

WE START WHERE BANKING STOPS.™



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FROM THE CHAIRMAN



Over 60 years ago, something important started when a handful of working people got together to form a credit union. They wanted an alternative to traditional banks because the banks weren't interested in meeting their financial services needs.

They wanted more.

People continue to seek more than banks will supply. As a credit union, CommunityAmerica remains unique in the financial services industry because we offer something unique – a platform of real advantages that only our members can enjoy.

As I look back over the year, I see the many ways these advantages are woven into everything we do. I am particularly proud of the way we were able to demonstrate our business model advantage. As a not-for-profit, we return excess earnings to our members in many ways, including the issue of an Ownership Participation Dividend. I am delighted that CommunityAmerica was able to return another \$1,000,000 to its member-owners in 2006.

I am confident that CommunityAmerica will remain a unique and growing partner for people seeking more from a financial service provider. As we live our unique advantages, I believe more and more people will see why their credit union, CommunityAmerica Credit Union, starts where banking stops.

Regards,

A handwritten signature in black ink that reads "Allison Waggoner". The signature is fluid and cursive.

Allison Waggoner
Chairman of the Board



FROM THE CHIEF EXECUTIVE



There is great strength in offering something unique in the marketplace. In a time when there seems to be a bank on every corner, CommunityAmerica Credit Union stands out and continues to attract members, because we offer advantages banks won't.

Those advantages are the measure of our success in 2006 and help show the ways we start where banking stops.

Living our cooperative business model advantage; making member benefit our first priority, meant returning \$1,000,000 to our member-owners in the form of an Ownership Participation Dividend. This is the eleventh straight bonus dividend issued by the credit union for a total of \$10 million paid over that time. Our members also benefit from a growing network of some 2,500 shared branches and more than 25,000 ATM locations around the world.

Our financial advantage means that we are committed to offering sound financial products, services and rates that, when taken as a whole, offer the best, most fair deal around. We continued to enhance that portfolio in 2006 with our Freedom Money Market account and new credit card offerings. Recognizing that security is a key concern for members doing business online, we invested in measures that further safeguard our members' personal financial information and we began offering identity theft protection.

Extraordinary service is a tradition at CommunityAmerica. In today's highly mobile society, convenience is a key part of our service advantage. To enhance convenience, we opened four new branch locations in 2006. These new branches, located within Hy-Vee grocery stores, offer members the ability to transact business at their credit union 7 days a week.

Serving a larger purpose is hard-wired into any credit union and the basis for our social advantage. Our dedication to the communities underscores our philanthropic mission; to promote financial literacy with an emphasis on children grades K-12. In 2006, CommunityAmerica became a sponsor of Exchange City at The Learning Exchange, an experiential learning program that teaches children about the economics of a community. CommunityAmerica

also continued to promote volunteerism by offering staff up to 12 hours of paid time off to donate to the 401(c)3 organization of their choice. Between these commitments and others made in 2006, CommunityAmerica gave over \$212,928.53 in financial and in-kind support to area charitable organizations.

2006 was another year filled with stories of how we live our values advantage. From the Financial Services Specialist who helps an elderly widow balance her checkbook to the high school graduate who got a car loan so he could drive to college, to the woman at the local gas station who asked the man in the CommunityAmerica shirt for help because CommunityAmerica helps people, our values draw our members and staff together as a community.



I believe that the growth and success of the credit union is the result of the unique advantages we offer. The proof is in the numbers, as our membership swelled to over 132,000 in 2006. Our members choose CommunityAmerica, because we offer them more than a bank does – we start where banking stops. It's an exciting story that continues to unfold.

Respectfully,

Dennis E. Pierce
Chief Executive Officer

STATEMENT OF FINANCIAL CONDITION

Years ended December 31, 2006 and 2005
(Amounts in thousands)

	2006	2005
Assets		
Cash – non-interest bearing	\$ 7,983	\$ 8,146
Cash equivalents – interest-bearing	57,902	56,824
Cash and cash equivalents	65,885	64,970
Interest-bearing deposits in Corporate Credit Unions	87,807	9,881
Trading securities	16,431	528
Available-for-sale securities	6,847	105,281
Investments in CUSOs, at cost	1,259	920
Loans, net	1,234,868	1,245,574
Accrued interest receivable	5,972	5,422
Premises and equipment, net	35,709	36,139
Federal Home Loan Bank stock, at cost	20,033	19,223
NCUSIF insurance deposit	8,648	9,375
Other assets	20,105	19,096
	<u>\$ 1,503,564</u>	<u>\$ 1,516,409</u>
Liabilities		
Members' share and savings accounts	\$ 1,050,249	\$ 1,088,034
Borrowings	250,000	235,000
Accrued expenses	4,577	4,040
Accrued interest payable	1,974	1,369
Other liabilities	14,469	11,642
	<u>1,321,269</u>	<u>1,340,085</u>
Members' Equity, substantially restricted		
Regular reserve	69,512	64,441
Capital maintenance reserve	50,791	57,043
Undivided earnings	62,145	55,437
Accumulated other comprehensive loss	(153)	(597)
	<u>182,295</u>	<u>176,324</u>
Total Liabilities and Members' Equity	<u>\$ 1,503,564</u>	<u>\$ 1,516,409</u>

STATEMENT OF INCOME

Years ended December 31, 2006 and 2005
(Amounts in thousands)

	2006	2005
Interest Income		
Loans	\$ 77,291	\$ 68,001
Securities	2,105	4,655
Repurchase agreements	—	2,529
Interest-bearing cash equivalents and deposits in Corporate Credit Unions	5,998	2,079
Total Interest Income	85,394	77,264
Interest Expense		
Members' share and savings accounts	31,610	27,503
Repurchase agreements	—	2,588
Borrowings	10,421	7,787
Total Interest Expense	42,031	37,878
Net Interest Income	43,363	39,386
Provision for Loan Losses	5,006	4,483
Net Interest Income After Provision for Loan Losses	38,357	34,903
Non-Interest Income		
Service fees	10,219	9,822
Credit and debit card transaction fees	4,367	3,678
Gains on the sale of loans	936	684
Gain (loss) on sale of property and equipment	(105)	12
Other	768	1,946
Total Non-Interest Income	16,185	16,142
Non-Interest Expense		
Compensation and benefits	22,535	22,404
Office operations	8,852	8,797
Occupancy	3,573	3,594
Education and promotional	4,651	3,394
Loan processing	1,610	1,758
Professional fees and outside services	3,836	3,312
Provision for credit losses on off-balance sheet credit exposure	1,619	325
Other operating expenses	2,339	1,523
Total Non-Interest Expense	49,015	45,107
Net Income	5,527	5,938
Other Comprehensive Income		
Unrealized holding gain on available-for-sale securities	444	79
Total Comprehensive Income	\$ 5,971	\$ 6,017

ADVANTAGES

BUSINESS MODEL

FINANCIAL



As a cooperative, member benefit is our first priority.

A portfolio of products, services and rates that collectively deliver the best, most fair deal.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2006 and 2005
(Amounts in thousands)

	REGULAR RESERVE	CAPITAL MAIN. RESERVE	UNDIVIDED EARNINGS	ACCUM. OTHER COMP. INCOME	TOTAL
Balance, January 1, 2005 <i>(As previously reported)</i>	\$ 59,741	\$ 58,098	\$ 46,868	\$ (676)	\$ 164,031
Adjustment applicable to prior years	(490)	502	6,264	—	6,276
Balance, January 1, 2005	59,251	58,600	53,132	(676)	170,307
Net income	—	—	5,938	—	5,938
Statutory transfers	5,190	—	(5,190)	—	—
Transfer to maintain 8% capital floor	—	(1,557)	1,557	—	—
Other comprehensive income – change in unrealized appreciation on available-for-sale securities	—	—	—	79	79
Balance, December 31, 2005	64,441	57,043	55,437	(597)	176,324
Net income	—	—	5,527	—	5,527
Statutory transfers	5,071	—	(5,071)	—	—
Transfer to maintain 8% capital floor	—	(6,252)	6,252	—	—
Other comprehensive income – change in unrealized appreciation on available-for-sale securities	—	—	—	444	444
Balance, December 31, 2006	\$ 69,512	\$ 50,791	\$ 62,145	\$ (153)	\$ 182,295

SERVICE



Provide quality service through innovative thinking, willingness to take risk and a positive attitude.

SOCIAL



Serve a larger purpose for the benefit of our communities.

VALUES



Act with loyalty, respect, honesty, fairness, equal worth and opportunity for all.

TREASURER'S REPORT

In 2006, CommunityAmerica Credit Union had total assets of \$1.504B. Assets in 2006 decreased by \$12.845M. Deposits decreased by \$37.785M to a total of \$1.050B.

For the year, CommunityAmerica provided 23,718 loans to members totaling \$583M. Our overall loan portfolio decreased 1.0% or \$12M.

The Credit Union's lending policies and collection practices resulted in a delinquency ratio of .55% at year-end. In addition, we experienced a charge-off ratio of .46%.

CommunityAmerica's net income in 2006 was \$5.971M. This contribution to reserves resulted in an 11.99% capital-to-asset ratio.

SUPERVISORY REPORT

The Supervisory Committee of the credit union has a responsibility to serve the members of CommunityAmerica. Our committee meets bimonthly to perform our duties, which include ensuring 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 an independent audit firm to form an opinion on the accuracy of our consolidated financial statements. We are pleased to report that our audit examination yielded an unqualified opinion from our auditors, noting our financial statements to be presented fairly and in accordance with generally accepted accounting principles.

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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.

Allison Waggoner – Chairman
David Drollinger – Vice-Chairman
Brad Miller – Secretary / Treasurer

R. Bruce Brower
Colleen Browne
Jerry Coe
Phil Gaines
Terri Martin
C. W. (Bill) Numrich

SUPERVISORY COMMITTEE >>

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

David Farr – Chairman
Kerry Domke
Glenn Hamilton

EMERITUS BOARD MEMBERS >>

Walter Baughman
Ralph Moore
Dan Scott
Marty Zygmund

IN MEMORY OF >>

CommunityAmerica wishes to recognize and pay tribute to special members of our credit union family who have passed away this year. The contributions they made to the growth and success of CommunityAmerica were invaluable. They will be deeply missed.

Don Park

Board Member 1979 – 2004
Emeritus Board Member 2004 – 2007

E. Wiley Barker

President 1973 – 1986
Board Member 1947 – 1990