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INDEPENDENT AUDITOR'S REPORT

March 12, 2014

To the Supervisory Committee of
Seasons Federal Credit Union

We have audited the accompanying financial statements of Seasons Federal Credit Union, which comprise the statement of financial condition as of September 30, 2013, and the related statements of income, comprehensive income, members' equity, and cash flows for the 13 months 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Seasons Federal Credit Union as of September 30, 2013, and the results of its operations and its cash flows for the 13 months then ended in accordance with accounting principles generally accepted in the United States of America.

Orth, Chakler, Murnane & Co.

Orth, Chakler, Murnane & Company
Certified Public Accountants
Miami, FL

SEASONS FEDERAL CREDIT UNION
STATEMENT OF FINANCIAL CONDITION

ASSETS

	As of September 30, 2013
Cash and cash equivalents	$7,653,076
Investments:	
Available-for-sale	10,886,585
Held-to-maturity	6,079
Other	138,500
Loans held for sale	1,570,529
Loans to members, net of allowance for loan losses	96,623,925
Accrued interest receivable:	
Investments	38,516
Loans	383,625
Prepaid pension	3,754,495
Prepaid and other assets	4,284,964
Property and equipment, net	4,168,693
NCUSIF deposit	1,155,417
Total assets	$130,664,404

LIABILITIES AND MEMBERS' EQUITY

	As of September 30, 2013
LIABILITIES:	
Members' share and savings accounts	$118,648,788
Interest payable	8,345
Accounts payable and other liabilities	2,097,840
Total liabilities	120,754,973
Commitments and contingent liabilities	
MEMBERS' EQUITY:	
Regular reserve	2,241,414
Undivided earnings	9,111,928
Accumulated other comprehensive loss	(1,443,911)
Total members' equity	9,909,431
Total liabilities and members' equity	$130,664,404

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

SEASONS FEDERAL CREDIT UNION
STATEMENT OF INCOME

	For the 13 months ended September 30, 2013
INTEREST INCOME:	
Loans to members	$6,826,056
Investments	223,905
Total interest income	7,049,961
INTEREST EXPENSE:	
Members' share and savings accounts	574,270
Net interest income	6,475,691
PROVISION FOR LOAN LOSSES	786,356
Net interest income after provision for loan losses	5,689,335
NON-INTEREST INCOME:	
Fees and service charges	1,351,535
Miscellaneous operating income	1,192,575
Gain on sale of loans	1,098,433
Total non-interest income	3,642,543
Net income before non-interest expense	9,331,878
NON-INTEREST EXPENSE:	
Compensation and employee benefits	3,898,601
Office operations and occupancy costs	2,913,757
Other expenses	1,645,756
Corporate credit union stabilization fund assessment	87,935
Total non-interest expense	8,546,049
Net income	$785,829

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

SEASONS FEDERAL CREDIT UNION
STATEMENT OF COMPREHENSIVE INCOME

	For the 13 months ended September 30, 2013
NET INCOME	$785,829
OTHER ITEMS OF COMPREHENSIVE INCOME:	
Net unrealized loss on investments classified as available-for-sale	(511,161)
Net unrealized gain on pension plan	790,169
Other comprehensive income	279,008
Comprehensive income	$1,064,837

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

SEASONS FEDERAL CREDIT UNION
STATEMENT OF MEMBERS' EQUITY

For the 13 months ended September 30, 2013

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
Balance, August 31, 2012	$2,241,414	$8,326,099	($1,722,919)	$8,844,594
Net income	—	785,829	—	785,829
Other comprehensive income	—	—	279,008	279,008
Balance, September 30, 2013	$2,241,414	$9,111,928	($1,443,911)	$9,909,431

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

SEASONS FEDERAL CREDIT UNION
STATEMENT OF CASH FLOWS

	For the 13 months ended September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$785,829
Adjustments:	
Provision for loan losses	786,356
Depreciation and amortization	426,748
Gain on sale of loans	(1,098,433)
Amortization of investment premiums/discounts, net	152,372
Amortization of deferred loan origination fees/costs, net	(128,726)
Changes in operating assets and liabilities:	
Loans held for sale	(22,496)
Accrued interest receivable	(48,518)
Prepaid and other assets	(1,572,193)
Interest payable	(3,548)
Accounts payable and other liabilities	57,632
Net cash used in operating activities	(664,977)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from maturities, sales and repayments of available-for-sale investments	1,192
Proceeds from maturities and repayments of held-to-maturity investments	2,271,563
Purchase of available-for-sale investments	(7,066,476)
Net change in loans, net of charge-offs	(5,896,937)
Recoveries on loans charged off	61,659
Change in prepaid pension	(967,500)
Expenditures for property and equipment	(582,246)
Change in NCUSIF deposit	(62,641)
Net cash used in investing activities	(12,241,386)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net change in members' share and savings accounts	6,927,424
Net cash provided by financing activities	6,927,424
Net change in cash and cash equivalents	(5,978,939)
Cash and cash equivalents at beginning of period	13,632,015
Cash and cash equivalents at end of period	$7,653,076

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

SEASONS FEDERAL CREDIT UNION
STATEMENT OF CASH FLOWS

Cash Flows: (continued)

	For the 13 months ended September 30, 2013
SUPPLEMENTAL CASH FLOW DISCLOSURES:	
Interest paid	$577,818
SCHEDULE OF NON-CASH TRANSACTIONS:	
Other comprehensive income	$279,008

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF OPERATIONS

Seasons Federal Credit Union (the Credit Union) is a cooperative association organized in accordance with the provisions of the Federal Credit Union Act for the purpose of promoting thrift among, and creating a source of credit for, its members. Participation in the Credit Union is limited to those individuals that qualify for membership. The field of membership is defined in the Credit Union's Charter and Bylaws.

FINANCIAL STATEMENTS/USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the period then ended. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the determination of the allowance for loan losses and the fair value of financial instruments. The significant accounting principles and policies used in the preparation of these financial statements, together with certain related information, are summarized below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and amounts due from banks and corporate credit unions. Amounts due from banks and credit unions may, at times, exceed federally insured limits.

INVESTMENTS

Investments are classified into the following categories: available-for-sale, held-to-maturity and other. Investment securities classified as available-for-sale are measured at fair value as of the statement of financial condition date. Unrealized gains and losses on investments classified as available-for-sale are reported as a separate component of members' equity. Investments classified as held-to-maturity are measured at amortized cost. This classification is based upon the Credit Union's intent and ability to hold these investment securities to full maturity. The Credit Union has elected to classify certain cash and cash equivalents as other investments. This election is available to the Credit Union according to the terms of the Statement of Cash Flows Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Realized gains and losses on disposition, if any, are computed using the specific identification method. Investments are adjusted for the amortization of premiums and accretion of discounts as an adjustment to interest income on investments over the term of the investment by a method which approximates the interest method.

FEDERAL HOME LOAN BANK (FHLB) STOCK

As a member of the FHLB, the Credit Union is required to invest in stock of the FHLB. The Credit Union's minimum stock investment is based on a formula developed by the FHLB that considers the Credit Union's total assets and outstanding advances from the FHLB. The FHLB stock is carried at cost within other investments and its disposition is restricted. No ready market exists for the FHLB stock, and it has no quoted fair value.

Note 1: (continued)

LOANS HELD FOR SALE

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or estimated fair value in the aggregate. These loans are sold within a short period of time, and as a result, cost is assumed to approximate fair value. All sales are made without recourse.

LOANS TO MEMBERS AND ALLOWANCE FOR LOAN LOSSES

Loans are stated at the amount of unpaid principal, net of an allowance for loan losses (ALL) and deferred loan origination fees and costs. The ALL is increased by a provision for loan losses charged to expense and decreased by charge-offs (net of recoveries). The ALL is maintained at a level considered adequate to provide for incurred loan losses in the loan portfolio by applying a historical loan loss rate to loan pools which have similar risk characteristics. Management's periodic evaluation of the adequacy of the ALL also considers such factors as changes in the nature and volume of the loan portfolio, review of specific problem loans, and current economic conditions that may affect the borrower's ability to repay.

Interest on loans to members is recognized over the terms of the loans and is calculated on principal amounts outstanding. The accrual of interest is discontinued when a loan exceeds 90 days delinquent or when management believes that collection of interest is doubtful. Generally, loan fees charged to members are recognized in income when received and direct loan origination costs on loans are recognized in expense when incurred. This is not materially different from the expenses that would have been recognized under the provisions of the Nonrefundable Fees and Other Costs Topic of the FASB ASC. However, certain loan origination fees and costs are deferred and amortized as an adjustment of loan yield over the estimated life of the loan using a method that approximates the interest method. Credit card fees and costs are recognized in income and expense when incurred.

ALL METHODOLOGY

Management has an established methodology to determine the adequacy of the ALL that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the ALL, the Credit Union has segmented certain loans in the portfolio by product type. Loans are divided into Real Estate and Consumer segments. The Credit Union also disaggregates these segments into classes based on the associated risks within those segments. Real estate loans are divided into three classes: Home equity line of credit, Second mortgage, and First mortgage. Consumer loans are divided into four classes: Used auto, Unsecured, New auto, and Other secured. Each class of loans requires significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio segment. The Credit Union uses internally developed models in the process. Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions used to determine the ALL are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices, and end-user controls are appropriate and properly documented. The following is a summary of the methodology used by management to determine the balance of the ALL for each segment or class of loans.

Note 1: (continued)

REAL ESTATE PORTFOLIO SEGMENT ALL METHODOLOGY

The Credit Union determines the ALL on a collective basis utilizing historical and forecasted losses to represent the best estimate of inherent losses at the measurement date. The Credit Union calculates a 12, 24, and 36 month historical loss ratio for each pool of loans and assigns a weight to each historical loss time frame. The resulting ratio is then applied to the loan balance of each pool. Loans are pooled generally by loan types with similar risk characteristics. As of September 30, 2013, the historical loss time frames and their associated weights for all classes were:

12 months - 50%
24 months - 30%
36 months - 20%

The real estate and ALL model primarily uses historic delinquency and default experience, loss severity, home price trends, unemployment trends, and other key economic variables that may influence the frequency and severity of losses for each class of loan within the real estate segment. The real estate ALL also includes an amount for the estimated losses on individually evaluated impaired loans.

CONSUMER PORTFOLIO SEGMENT ALL METHODOLOGY

The Credit Union determines the ALL on a collective basis utilizing historical and forecasted losses to represent the best estimate of inherent losses at the measurement date. The Credit Union calculates a 12, 24, and 36 month historical loss ratio for each pool of loans and assigns a weight to each historical loss time frame. The resulting ratio is then applied to the loan balance of each pool. Loans are pooled generally by loan types with similar risk characteristics. As of September 30, 2013, the historical loss time frames and their associated weights for all classes were:

12 months - 50%
24 months - 30%
36 months - 20%

The consumer ALL model primarily uses historic delinquency and default experience, loss severity, unemployment trends, and other key economic variables that may influence the frequency and severity of losses for each class of loan within the consumer segment. The consumer ALL also includes an amount for the estimated losses on individually evaluated impaired loans.

LOAN CHARGE-OFF POLICIES

The Credit Union's quality control process includes preparing lists to monitor and track delinquent loans and special mention loans. Tracking the loans on these lists enables management to assess the performance of the loan portfolio and act to mitigate risk therein through necessary changes in policy and procedures. The quality control process also serves as a tool to assist the Credit Union in identifying loans for charge-off on a timely basis. The following are guidelines for defining what constitutes an uncollectible loan:

Note 1: (continued)

Consumer:

- A non-performing loan that is more than 180 days past due;
- Management judges the asset to be uncollectible;
- Where additional collection efforts are non-productive regardless of the number of days delinquent;
- A "skip" where the Credit Union has had no contact for 90 days;
- An estimated loan loss, where the Credit Union has repossessed, but not yet sold, collateral on hand;
- A loan of a deceased person where the loss is determined;

Real Estate:

- A foreclosed real estate loan upon the determination of the amount of the estimated loan loss. The loss is estimated by calculating the difference between the loan balance and a reasonable estimate of the fair market value of the collateral less liquidation costs.

MORTGAGE SERVICING RIGHTS

Mortgage servicing assets are recognized at fair value as separate assets when rights are acquired through the sale of financial assets. Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are reported in prepaid and other assets and are accounted for at fair value, with changes in fair value recorded in current earnings. Service fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal.

PREPAID PENSION

The Credit Union maintains a defined benefit pension plan covering all eligible employees of the Credit Union. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The plan is substantially over funded and the prepaid pension plan asset represents plan assets that exceed the liabilities due to participants in the plan. The plan assets are valued by the plan's actuary based on various actuarial assumptions. Removing the excess assets from the plan may be subject to tax.

PROPERTY AND EQUIPMENT

Land is carried at cost. Property and equipment are carried at cost less accumulated depreciation. Buildings and furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less. The Credit Union reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Note 1: (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. 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.

CORPORATE CREDIT UNION STABILIZATION FUND ASSESSMENT

During July 2013, the NCUA Board approved an 8 basis point assessment to fund the corporate credit union stabilization fund. This assessment was based on the Credit Union's insured shares as of June 30, 2013. **(See Note 13)**

MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' share and savings accounts 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.

MEMBERS' EQUITY

The Credit Union is required to maintain a statutory reserve (regular reserve) in accordance with the Federal Credit Union Act. This statutory reserve represents a regulatory restriction and is not available for the payment of interest.

FEDERAL AND STATE TAX EXEMPTION

The Credit Union is exempt from most federal, state, and local taxes under the provisions of the Internal Revenue Code and state tax laws. The Income Taxes Topic of the FASB ASC clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they meet the "more likely than not" standard for sustainability on examination by tax authorities. Federal credit unions are tax-exempt under Internal Revenue Code sections 501(c)(14)(a) and 501(c)(1)(a)(I). As such, the Credit Union has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, no interest or penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 12, 2014, the date the financial statements were available to be issued. Management has not identified any items requiring recognition or disclosure.

NOTE 2: INVESTMENTS

The amortized cost and estimated fair value of investments are as follows:

Available-for-sale:	As of September 30, 2013			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Mortgage-backed securities	$7,330,480	$—	($397,491)	$6,932,989
Asset-backed securities	2,054,599	—	(101,630)	1,952,969
Federal agency collateralized mortgage obligations	1,462,171	8,739	(70,351)	1,400,559
Private-issue collateralized mortgage obligations	682,441	—	(82,373)	600,068
	$11,529,691	$8,739	($651,845)	$10,886,585

Held-to-maturity:	As of September 30, 2013			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Mortgage-backed securities	$6,079	$64	$—	$6,143

All available-for-sale and held-to-maturity investments receive principal and interest payments based on the payments received on the loans underlying the investments. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

Other investments:	**As of September 30, 2013**
Certificate of deposit	$98,000
FHLB stock	40,500
	$138,500

Note 2: (continued)

The following table shows the gross unrealized losses and fair value of investments, aggregated by length of time individual securities have been in a continuous unrealized loss position.

As of September 30, 2013
Available-for-sale

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities	$6,932,988	($397,491)	$—	$—	$6,932,988	($397,491)
Asset-backed securities	1,952,969	(101,630)	—	—	1,952,969	(101,630)
Federal agency collateralized mortgage obligations	986,336	(70,351)	—	—	986,336	(70,351)
Private-issue collateralized mortgage obligations	—	—	600,068	(82,373)	600,068	(82,373)
	$9,872,293	($569,472)	$600,068	($82,373)	$10,472,361	($651,845)

Unrealized losses on securities issued by the U.S. Government and its Agencies have not been recognized into income because the principal balances of these securities are guaranteed by the U.S. Government. Management has the ability and intent to hold these securities to recovery of fair value, which may be maturity.

The principal balances of private issue collateralized mortgage obligations are not guaranteed. Unrealized losses on these securities are recorded through accumulated other comprehensive income and represent the interest rate differential between the expected yield on the security and the book yield. The fair value of these securities is expected to be recovered as the market for this type of security improves and/or these securities approach their maturity date. Management has the ability to hold these securities for the foreseeable future.

NOTE 3: LOANS TO MEMBERS

The composition of loans to members is as follows:

	As of September 30, 2013
Real Estate:	
Home equity line of credit	$26,363,932
Second mortgage	12,013,584
First mortgage	6,646,429
Total real estate	45,023,945
Consumer:	
Used auto	27,811,099
Unsecured	14,404,893
New auto	9,186,012
Other secured	277,648
Total consumer	51,679,652
Total loans	96,703,597
Net deferred loan origination fees/costs	585,291
	97,288,888
Less ALL	(664,963)
	$96,623,925

A summary of the activity in the ALL by portfolio segment is as follows:

	For the 13 months ended September 30, 2013		
	Real Estate	Consumer	Total
Balance, beginning of period	$219,153	$268,720	$487,873
Provision for loan losses	250,778	535,578	786,356
Recoveries	5,291	56,368	61,659
Loans charged off	(226,212)	(444,713)	(670,925)
Balance, end of period	$249,010	$415,953	$664,963
Ending balance:			
Individually evaluated for impairment	$34,319	$25,869	$60,188
Collectively evaluated for impairment	$214,691	$390,084	$604,775

A summary of the recorded investment in loans by portfolio segment is as follows:

	As of September 30, 2013		
	Real Estate	Consumer	Total
Ending balance:	$45,257,286	$52,031,602	$97,288,888
Individually evaluated for impairment	$494,964	$168,559	$663,523
Collectively evaluated for impairment	$44,762,322	$51,863,043	$96,625,365

Note 3: (continued)

IMPAIRED LOANS

A loan is impaired when it is probable, based on current information and events, that the Credit Union will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. When management identifies a loan as impaired, the impairment is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases management uses the current fair value of the collateral, less selling costs, when foreclosure is probable, instead of discounted cash flows. If management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized through an ALL estimate or a charge-off to the ALL. The following table includes the recorded investment and unpaid principal balances for loans that are individually evaluated for impairment ("individually evaluated") with the associated ALL amount, if applicable.

Payments received on individually evaluated loans are recorded as a reduction of principal or as interest income depending on management's assessment of the ultimate collectability of the loan principal. Generally, interest income on an individually evaluated loans is recorded over the terms of the loans and is calculated on principal amounts outstanding. Interest income recorded on impaired loans for all periods presented was recorded on a cash basis.

The tables below summarize key information for impaired loans:

	As of September 30, 2013		
	Recorded Investment	Unpaid Principal Balance	Specific Allowance
With an allowance recorded:			
Real Estate:			
Second mortgage	$215,909	$215,352	$34,319
Consumer:			
Used auto	$13,533	$12,744	$899
Unsecured	$59,183	$59,183	$24,970
With no allowance recorded:			
Real Estate:			
Second mortgage	$279,055	$278,120	$—
Consumer:			
Used auto	$50,370	$50,023	$—
Unsecured	$22,158	$22,158	$—
New auto	$23,315	$23,315	$—
Totals:			
Real Estate	$494,964	$493,472	$34,319
Consumer	168,559	167,423	25,869
	$663,523	$660,895	$60,188

Note 3: (continued)

The table below provides an age analysis of past due loans by class:

As of September 30, 2013

	Days Delinquent			Total Delinquent Loans	Total Current Loans	Total Loans
	30 - 59	60 - 89	90 or more			
Real Estate:						
Home equity line of credit	$280,492	$49,846	$91,856	$422,194	$26,130,241	$26,552,435
Second mortgage	70,733	209,157	92,042	371,932	11,722,344	12,094,276
First mortgage	—	364,950	337,209	702,159	5,908,416	6,610,575
Total	351,225	623,953	521,107	1,496,285	43,761,001	45,257,286
Consumer:						
Used auto	561,287	150,204	161,133	872,624	27,114,311	27,986,935
Unsecured	105,346	82,468	71,251	259,065	14,257,019	14,516,084
New auto	79,890	24,175	30,926	134,991	9,115,944	9,250,935
Other secured	—	—	—	—	277,648	277,648
Total	746,523	256,847	263,310	1,266,680	50,764,922	52,031,602
Grand Total	$1,097,748	$880,800	$784,417	$2,762,965	$94,525,923	$97,288,888

The Credit Union places loans on non-accrual status when the loan reaches 90 days past due or when the collection of interest or principal becomes uncertain. Loans on which the accrual of interest has been discontinued or reduced approximated $784,000 as of September 30, 2013. There were no loans 90 days or more past due and still accruing interest as of September 30, 2013.

TROUBLED DEBT RESTRUCTURING

The Credit Union's loan portfolio also includes certain loans that have been modified in a Troubled Debt Restructuring (TDR), where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Credit Union's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions.

When the Credit Union modifies a collateral dependent loan, management uses the current fair value of the collateral, less selling costs, to determine the net realizable value of the collateral. If management determines that the value of the modified loan is less than the recorded investment in the loan, impairment is recognized by segment or class of loan, as applicable, through the ALL.

The following tables include TDRs approved during the period and TDRs that were approved within the previous period and subsequently defaulted in the current reporting period. The Credit Union defines a TDR as subsequently defaulted when the TDR is 90 days past due.

Note 3: (continued)

The following table presents TDR activity by class of loans:

	For the 13 months ended September 30, 2013	
	TDRs originated during the period	TDRs which subsequently defaulted
Real Estate:		
Second mortgage	$184,659	$—
Consumer:		
Unsecured	47,127	—
Used auto	36,235	—
Total	$268,021	$—

REAL ESTATE AND CONSUMER CREDIT QUALITY INDICATORS

The use of payment history and delinquency status to grade loans permits management to estimate a portion of credit risk. Delinquency is reviewed each month, at which time management analyzes the amount of delinquency, as well as other external statistics and factors, to track loan performance. Higher amounts of delinquency that have been outstanding for longer periods of time generally have a high risk factor associated. The delinquency table above provides the delinquent loan breakdown of real estate and consumer loans as of September 30, 2013.

NOTE 4: PROPERTY AND EQUIPMENT

A summary of the Credit Union's property and equipment is as follows:

	As of September 30, 2013
Land	$127,391
Buildings	3,312,241
Furniture and equipment	2,561,584
Leasehold improvements	1,560,341
	7,561,557
Less accumulated depreciation and amortization	(3,392,864)
	$4,168,693

NOTE 5: MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' share and savings accounts are summarized as follows:

	As of September 30, 2013
Share drafts	$27,018,756
Regular shares	46,908,009
Money market accounts	13,120,315
IRA shares	1,781,463
Share and IRA certificates	29,820,245
	$118,648,788

The aggregate balance of members' time deposit accounts in denominations of $100,000 or more was approximately $9,379,000 as of September 30, 2013.

Scheduled maturities of share and IRA certificates are as follows:

	As of September 30, 2013
Within 1 year	$20,428,635
1 to 2 years	4,038,798
2 to 3 years	3,297,751
3 to 4 years	2,033,695
4 to 5 years	21,366
	$29,820,245

SHARE INSURANCE

Members' share and savings accounts are insured by the NCUSIF to a maximum of $250,000 for each member. Additionally, Individual Retirement Accounts are separately insured by the NCUSIF up to a maximum of $250,000.

NOTE 6: COMMITMENTS AND CONTINGENT LIABILITIES

LINES OF CREDIT:
As of September 30, 2013, the Credit Union maintained an unused line of credit with Alloya Federal Credit Union. The terms of the agreement require the pledging of all presently owned and later acquired unencumbered assets as security for obligations under this line-of-credit agreement. The aggregate unused line of credit under this agreement was approximately $1,410,000 as of September 30, 2013.

The Credit Union is also a member of the FHLB of Boston. As of September 30, 2013, the Credit Union had access to a pre-approved secured line of credit with the capacity to borrow up to a certain percentage of the value of its eligible 1-4 family first mortgage loans and securities held in safekeeping, as defined in the FHLB Statement of Credit Policy. The available credit under this line-of-credit agreement was approximately $5,992,000 as of September 30, 2013. There were no borrowings outstanding under this line-of-credit agreement as of September 30, 2013.

LEASE COMMITMENTS:
The Credit Union leases office space. The minimum noncancellable lease obligations approximate the following as of September 30, 2013:

Year ending September 30,	Amount
2014	$171,000
2015	171,000
2016	153,000
2017	120,000
2018	90,000
Thereafter	705,000
	$1,410,000

Rental expense under operating leases was approximately $185,000 for the 13 months ended September 30, 2013.

MISCELLANEOUS LITIGATION:
The Credit Union is a party to various miscellaneous legal actions normally associated with financial institutions, the aggregate effect of which, in management's opinion, would not be material to the Credit Union's financial statements.

NOTE 7: OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

OFF-BALANCE-SHEET RISK

The Credit Union is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the statement of financial condition.

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. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. As of September 30, 2013, the total unfunded commitments under such lines of credit approximated $24,041,000. The Credit Union evaluates each member’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the member.

CONCENTRATIONS OF CREDIT RISK

The loan portfolio is well diversified and the Credit Union does not have any significant concentration of credit risk, except unsecured loans, which by their nature, increase the risk of loss compared to those loans that are collateralized.

NOTE 8: LOAN SERVICING

Loans serviced for others are not included in the accompanying statement of financial condition. The unpaid principal balances and the related custodial escrow balances in connection with the servicing of these loans approximated the following:

	As of September 30, 2013
Loan portfolio serviced for:	
Federal Home Loan Mortgage Corporation (FHLMC)	$106,730,000
Mortgage Partnership Finance	6,890,000
	$113,620,000

	As of September 30, 2013
Custodial escrow balances:	
Federal Home Loan Mortgage Corporation (FHLMC)	$1,056,000
Mortgage Partnership Finance	75,000
	$1,131,000

NOTE 9: MORTGAGE SERVICING RIGHTS

The Credit Union capitalized servicing rights relating to certain mortgage loans sold during the 13 months ended September 30, 2013. The components of capitalized mortgage servicing rights, included in prepaid and other assets were as follows:

	For the 13 months ended September 30, 2013
Mortgage servicing rights:	
Balance, beginning of period	$869,095
Additions	332,226
Amortization	(299,965)
Fair value adjustment	241,704
Balance, end of period	$1,143,060

As of September 30, 2013, the fair value of servicing rights was determined by an independent third party using market value discount rates and prepayment speeds based on the specific characteristics of each pool of loans.

NOTE 10: REGULATORY CAPITAL

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory-and possibly additional discretionary-actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance-sheet items as calculated under generally accepted accounting practices. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth (as defined in NCUA's Regulations) to total assets (as defined in NCUA's Regulations). Credit unions are also required to calculate a Risk-Based Net Worth Requirement (RBNWR) which establishes whether or not the Credit Union will be considered "complex" under the regulatory framework. The Credit Union's RBNWR is calculated each quarter and was 5.54% as of September 30, 2013. The minimum ratio to be considered complex under the regulatory framework is 6.00%. Management believes, as of September 30, 2013, that the Credit Union meets all capital adequacy requirements to which it is subject.

As of September 30, 2013, the most recent call reporting period, the NCUA categorized the Credit Union as "*well capitalized*" under the regulatory framework for prompt corrective action. To be categorized as "*well capitalized*" the Credit Union must maintain a minimum net worth ratio of 7.00% of assets. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

Note 10: (continued)

The Credit Union's actual and required net worth amounts and ratios are as follows:

	As of September 30, 2013	
	Amount	Ratio/ Requirements
Actual regulatory net worth	$11,353,342	8.69%
Amount needed to be classified as "adequately capitalized"	$7,839,864	6.00%
Amount needed to be classified as "well capitalized"	$9,146,508	7.00%

Because the RBNWR is less than the net worth ratio, the Credit Union retains its original category. Furthermore, in performing its calculation of total assets, the Credit Union used the quarter end option, as permitted by regulation.

NOTE 11: FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fair Value Measurements and Disclosures Topic of the FASB ASC provides a framework for measuring fair value that requires an entity to derive fair value from the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date within its principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. To increase consistency and comparability in fair value measurements and related disclosures, a three-level hierarchy prioritizes the inputs to valuation techniques used to measure fair value with the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3) as further described below:

Level 1

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Note 11: (continued)

Level 3
Level 3 inputs are unobservable inputs for the asset or liability which reflect the Credit Union's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Assumptions about risk include risk inherent in a particular valuation technique used to measure fair value, typically pricing models and/or discounted cash flow methodologies.

The methodologies and associated inputs used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Credit Union believes its valuation methods and associated inputs are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Certain assets and liabilities may be required to be measured at fair value on a non-recurring basis. These non-recurring fair value measurements usually result from the application of lower of cost or market accounting or the write-down of individual assets due to impairment.

RECURRING BASIS

AVAILABLE-FOR-SALE SECURITIES
The Credit Union receives pricing for available-for-sale securities from a third-party pricing service. These securities are classified as a Level 2 in the fair value hierarchy. The following is a description of the valuation methodologies used for these securities:

> **Mortgage and asset-backed securities -** are valued based on quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.
>
> **Federal agency and private-issue collateralized mortgage obligations -** are valued based on quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.

The following table sets forth by level, within the fair value hierarchy, the Credit Union's financial instruments at fair value as of September 30, 2013.

Note 11: (continued)

	Assets at Fair Value as of September 30, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Mortgage-backed securities	$—	$6,932,989	$—	$6,932,989
Asset-backed securities	—	1,952,969	—	1,952,969
Federal agency collateralized mortgage obligations	—	1,400,559	—	1,400,559
Private-issue collateralized mortgage obligations	—	600,068	—	600,068
	$—	$10,886,585	$—	$10,886,585

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of amounts that could be realized in a market exchange. The use of different assumptions and estimation methodologies may have a material effect on the estimated fair value amounts.

The following methods and assumptions were used to estimate fair value of each of the financial instruments for which it was practicable to estimate.

CASH AND CASH EQUIVALENTS
The carrying amount is a reasonable estimation of fair value.

INVESTMENTS
Estimated fair values for investments are obtained from quoted market prices where available.

LOANS HELD FOR SALE
Loans intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. Because these loans are sold within a short period, cost is assumed to approximate fair value.

LOANS TO MEMBERS
The estimated fair value for variable-rate loans is the current carrying amount. The fair value of fixed-rate loans was estimated by discounting the estimated cash flows using the current rate at which similar loans would be issued. The impact of delinquent loans on the estimation of fair value is not considered to have a material effect and, accordingly, delinquent loans have been disregarded in the valuation methodologies used.

ACCRUED INTEREST RECEIVABLE
The carrying amount is a reasonable estimation of fair value.

Note 11: (continued)

MORTGAGE SERVICING RIGHTS
Fair value of mortgage servicing rights is obtained from an independent third party evaluation.

MEMBERS' SHARE AND SAVINGS ACCOUNTS
The estimated fair value of demand deposit accounts is the carrying amount. The fair value of fixed-rate certificates was estimated by discounting the estimated cash flows using the current rate at which similar certificates would be issued.

INTEREST PAYABLE
The carrying amount is a reasonable estimation of fair value.

COMMITMENTS TO EXTEND CREDIT
The Credit Union unused loan commitments and undisbursed loans have no carrying amount and have been estimated to have no realizable fair value. The Credit Union does not charge fees in connection with these commitments. A majority of the unused loan commitments have historically not been drawn upon.

The carrying value and estimated fair value of the Credit Union's financial instruments are as follows:

	As of September 30, 2013	
	Carrying Amount	**Fair Value**
Financial assets:		
Cash and cash equivalents	$7,653,076	$7,653,076
Investments:		
Available-for-sale	$10,886,585	$10,886,585
Held-to-maturity	$6,079	$6,143
Other	$138,500	$138,500
Loans held for sale	$1,570,529	$1,570,529
Loans to members, net of allowance for loan losses	$96,623,925	$100,818,773
Accrued interest receivable:		
Investments	$38,516	$38,516
Loans	$383,625	$383,625
Mortgage servicing rights	$1,143,060	$1,143,060
Financial liabilities:		
Members' share and savings accounts	$118,648,788	$118,853,676
Interest payable	$8,345	$8,345

NOTE 12: EMPLOYEE BENEFITS

DEFINED BENEFIT PLAN
The Credit Union has a qualified, non-contributory defined benefit pension plan covering substantially all employees. The plan calls for benefits to be paid to employees at retirement based on an actuarial valuation consisting primarily of years of service and compensation.

Note 12: (continued)

The following tables sets forth the plan's funded status and amounts recognized in the Credit Union's statement of financial condition:

	As of September 30, 2013
Change in benefit obligation:	
Benefit obligation at beginning of period	$3,618,705
Service cost	291,087
Interest cost	147,009
Actuarial gain	(555,736)
Benefits paid	(643,475)
Benefit obligation at end of period	$2,857,590

	As of September 30, 2013
Accumulated benefit obligation	$2,309,120

	As of September 30, 2013
Change in plan assets:	
Plan assets at fair value at beginning of period	$5,615,531
Actual return on plan assets	675,771
Employer contribution	967,500
Benefits paid	(646,717)
Plan assets at fair value at end of period	$6,612,085

	As of September 30, 2013
Funded status:	
Prepaid asset	$3,754,495

	As of September 30, 2013
Reconciliation of accumulated other comprehensive loss:	
Unrecognized net actuarial loss	$795,720
Unrecognized transition obligation	5,085
Accumulated other comprehensive loss	$800,805

The net periodic benefit cost related to this plan was $0 for the 13 months ended September 30, 2013. The total amounts recognized in net periodic benefit cost and other comprehensive income combined was approximately $790,000 for the 13 months ended September 30, 2013. The total pension gain recognized in other comprehensive income approximated $790,000 for the 13 months ended September 30, 2013.

Note 12: (continued)

The assumptions used to develop the net periodic pension cost are as follows:

	For the 13 months ended September 30, 2013
Weighted-average discount rate used to calculate benefit obligations	4.75%
Weighted-average rate of compensation increases	3.50%
Expected long-term rate of return on plan assets	7.50%
Amortization method	Straight-Line

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

Plan year beginning October 1,	Amount
2013	$—
2014	628,332
2015	29,543
2016	30,259
2017	270,076
Thereafter	732,465
	$1,690,675

The following table sets forth the Retirement Pension Plan 103-12 Investment Entity's plan assets allocation by investment category:

	As of September 30, 2013	
	%	Value
Large cap equity funds	25.7%	$1,699,306
International equity funds	24.8%	$1,641,781
Index & other daily accrual funds	15.9%	$1,049,999
Corporate & government daily accrual funds	9.9%	$657,241
Balanced funds	8.0%	$526,983
Taxable bond funds	5.0%	$330,604
Mid capital equity funds	5.0%	$327,959
Small capital equity funds	3.0%	$195,057
Other equity funds	2.0%	$128,936
Cash Equivalents	0.8%	$54,219
	100%	$6,612,085

BASIS USED TO DETERMINE LONG-TERM RATE OF RETURN ON ASSETS

Expected long-term return on plan assets is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

Note 12: (continued)

DESCRIPTION OF INVESTMENT POLICIES AND STRATEGIES

Target asset allocation is determined by board of trustees who oversee the Retirement Pension Plan 103-12 Investment Entity.

ESTIMATED FUTURE CONTRIBUTIONS

The expected contributions for the period beginning October 1, 2013 are unknown.

The fair value of the Credit Union's pension plan assets by asset class are as follows (the three levels of input used to measure fair value are more fully described in Note 11):

	Assets at Fair Value as of September 30, 2013			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
103-12 Investment Entity	$—	$6,612,085	$—	$6,612,085

DEFERRED COMPENSATION PLANS

The Credit Union has a 457(b) non-qualified deferred compensation plan for a senior executive. The Credit Union does not contribute to this plan. The deferred compensation amounts are shown as both assets and liabilities on the Credit Union's statement of financial condition and are available to creditors in the event of the Credit Union's liquidation. The balance of the deferred compensation under this plan was approximately $50,000 as of September 30, 2013.

The Credit Union has entered into a split dollar insurance agreement which is a collateral assignment arrangement between the Credit Union and a senior executive. The agreement involves a method of paying for insurance coverage for the executive by splitting the elements of a life insurance policy. Under the agreement, the executive is the owner of the policy and makes a collateral assignment to the Credit Union in return for a loan equal to the amount of premiums paid on behalf of the executive plus accrued interest at a specified rate. At the time of death, the Credit Union will be paid the loan amount plus accrued interest and the balance of the insurance benefit will be paid to the executive's designated beneficiary. The total loan balance under this agreement was approximately $795,000 as of September 30, 2013.

SAFE HARBOR 401(K) PLAN

The Credit Union employees participate in a Safe Harbor 401(k) plan. All full-time employees of the Credit Union are eligible to participate upon attaining 21 years of age. All part-time employees of the Credit Union are eligible to participate upon completing one year of service and 21 years of age. Employee contributions to the plan are subject to certain limits established by the Internal Revenue Service. Participants are always 100% vested in all their voluntary contributions. The Credit Union makes a safe harbor matching contribution up to 3% of an employees' compensation each year. Participants are immediately 100% vested in the safe harbor matching contributions. The Credit Union may also make a discretionary matching contribution each year at the discretion of the Board of Directors. The Credit Union's discretionary matching contributions vest in equal percentages (20% per year) beginning with the completion of two years of service and become fully vested at the completion of six years of service. The safe harbor 401(k) pension expense was approximately $49,000 for the 13 months ended September 30, 2013.

NOTE 13: INDUSTRY EVENTS

In January 2009, the NCUA informed federally-insured credit unions that it was taking actions to enhance and support the corporate credit union system as well as the NCUSIF. During June 2009, legislation was created to establish a Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) to absorb the corporate stabilization costs by borrowing money from the U.S. Treasury. During September 2010, the NCUA received approval from the U.S. Treasury to extend the life of the Stabilization Fund to June 2021. The funds borrowed from the U.S. Treasury will be repaid from assessments authorized by the NCUA Board. The NCUA Board has levied assessments during 2009 - 2013 to repay borrowed funds to the U.S. Treasury. The NCUA Board has announced that there will be no assessment levied in 2014; however, it is possible that additional assessments will be made in subsequent years to cover costs associated with the corporate credit union system.

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