



COMMUNITYAMERICA'S  
**ENVISIONED FUTURE**

PRIMARY FINANCIAL INSTITUTION  
EMPLOYER OF CHOICE  
CIVIC LEADER

annual membership report  
2007





## COMMUNITYAMERICA'S ENVISIONED FUTURE

PRIMARY FINANCIAL INSTITUTION  
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### FROM THE CHAIRMAN

When I reflect on 2007, I see a year marked with exciting changes for CommunityAmerica. Amidst these changes is a demonstrated track record of success, and as member owners, we are proud to share our success with you.

I hope many of you had the opportunity to attend our annual meeting in June 2007 at CommunityAmerica Ballpark in Kansas City, Kansas. We were thrilled to see nearly 4,000 members come to celebrate their ownership of the Credit Union. The event

was a wonderful way to express our commitment to you and your family. It was more than just a meeting; it was a celebration – in honor of you!

The event was also a great springboard for the announcement of a merger with our friends and neighbors at Midwest United Credit Union. The

joining of our organizations was a natural fit due to our similar visions. Together we have created an environment ripe for growth and added convenience for our collective members. The merger strengthened our organization to more than 168,000 members, 450 employees and \$1.7 billion in assets.

Based on these successes in 2007, CommunityAmerica's unique business model provided us again with the opportunity to issue an Ownership Participation Dividend to our members. Over the past decade, CommunityAmerica has returned more than \$14 million to its membership through this special annual dividend, a benefit you receive simply for being a member. It is just one more way for us to say thank you for your ongoing support of the Credit Union.

As we move into 2008, we continue to seek new and innovative ways to serve you and are excited about what the future has in store for CommunityAmerica. Thank you again for your support.

Regards,

Allison Waggoner  
Chairman of the Board

**FROM THE CHIEF EXECUTIVE** People helping people is the foundation of all credit unions and the driving force that keeps CommunityAmerica's commitment to you – as members and owners – our first priority. With you as the focus, we have created a vision for our future and in it we are your primary financial institution, an employer of choice and a leader in the communities we serve.

Considering your interests first, we declined to offer sub-prime mortgage loans and in doing so, have been able to avoid the significant losses that many financial institutions are currently encountering related to that practice. Instead, we have concentrated our efforts on growth of the Credit Union in order to provide added benefits and value to you.

As your primary financial institution, we know that convenience is important to you. During 2007, we made great strides to expand member convenience. Our merger with Midwest United Credit Union in November added five branches and six ATMs to our already strong nationwide network. Additionally, we built three new branches to extend our reach to 27 locations, and through our continued partnership with the CO-OP Network, more than 25,000 ATMs are available across the nation.

We also partnered with navigational gurus at Garmin® to take convenience to the next level. Through this partnership, Garmin now provides a free program that enables you to download directions to all of our branches and the nationwide CO-OP ATM Network on your Garmin GPS.

With these endeavors, we hope you have found enhanced convenience. But we know your commitment to us is based on more than just access and location; our people and service count, too. At CommunityAmerica, we are aware that in order to provide you exceptional service, we must start by creating a thriving environment for our employees.

This year, we made a deeper commitment to develop the leadership skills of our staff. All CommunityAmerica employees are given the opportunity to participate in programs to enhance their skills, build a personal development plan and expand upon their ability to effectively interact with you. Our commitment to being an employer of choice is to develop, grow and retain the best talent.

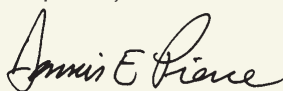
And as a civic leader, we share this talent by providing our employees with opportunities to give back to the communities we serve. In 2007,

I am proud to report that CommunityAmerica employees contributed 1,069 volunteer hours to more than 55 area non-profit organizations. We hope these and other benefits we offer our employees have something to do with the smiling face you see and the friendly voice you hear when you visit with our representatives.

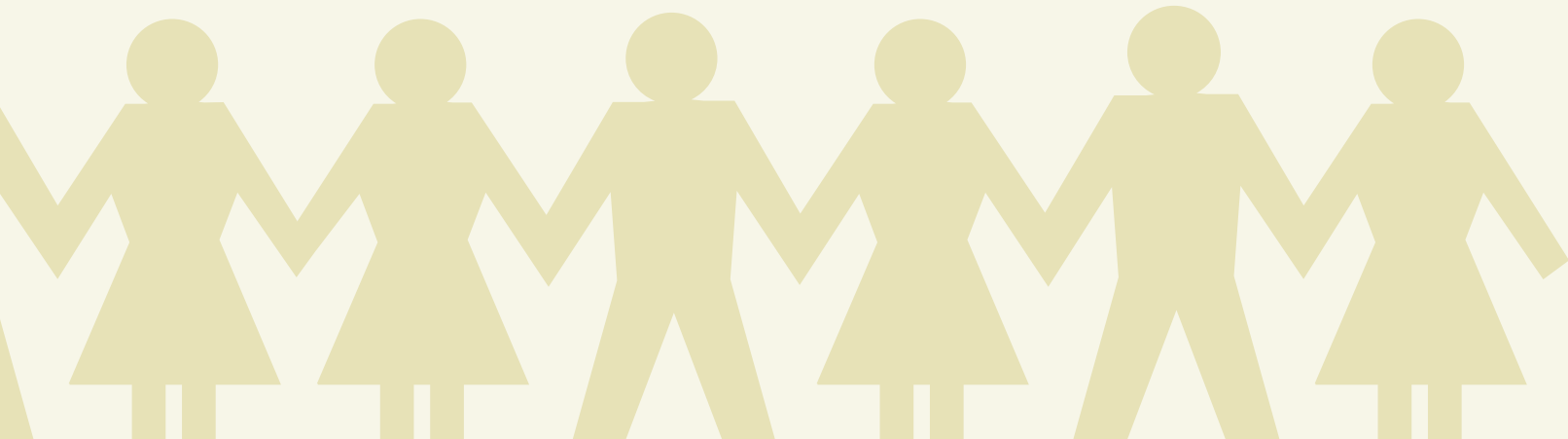
From a corporate perspective, our civic leadership is demonstrated through our commitment to promote financial literacy with an emphasis on students grades kindergarten through 12. To support this initiative, we have forged strategic partnerships with organizations that work to further financial literacy among school-aged children. In fact, last year we were selected as a first place recipient of the Dora Maxwell Award for Social Responsibility by the Credit Union National Association for our fundraising efforts for Junior Achievement of Middle America. Helping to positively shape and influence the financial decisions of younger generations is a cause that runs deep for all of us at the Credit Union.

Through each of these efforts and with your assistance, we continue to move closer to our envisioned future. I want to personally thank you for your support of CommunityAmerica throughout 2007. We know you have many choices when selecting your financial institution and we are honored you trust us with your valuable resources.

Respectfully,



Dennis E. Pierce  
Chief Executive Officer



## STATEMENT OF FINANCIAL CONDITION

Years ended December 31, 2007 and 2006  
(Amounts in thousands)

### Assets

	<b>2007</b>	<b>2006</b>
Cash – noninterest bearing	\$ 11,070	\$ 11,056
Cash equivalents – interest-bearing	103,790	79,941
Cash and cash equivalents	114,860	90,997
Interest-bearing deposits in Corporate Credit Unions	118,858	87,807
Trading securities	17,934	17,299
Available-for-sale securities	8,076	9,807
Held-to-maturity securities	445	552
Investments in CUSOs, at cost	1,146	1,146
Loans, net	1,339,418	1,352,319
Accrued interest receivable	8,072	6,426
Premises and equipment, net	43,252	43,163
Federal Home Loan Bank stock, at cost	21,218	20,782
NCUSIF insurance deposit	10,301	9,945
Other assets	23,668	25,249
	<b>\$ 1,707,248</b>	<b>\$ 1,665,492</b>

### Liabilities

Members' share and savings accounts	\$ 1,201,845	\$ 1,177,479
Borrowings	283,405	261,600
Accrued expenses	5,772	5,208
Accrued interest payable	2,444	2,338
Other liabilities	17,511	14,979
	<b>1,510,977</b>	<b>1,461,604</b>

### Members' Equity

Regular reserve	80,990	75,453
Capital maintenance reserve	50,791	50,791
Undivided earnings	64,726	77,828
Accumulated other comprehensive loss	(236)	(184)
	<b>196,271</b>	<b>203,888</b>

### Total Liabilities and Members' Equity

<b>\$ 1,707,248</b>	<b>\$ 1,665,492</b>
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## STATEMENT OF INCOME

Years ended December 31, 2007 and 2006  
(Amounts in thousands)

### Interest Income

Loans	\$ 91,627	\$ 85,220
Investments	1,406	2,422
Interest-bearing cash equivalents and deposits in Corporate Credit Unions	10,892	7,027
Total Interest Income	<b>103,925</b>	<b>94,669</b>

### Interest Expense

Members' share and savings accounts	40,785	34,418
Merger bonus dividend	6,000	—
Borrowings	10,694	10,915
Total Interest Expense	<b>57,479</b>	<b>45,333</b>

### Net Interest Income

**46,446**      **49,336**

### Provision for Loan Losses

**12,440**      **6,299**

### Net Interest Income After Provision for Loan Losses

**34,006**      **43,037**

### Noninterest Income

Service fees	14,098	14,255
Credit and debit card transaction fees	6,141	4,367
Gains on the sale of loans	585	936
Gain / (loss) on sale of property and equipment	757	(105)
Other	2,425	2,043
Total Noninterest Income	<b>24,006</b>	<b>21,496</b>

### Noninterest Expense

Compensation and benefits	31,605	26,174
Office operations	11,129	10,376
Occupancy	4,889	4,052
Education and promotional	6,358	4,995
Loan processing	2,721	2,098
Professional fees and outside services	4,572	4,021
Provision for credit losses on off-balance sheet credit exposure	785	1,619
Other operating expenses	3,518	3,500
Total Noninterest Expense	<b>65,577</b>	<b>56,835</b>

### Net Income

**\$ (7,565)**      **\$ 7,698**

## STATEMENT OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2007 and 2006 (Amounts in thousands)	<u>COMP. INCOME</u>	<u>REGULAR RESERVE</u>	<u>CAPITAL MAIN. RESERVE</u>	<u>UNDIVIDED EARNINGS</u>	<u>ACCUM. OTHER COMP. INCOME</u>	<u>TOTAL MEMBERS' EQUITY</u>
<b>Balance, January 1, 2006</b> (As previously reported)		\$ 64,441	\$ 57,043	\$ 55,437	\$ (597)	\$ 176,324
Adjustment applicable to prior years		5,769	—	13,684	(57)	19,396
<b>Balance, January 1, 2006</b>		70,210	57,043	69,121	(654)	195,720
Net income	\$ 7,698	—	—	7,698	—	7,698
Statutory transfers		5,243	—	(5,243)	—	—
Transfer to maintain 8% capital floor		—	(6,252)	6,252	—	—
Other comprehensive income – change in unrealized appreciation on available-for-sale securities	470	—	—	—	470	470
Total Comprehensive Income	<u>\$ 8,168</u>					
<b>Balance, December 31, 2006</b> (As restated)		75,453	50,791	77,828	(184)	203,888
Net loss	(7,565)	—	—	(7,565)	—	(7,565)
Statutory transfers		5,537	—	(5,537)	—	—
Other comprehensive income:						
Change in unrealized appreciation on available-for-sale securities	51	—	—	—	51	51
Net effect of adopting SFAS 158	(103)	—	—	—	(103)	(103)
Total Comprehensive Loss	<u>\$ (7,617)</u>					
<b>Balance, December 31, 2007</b>		<u>\$ 80,990</u>	<u>\$ 50,791</u>	<u>\$ 64,726</u>	<u>\$ (236)</u>	<u>\$ 196,271</u>

**TREASURER'S REPORT** In 2007, CommunityAmerica Credit Union had total assets of \$1.707B. Assets in 2007 increased by \$41.756M. Deposits increased by \$24.366M to a total of \$1.511B. The merger with Midwest United Credit Union is reflected in these results.

For the year, CommunityAmerica provided 19,612 loans to members totaling \$407M. Our overall loan portfolio decreased 0.8% or \$10.7M.

The Credit Union's lending policies and collection practices resulted in a delinquency ratio of 0.71% at year-end. In addition, we experienced a charge-off ratio of 0.84%.

CommunityAmerica's net income in 2007 was \$(7.565)M. The loss included a \$6.0M distribution to Midwest United Credit Union members. This contribution to reserves resulted in an 11.50% 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.



**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  
Brad Miller – Vice Chairman  
David Drollinger – Secretary/Treasurer  
Roger Adamson  
R. Bruce Brower  
Colleen Browne  
Jerry Coe  
Brad Douglas  
Mick Fenley  
Phil Gaines  
Larry Hampton  
Tom Humphrey  
Terri Martin

**SUPERVISORY COMMITTEE** The members of our Supervisory Committee volunteer their time to provide an additional level of checks and balances. This group meets every other month, as well as monthly with the Board of Directors.

Kerry Domke – Chairman  
David Farr  
Glenn Hamilton  
Joe Williams

**EMERITUS BOARD MEMBERS**

Walter Baughman  
Ken Billups  
Jim Blair  
Tony McCanna  
Jerry McClary  
Ralph Moore  
Bill Numrich  
Dan Scott  
Marty Zygmund