



**MAKING A DIFFERENCE**

2005 ANNUAL REPORT



**M**aking a Difference in the lives of our members is CommunityAmerica's Core Purpose. It drives our daily interactions with members and is one of the guiding principles in the planning process. This year, we made a difference in members' lives by offering added convenience, new products and enhanced technology designed to move us forward toward our Vision of *Building Financial Success Together* – all in spite of a difficult interest rate environment.

As we look back on the year, there are many milestones of success to savor including the addition of new branch locations and the release of a more robust online banking system with new money management tools. We are enhancing service delivery through the ongoing construction of a new core operating system and enhancements to our financial architecture improved the Credit Union's ability to make decisions that benefit the membership, as well as members.

*Making a Difference* in our members' lives extends past our daily interactions and planning process, as well. Recognizing that credit unions were created for service and not profit, we are thankful to you for entrusting us with your financial needs. As good stewards of your resources, we have been proud in sharing with you an Ownership Participation Dividend. Over the last decade, CommunityAmerica has returned more than \$9 million dollars to its members as their ownership-share in the gains the Credit Union has made in efficiency and productivity. This year is no exception with a return of more than \$500,000 to members.

Entering 2006, we remain committed to creating value for our members, delivering unique advantages to all we serve.

Regards,

Marty Zygmund  
Chairman of the Board

## RELEVANCE

CommunityAmerica's commitment to "make a difference" is key to maintaining relevance in a landscape of changing financial services. As we look back at 2005, we can measure our success by the ways in which we *did make a difference* for our members, our employees and our community.

In our quest to continually enhance service and convenience to our members, we opened three new branches in the Kansas City area including a fifth in-store branch. Located in area grocery stores, our in-store branches offer credit union members access to banking services 7 days a week – a rare advantage in the financial services industry.

A new line of Business Service products was introduced in October, 2005 to provide money management tools to small businesses. By year end, over \$2,439,179 in business loans had been made and \$4,444,969 in business deposits received.

An enhanced online banking system offered new money management tools that made electronic banking with CommunityAmerica even better. There were 34,291 members using the enhanced online banking system by the end of 2005.

Member response to these actions in 2005 validates our success with membership increasing 9%, rising to 122,407 members. In addition, members continued to award us high satisfaction scores with 96% of members surveyed indicating that they are "satisfied" or "very satisfied" with CommunityAmerica.

Caring for the people who care for our members also remains a priority for the Credit Union. Proof of our commitment to employees was made evident when CommunityAmerica was named one of Kansas City's Best Places to Work by the *Kansas City Business Journal* for the second consecutive year.

Service to the community is also a cornerstone of our philosophy. In 2005, the Credit Union gave \$224,579 in support of groups and activities that help to better our communities. In recognition of these efforts, CommunityAmerica received the Dora Maxwell Award for social responsibility for the sixth year in a row.

Going forward, we will continue to follow our Vision of *Building Financial Success Together*. By actions that are caring and ethical, and an attitude that reflects a can-do spirit, CommunityAmerica will continue to provide advantages that are real and relevant in the lives of our members and our staff, as well as the communities we serve.

Respectfully,



Dennis E. Pierce  
Chief Executive Officer



## RESUMÉ

CommunityAmerica Credit Union is a Missouri state-chartered credit union founded in 1940. It is a full-service financial institution with more than 122,000 members nationwide. As of Dec. 31, 2005, CommunityAmerica had more than \$1.5 billion in assets, ranking it among the nation's largest credit unions. Based on deposits, CommunityAmerica ranks as one of the top 10 Kansas City-based financial institutions. There are 18 CommunityAmerica branches in the Kansas City, St. Louis and Topeka areas.

## Statement of Financial Condition

Years Ended December 31, 2005 and 2004

<b>ASSETS</b>	<b>2005</b>	<b>2004</b>
Cash – non-interest-bearing	\$ 8,145,530	\$ 6,983,005
Cash equivalents – interest-bearing	56,823,819	66,647,023
Cash and cash equivalents	64,969,349	73,630,028
Interest-bearing deposits in Corporate Credit Unions	9,880,701	28,851,430
Available-for-sale securities	105,281,229	167,718,172
Investments in CUSOs, at cost	919,789	834,904
Loans, net of allowance for loan losses of \$7,924,955 and \$7,352,579 in 2005 and 2004, respectively	1,239,091,845	1,116,801,278
Accrued interest receivable	5,422,180	4,686,248
Premises and equipment, net	36,138,675	34,301,359
Federal Home Loan Bank stock, at cost	19,223,300	15,007,500
NCUSIF insurance deposit	9,375,023	8,334,541
Goodwill	1,687,142	1,687,142
Other assets	17,937,402	13,788,507
<b>TOTAL ASSETS</b>	<b>\$ 1,509,926,635</b>	<b>\$ 1,465,641,109</b>
<b>LIABILITIES</b>		
Members' share and savings accounts	\$ 1,088,033,869	\$ 1,100,926,053
Borrowings	235,000,000	185,000,000
Accrued expenses	4,040,050	3,872,116
Accrued interest payable	1,369,420	1,701,849
Accounts payable	914,969	369,436
Other liabilities	10,726,681	9,741,123
<b>Total Liabilities</b>	<b>\$ 1,340,084,989</b>	<b>\$ 1,301,610,577</b>
<b>MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED</b>		
Regular reserve	\$ 64,441,390	\$ 59,740,506
Capital maintenance reserve	56,524,470	58,097,851
Undivided earnings	49,473,031	46,868,190
Accumulated other comp. income	(597,245)	(676,015)
<b>Total Members' Equity</b>	<b>\$ 169,841,646</b>	<b>\$ 164,030,532</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$ 1,509,926,635</b>	<b>\$ 1,465,641,109</b>

## Statement of Income

Years Ended December 31, 2005 and 2004

	<b>2005</b>	<b>2004</b>
<b>INTEREST INCOME</b>		
Loans	\$ 70,750,208	\$ 64,096,218
Securities	4,655,110	1,907,972
Repurchase agreements	2,528,677	2,559,417
Interest-bearing cash equivalents and deposits in Corporate Credit Unions	2,079,214	1,541,183
<b>Total Interest Income</b>	<b>\$ 80,013,209</b>	<b>\$ 70,104,790</b>
<b>INTEREST EXPENSE</b>		
Members' share and savings accounts	\$ 27,502,451	\$ 18,090,687
Repurchase agreements	2,588,091	2,607,776
Borrowings	7,787,262	7,165,544
<b>Total Interest Expense</b>	<b>\$ 37,877,804</b>	<b>\$ 27,864,007</b>
<b>NET INTEREST INCOME</b>	<b>\$ 42,135,405</b>	<b>\$ 42,240,783</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>4,483,211</b>	<b>2,300,000</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$ 37,652,194</b>	<b>\$ 39,940,783</b>
<b>NON-INTEREST INCOME</b>		
Service fees	\$ 9,821,756	\$ 7,642,871
Credit and debit card transaction fees	3,678,005	2,743,656
Consulting revenue, net	1,837,419	2,805,947
Gains on the sale of loans	683,946	3,438,994
Gain on sale of property and equipment	12,293	-
Other	108,604	1,079,902
<b>Total Non-Interest Income</b>	<b>\$ 16,142,023</b>	<b>\$ 17,711,370</b>
<b>NON-INTEREST EXPENSE</b>		
Compensation and benefits	\$ 25,358,471	\$ 23,674,297
Office operations	8,797,328	8,776,786
Occupancy	3,594,401	3,428,901
Educational and promotional	3,394,182	3,060,649
Loan processing	1,757,819	2,257,531
Professional fees and outside services	3,312,406	2,912,893
Travel and conferences	1,089,287	1,427,668
Loss on the sale of property and equipment	-	47,481
Other operating expenses	757,979	1,059,264
<b>Total Non-Interest Expense</b>	<b>\$ 48,061,873</b>	<b>\$ 46,645,470</b>
<b>NET INCOME</b>	<b>\$ 5,732,344</b>	<b>\$ 11,006,683</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized holding loss on available-for-sale securities	\$ 78,770	\$ (887,442)
<b>Total Comprehensive Income</b>	<b>\$ 5,811,114</b>	<b>\$ 10,119,241</b>

## Statement of Changes In Retained Earnings

Years Ended December 31, 2005 and 2004

	<u>REGULAR RESERVE</u>	<u>RESERVE FOR CONTINGENCY</u>	<u>CAPITAL MAIN. RESERVE</u>	<u>UNDIVIDED EARNINGS</u>	<u>ACCUM. OTHER COMP. INCOME</u>	<u>TOTAL</u>
<b>BALANCE, JANUARY 1, 2004</b>	\$ 55,612,815	\$ 46,000,000	\$ 9,629,976	\$ 42,457,073	\$ 211,427	\$ 153,911,291
Net Income	-	-	-	11,006,683	-	11,006,683
Statutory transfers	4,127,691	-	-	(4,127,691)	-	-
Transfer of contingency reserve to Capital maintenance reserve	-	(46,000,000)	40,991,663	5,008,337	-	-
Transfer to maintain 8% capital Floor	-	-	7,476,212	(7,476,212)	-	-
Other comprehensive income (loss) - change in unrealized depreciation on available-for-sale securities	-	-	-	-	(887,442)	(887,442)
<b>BALANCE, DECEMBER 31, 2004</b>	59,740,506	0	58,097,851	46,868,190	(676,015)	164,030,532
Net income	-	-	-	5,732,344	-	5,732,344
Statutory transfers	4,700,884	-	-	(4,700,884)	-	-
Transfer to maintain 8% Capital Floor	-	-	(1,573,381)	1,573,381	-	-
Other comprehensive income - change in unrealized appreciation on available-for-sale securities	-	-	-	-	78,770	78,770
<b>BALANCE, DECEMBER 31, 2005</b>	<u>\$ 64,441,390</u>	<u>\$ 0</u>	<u>\$ 56,524,470</u>	<u>\$ 49,473,031</u>	<u>\$ (597,245)</u>	<u>\$ 169,841,646</u>

**122,407**  
members

**\$27,502,451**  
total dividends paid

**\$1,509,926,635**  
in assets

## Treasurer's Report

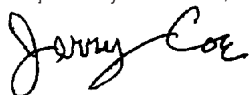
In 2005, CommunityAmerica's success in key areas resulted in asset growth of \$44,285,526 to a total of \$1,509,926,635. Deposits decreased by \$12,892,184 to a total of \$1,088,033,869.

For the year, CommunityAmerica provided 26,350 loans to members totaling \$528,626,212. Our overall loan portfolio increased 10.95% or \$122,290,567.

The Credit Union's lending policies and collection practices resulted in a delinquency ratio of .45%. In addition, we experienced a charge-off ratio of .30%.

CommunityAmerica's net income in 2005 was \$5,811,114. This contribution to reserves resulted in an 11.25% capital-to-asset ratio.

Respectfully submitted,



Jerry Coe  
Treasurer

## Supervisory Report

The Supervisory Committee of the Credit Union has a responsibility to serve the members of CommunityAmerica. Our committee meets bi-monthly to perform our duties, which include insuring the Credit Union operates properly and in accordance with the rules and regulations established by the National Credit Union Administration and the State of Missouri.

Furthermore, we retain independent auditing firms to attest to the accuracy of financial methods and accounting. We are pleased to report no significant findings in any of the financial records.

Respectfully submitted,



David D. Farr  
Supervisory Committee Chairman

## Board of Directors

CommunityAmerica's Board of Directors is elected by our members. This volunteer group functions on behalf of our members to oversee the operations of the Credit Union. The Board meets monthly to assure the Credit Union runs smoothly and in accordance with regulations.

Marty Zygmund, Chairman  
Phil Gaines, Vice Chairman  
Jerry Coe, Secretary / Treasurer

Bruce Brower  
Colleen Browne  
D.M. Drollinger  
Terri Martin

Brad Miller  
Ralph E. Moore  
C.W. Numrich  
Allison Waggoner

## Emeritus Board Members

Walter Baughman  
Donald Park  
Dan Scott

## Supervisory Committee

The members of our Supervisory Committee volunteer their time to provide an additional level of checks and balances. This group also meets monthly with the Board of Directors.

David D. Farr, Chairman  
Glenn G. Hamilton  
Marc Russell