Asset Backed Securities	\$ (2,722,344)	\$ 472,038,336	\$ (1,760,632)	\$ 118,196,914
U.S. Government Agency Mortgage Backed Securities	<u>(17,495)</u>	<u>18,241,565</u>	<u>(1,467)</u>	<u>1,118,329</u>
Total Available-for-Sale	<u>\$ (2,739,839)</u>	<u>\$ 490,279,901</u>	<u>\$ (1,762,099)</u>	<u>\$ 119,315,243</u>
December 31, 2014				
Asset Backed Securities	\$ (440,021)	\$ 278,535,380	\$ (715,630)	\$ 93,883,381
U.S. Government Agency Mortgage Backed Securities	<u>(6,596)</u>	<u>5,211,622</u>	<u>(15,747)</u>	<u>7,500,872</u>
Total Available-for-Sale	<u>\$ (446,617)</u>	<u>\$ 283,747,002</u>	<u>\$ (731,377)</u>	<u>\$ 101,384,253</u>

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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

At December 31, 2015, the 143 securities with unrealized losses have depreciated 0.73% from Corporate Central's amortized cost basis. All of these securities are either guaranteed by federal insurance, the U.S. Government, or secured by mortgage loans. These unrealized losses relate principally to current yields for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold securities until maturity or for the foreseeable future for those classified as available for sale, no declines are deemed to be other than temporary.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material.

NOTE 3 LOANS, NET

The composition of loans to members is as follows:

	December 31,	
	2015	2014
Fixed Rate Term Loans	\$ 39,636,962	\$ 49,991,795
Line of Credit	24,487,571	68,174,712
Demand Loans	25,000,000	5,000,000
Total	<u>\$ 89,124,533</u>	<u>\$ 123,166,507</u>

The following table shows Corporate Central's loan portfolio allocated by management's internal risk ratings:

	December 31,	
	2015	2014
Risk Rating:		
Good Standing	\$ 86,454,863	\$ 117,768,019
Watch	2,669,670	5,398,488
Total	<u>\$ 89,124,533</u>	<u>\$ 123,166,507</u>

Corporate Central has not recorded an allowance for loan losses as there are no past due, impaired or trouble debt restructured loans at December 31, 2015 and 2014.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 4 PREMISES AND EQUIPMENT, NET

Corporate Central's premises and equipment is summarized as follows:

	December 31,	
	2015	2014
Land	\$ 542,026	\$ 534,696
Building	2,819,501	2,819,501
Office Furniture and Equipment	676,136	609,937
	<u>4,037,663</u>	<u>3,964,134</u>
Less: Accumulated Depreciation	(1,538,991)	(1,493,215)
Total	<u>\$ 2,498,672</u>	<u>\$ 2,470,919</u>

NOTE 5 MEMBERS' SHARE AND CERTIFICATE DEPOSITS

Members' share and certificate deposits are as follows:

	December 31,	
	2015	2014
Plateau/Settlement Daily Shares	\$ 557,592,092	\$ 680,371,171
Premier Daily Shares	172,333,304	222,284,549
LIBOR Investment Shares	1,200,000	-
Money Market Shares	155,000,000	160,000,000
Variable Rate Shares	6,840,270	7,586,270
Variable Plus Shares	46,936,672	58,301,979
Fixed Rate Shares	319,968,400	267,011,000
Nonperpetual Capital Accounts	74,677,458	79,636,060
Total	<u>\$ 1,334,548,196</u>	<u>\$ 1,475,191,029</u>

The aggregate amount of fixed-rate shares in denominations of \$250,000 or more were approximately \$307,608,000 and \$252,351,000 at December 31, 2015 and 2014, respectively. Notice of intent to redeem has been received on Nonperpetual Capital Accounts totaling approximately \$9,312,000 and will be redeemed within five years of receipt of the respective notice of intent to redeem.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 5 MEMBERS' SHARE AND CERTIFICATE DEPOSITS (CONTINUED)

As of December 31, 2015, the maturities of fixed-rate shares are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 213,378,400
2017	56,670,000
2018	43,200,000
2019	6,720,000
Total	<u>\$ 319,968,400</u>

NOTE 6 BORROWED FUNDS

Corporate Central has a borrowing arrangement with the Federal Reserve Bank Discount Window allowing borrowings up to \$250,000,000 as of December 31, 2015 and 2014, contingent upon the loan being collateralized by acceptable assets. No balances were outstanding on this line as of December 31, 2015 and 2014.

Corporate Central has established a \$100,000,000 secured fed funds line through U.S. Bank at December 31, 2015 and 2014. This line is contingent upon Corporate Central maintaining a safekeeping account to hold securities that are used as collateral. No balances were outstanding on this line as of December 31, 2015 and 2014.

Corporate Central has established a \$50,000,000 unsecured fed funds line through PNC Bank, N.A. at December 31, 2015 and 2014. No balances were outstanding on this line as of December 31, 2015 and 2014.

NOTE 7 REGULATORY NET WORTH REQUIREMENTS

Corporate Central 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 Corporate Central's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Corporate Central must meet specific capital guidelines that involve quantitative measures of Corporate Central's assets, liabilities, and certain off-balance sheet items as calculated under regulatory reporting requirements. Corporate Central's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 REGULATORY NET WORTH REQUIREMENTS (CONTINUED)

Quantitative measures established by regulatory capital standards to ensure capital adequacy require Corporate Central to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to moving monthly average net risk-weighted assets (as defined) and total capital to moving daily average net assets (as defined). Management believes, as of December 31, 2015, that Corporate Central meets all capital adequacy requirements to which it is subject.

As of December 31, 2015, the most recent call reporting period, the NCUA categorized Corporate Central as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized Corporate Central must maintain a minimum total risk-based, Tier 1 risk-based, and leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed Corporate Central's category.

Corporate Central's capital amounts and ratios as of December 31, 2015 and 2014 are presented in the tables.

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2015						
Total Capital (to Moving Monthly Average Net Risk-Weighted Assets)	\$ 203,396,384	32.11%	\$ 50,681,114	8.00%	\$ 63,351,392	10.00%
Tier 1 Capital (to Moving Monthly Average Net Risk-Weighted Assets)	146,011,548	23.05%	25,340,557	4.00%	38,010,835	6.00%
Tier 1 Capital (to Moving Daily Average Net Assets)	146,011,548	10.51%	55,584,314	4.00%	69,480,392	5.00%
December 31, 2014						
Total Capital (to Moving Monthly Average Net Risk-Weighted Assets)	\$ 202,640,524	31.53%	\$ 51,421,797	8.00%	\$ 64,277,247	10.00%
Tier 1 Capital (to Moving Monthly Average Net Risk-Weighted Assets)	142,299,652	22.14%	25,710,899	4.00%	38,566,348	6.00%
Tier 1 Capital (to Moving Daily Average Net Assets)	142,299,652	9.95%	57,217,124	4.00%	71,521,405	5.00%

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 8 RELATED PARTY TRANSACTIONS

Corporate Central's Board consists of presidents of full member credit unions. Loans made to these credit unions are made in the ordinary course of business with normal credit terms including interest rates and collateral. The loans outstanding to these credit unions were approximately \$8,087,000 and \$12,594,000 at December 31, 2015 and 2014, respectively. The shares outstanding for these credit unions were approximately \$269,596,000 and \$208,287,000 at December 31, 2015 and 2014, respectively.

NOTE 9 COMMITMENTS AND CONTINGENCY LIABILITIES

Off-Statement of Financial Condition Activities

Corporate Central 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 that involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recognized in the financial statements.

Corporate Central's exposure to credit loss is represented by the contractual notional amount of these instruments. Corporate Central uses the same credit policies in making commitments as it does for those loans recorded in the financial statements.

As of December 31, 2015 and 2014, Corporate Central had approximately \$62,582,000 and \$37,230,000 in letters of credit extended to credit union members, respectively.

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. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Corporate Central evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by Corporate Central upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held varies but may include consumer assets, residential real estate and member share balances.

Unfunded amounts under advised credit lines and overdraft protection agreements represent potential future extensions of credit to existing members. 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 of the credit limits to which Corporate Central has approved. The total advised lines of credit to members as of December 31, 2015 and 2014 were \$2.5 billion and \$2.4 billion, of which \$2.4 billion and \$2.3 billion is available, respectively.

Legal Contingencies

Corporate Central is a party to various collection related legal actions normally associated with financial institutions, the aggregate effect of which, in management's opinion, would not be material to the financial condition of Corporate Central.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 10 FAIR VALUE

Recurring Basis

Corporate Central uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Credit Union measures fair value refer to Note 1 – Summary of Significant Accounting Policies. The following tables present the balances of the assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014:

December 31, 2015	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Available-for-Sale Securities:				
Asset Backed Securities	\$ -	\$ 677,133,045	\$ -	\$ 677,133,045
U.S. Government Agency Mortgage Backed Securities	-	114,950,359	-	114,950,359
Total Assets	<u>\$ -</u>	<u>\$ 792,083,404</u>	<u>\$ -</u>	<u>\$ 792,083,404</u>
December 31, 2014	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Available-for-Sale Securities:				
Asset Backed Securities	\$ -	\$ 769,908,796	\$ -	\$ 769,908,796
U.S. Government Agency Mortgage Backed Securities	-	143,829,121	-	143,829,121
Total Assets	<u>\$ -</u>	<u>\$ 913,737,917</u>	<u>\$ -</u>	<u>\$ 913,737,917</u>

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investment Securities

When available, Corporate Central uses quoted market prices to determine the fair value of securities; such items are classified in Level 1 of the fair value hierarchy. For Corporate Central's securities where quoted prices are not available for identical securities in an active market, Corporate Central determines fair value utilizing vendors who apply matrix pricing for similar bonds where no price is observable or may compile prices from various sources. These models are primarily industry-standard models that consider various assumptions, including time value, yield curve, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Fair values from these models are verified, where possible, against quoted market prices for recent trading activity of assets with similar characteristics to the security being valued. Such methods are generally classified as Level 2. However, when prices from independent sources vary, cannot be obtained or cannot be corroborated, a security is generally classified as Level 3.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 10 FAIR VALUE (CONTINUED)

The following disclosures represent financial instruments in which the ending balances at December 31, 2015 and 2014 are not carried at fair value in their entirety on the statements of financial condition.

Cash and Cash Equivalents: The carrying amounts reported in the statement of financial condition for cash and cash equivalents approximate those assets' fair values.

Loans, Net: 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. Loan prepayments are assumed to occur at a similar rate as in previous periods.

Accrued Interest Receivable: Accrued interest receivable represents interest on loans and investments. The carrying amount of accrued interest receivable approximates fair value.

Members' Share and Certificate Deposits: The fair value of demand deposit accounts 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 as of December 31 for similar deposits with the same remaining maturities.

Accrued Interest Payable: Accrued interest payable represents interest on borrowings and member share and certificate deposits. The carrying amount of accrued interest payable approximates fair value.

Loan Commitments: Corporate Central has entered into variable rate loan commitments at December 31, 2015 and 2014. Corporate Central charges no fees for these commitments. Because the rates at which these commitments are entered into do not significantly differ from market rates, they have no quantifiable value.

The following table presents the carrying amounts and estimated fair values of Corporate Central's financial instruments at December 31:

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>				
Cash and Cash Equivalents	\$ 588,265,525	\$ 588,265,525	\$ 573,984,616	\$ 573,984,616
Loans, Net	89,124,533	90,015,494	123,166,507	124,321,747
Accrued Interest Receivable	549,440	549,440	500,896	500,896
<u>Financial Liabilities</u>				
Members' Share and Certificate Deposits	\$ 1,334,548,196	\$ 1,334,193,681	\$ 1,475,191,029	\$ 1,473,422,465
Accrued Interest Payable	354,205	354,205	267,847	267,847

CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 11 DEFINED BENEFIT PENSION PLAN

Corporate Central's defined benefit pension plan is described in Note 1. The following table sets forth the plan's funded status and amounts recognized in the statements of financial condition at December 31, 2015 and 2014:

As of Most Recent Actuarial Valuation:

	December 31,	
	2015	2014
Benefit Obligation	\$ 5,018,887	\$ 4,553,918
Fair Value of Plan Assets	6,031,472	6,034,043
Excess of Plan Assets Over Benefit Obligation	<u>\$ 1,012,585</u>	<u>\$ 1,480,125</u>
Accumulated Benefit Obligation	<u>\$ 3,773,194</u>	<u>\$ 3,596,404</u>
Assumptions used to Determine Benefit Obligation:		
Weighted Average Discount Rate	4.50%	4.00%
Expected Long-Term Return on Plan Assets	7.50%	7.50%
Rate of Future Compensation Increase	3.00%	2.50%
Pension Benefits:		
Net Pension Cost	\$ 175,791	\$ 58,676
Employer Contribution	250,000	313,000
Plan Participants' Contributions	-	-
Benefits Paid	166,528	2,195,686
Assumptions used to Determine Net Pension Costs:		
Weighted Average Discount Rate	4.50%	4.00%
Expected Long-Term Return on Plan Assets	7.50%	7.50%
Rate of Compensation Increase	3.00%	2.50%
Included in Financial Statements:		
Asset for Pension Funding	<u>\$ 1,012,585</u>	<u>\$ 1,480,125</u>
Included in Accumulated Other Comprehensive Loss:		
Net Unrecognized Loss	<u>\$ (2,648,894)</u>	<u>\$ (2,107,145)</u>

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

**CORPORATE CENTRAL CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The overall expected long-term rate of return on plan assets represents a weighted average composition rate based on expected rates of return. Corporate Central's pension plan weighted-average asset allocations by asset category are as follows:

	December 31,	
	2015	2014
Equity Securities	71.6%	71.7%
Debt Securities	28.4%	28.3%
Total	100.0%	100.0%

The target asset allocation is to have approximately 55% of the plan's assets invested in equities and approximately 45% in bonds.

The following tables present the balances of the defined benefit plan assets measured at fair value on a recurring basis as of December 31, 2015 and 2014:

December 31, 2015	Level 1	Level 2	Level 3	Total
Equity Securities	\$ -	\$ 4,321,438	\$ -	\$ 4,321,438
Debt Securities	-	1,710,034	-	1,710,034
Total	\$ -	\$ 6,031,472	\$ -	\$ 6,031,472

December 31, 2014	Level 1	Level 2	Level 3	Total
Equity Securities	\$ -	\$ 4,325,438	\$ -	\$ 4,325,438
Debt Securities	-	1,708,605	-	1,708,605
Total	\$ -	\$ 6,034,043	\$ -	\$ 6,034,043

At December 31, 2015, the actuary has not calculated, or informed Corporate Central of any contribution requirements.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years	Amount
2016	\$ 244,628
2017	106,380
2018	105,158
2019	520,534
2020	1,655,880
2021-2025	1,338,024

Corporate Central expects to recognize within net periodic benefit cost for 2016 the following amounts included in other comprehensive loss:

Amortization of Transition Obligation	\$ -
Amortization of Prior Service Cost	6,851
Amortization of Net Loss	195,245