



HERE'S **THE STORY**

*2008 annual report*

**RAGS TO RICHES.** A member of CommunityAmerica won the lottery. Before his newfound wealth, other local banks and investment firms did not welcome him as a customer. Now, they would do just about anything to have his business. But he chose to bring his \$1.3 million winnings to his credit union. Why? Because he had always been treated extremely well at CommunityAmerica, even when he didn't have a lot of money.

## FROM THE CHAIRMAN

In just a few words, here's the CommunityAmerica story in 2008: Success, Security, Strength and Superior Service.

By comparison, the story in 2008 for so many financial institutions across the country was about failing, doors closing, taxpayer bailouts, and sadly, leaving some customers penniless. CommunityAmerica had a markedly different story to tell.

CommunityAmerica avoided sub-prime mortgage lending, and our strong capitalization was never in doubt. In fact, the National Credit Union Administration defines well-capitalized credit unions at 7 percent equity to asset ratio or above — and CommunityAmerica ended the year at 11.79 percent. However, as part of a cooperative system, credit unions support each other in good times and bad. As a result of this business approach, CommunityAmerica took a charge at the end of the year in an effort to help stabilize the industry as a whole. While this ultimately resulted in a loss for CommunityAmerica, our overall results were strong, and we are poised for future success.

We also finalized the conversion of our merger with Midwest United Credit Union, retaining an overwhelming majority of members, bringing our total membership to more than 177,000. We consistently sought new opportunities to deepen existing member relationships by helping members find ways to increase personal savings and reduce debt. By focusing on people, not profits, we avoided negative headlines and provided an attractive alternative for more members.

More than 3,300 members attended our family-friendly Annual Meeting at CommunityAmerica Ballpark in Kansas City, Kan. Attendees shared personal, touching stories of how CommunityAmerica, through its vision and commitment to building financial success together, made a significant difference in their lives. Our team was inspired by those stories and is grateful for the opportunity to continue serving our members.

Finally, for more than a decade, CommunityAmerica has returned money back to its members in the form of an Ownership Participation Dividend. Our success is your success, and this is one of the many ways we share it with you, in addition to providing competitive rates and a convenient branch network.

As we move into 2009, expect more great stories from your Credit Union. And as always, thank you for your continued support.

Regards,



Allison Waggoner  
Chairman of the Board





## FROM THE CHIEF EXECUTIVE

CommunityAmerica's story in 2008 was one of success. As a result of our prudent and conservative management, CommunityAmerica was poised to post a modest profit, before

taking a year-end impairment charge to help stabilize the credit union system. The Credit Union continued to offer members a great portfolio of products, services and rates, while returning money to members through an Ownership Participation Dividend. And we accomplished many other important achievements in the process.

As always, CommunityAmerica is guided by a member-led model that places member benefit first. Our measured, strategic approach to become the primary financial

institution for a larger share of consumers resulted in the opening of three new branches, bringing our total to 29 locations. This creates even more convenience for existing members and provides prospective members a nearby place to experience the advantages of credit union membership.

As a civic leader, CommunityAmerica continues to focus on community service in the areas we serve. This year our employees contributed more than 2,200 volunteer hours to more than 65 non-profit organizations. We also set the city standard for employee-based fundraising for Junior Achievement of Middle America, and we again received the Dora Maxwell Award for Social Responsibility from the Missouri Credit Union Association.

As an Employer of Choice, while other companies in our market were laying off employees, freezing wages and discontinuing 401(k) matching, CommunityAmerica continued to invest in its valued team by delivering a more

robust 401(k) program, offering merit increases, and expanding training offerings to retain and attract bright new talent to help us best serve our members.

Perhaps the accomplishment I am most proud of is the strides we made in our commitment to improving financial literacy. CommunityAmerica has always been passionate about breaking the cycle of debt, and is even more so in the current economic environment. In driving this initiative forward, branch managers regularly coach members struggling to regain their financial footing, by providing solutions that allow them to reduce debt and plan for their future. We also reach out to the schools in our areas, as well as non-profit organizations, and teach budgeting and savings fundamentals that help clear a path to financial freedom. It is our sincerest hope that we are able to make a difference and influence these individuals to develop healthy, life-long spending and savings habits.

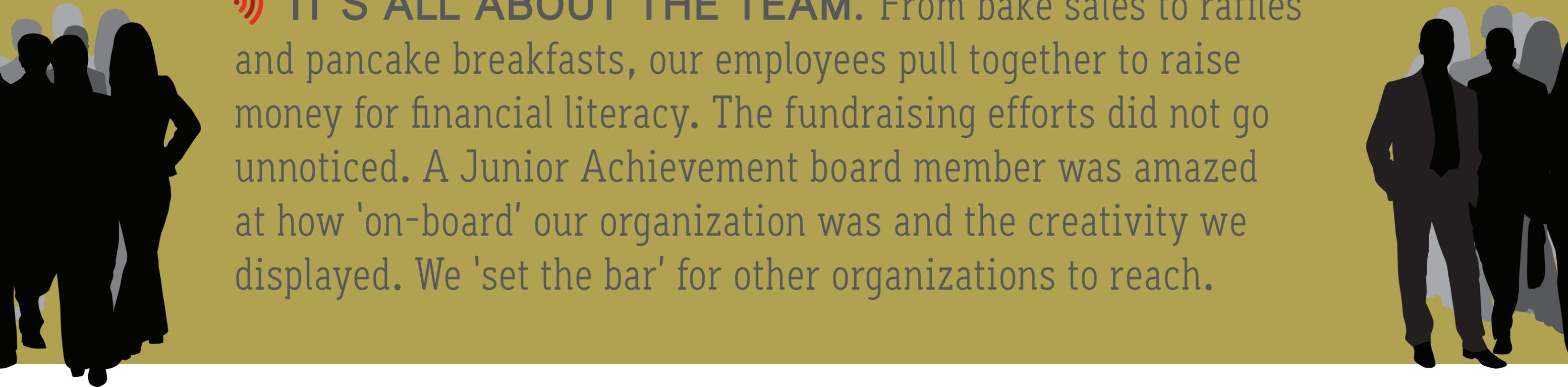
This year we successfully completed our first Financial

Makeover program, helping four Kansas City area families become financially fit through personalized coaching from our own financial experts. The result? All four families were significantly better off financially than when they started during an incredibly tough economic year. Through this initiative, thousands of others learned valuable tips they could apply to their own situation, making our impact far reaching through exposure to weekly blogs, radio and TV interviews.

Ours is a compelling story we hope you'll tell your friends and family, and one we expect more and more people to personally experience as we continue to demonstrate the many ways *we start where banking stops.*®

Regards,

Dennis E. Pierce  
Chief Executive Officer



**IT'S ALL ABOUT THE TEAM.** From bake sales to raffles and pancake breakfasts, our employees pull together to raise money for financial literacy. The fundraising efforts did not go unnoticed. A Junior Achievement board member was amazed at how 'on-board' our organization was and the creativity we displayed. We 'set the bar' for other organizations to reach.

# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Years ended December 31, 2008 and 2007  
(Amounts in thousands)

## Assets

	2008	2007
Cash – non-interest bearing	\$ 12,916	\$ 11,070
Cash equivalents – interest-bearing	70,325	103,790
Cash and cash equivalents	83,241	114,860
Interest-bearing deposits in Corporate Credit Unions	350	112,568
Corporate Credit Union memberships shares	3,633	6,290
Trading securities	14,407	17,934
Available-for-sale securities	49,199	8,076
Held-to-maturity securities	–	445
Investments in CUSOs, at cost	1,255	1,146
Loans, net	1,381,653	1,339,418
Accrued interest receivable	5,646	8,072
Premises and equipment, net	45,972	43,252
Federal Home Loan Bank stock, at cost	17,860	21,218
NCUSIF insurance deposit	10,056	10,301
Other assets	21,540	23,668
<b>Total Assets</b>	<b>\$ 1,634,812</b>	<b>\$ 1,707,248</b>

## Liabilities

Members' share and savings accounts	\$ 1,173,926	\$ 1,201,845
Borrowings	243,368	283,405
Accrued expenses	6,130	5,772
Accrued interest payable	1,289	2,444
Other liabilities	17,322	17,511
<b>Total Liabilities</b>	<b>1,442,035</b>	<b>1,510,977</b>

## Members' Equity

Regular reserve	87,015	80,990
Capital maintenance reserve	55,878	50,791
Undivided earnings	49,960	64,726
Accumulated other comprehensive loss	(76)	(236)
<b>Total Members' Equity</b>	<b>192,777</b>	<b>196,271</b>

**Total Liabilities and Members' Equity** **\$ 1,634,812** **\$ 1,707,248**



**I'M A LIFER.**  
I've been a member of the credit union since 1989. They actually pay me to bank with them rather than nickel and dime me. I don't pay any fees, the ATMs are free and I hope that never changes. I really love CommunityAmerica and would never go to any other bank.



# CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2008 and 2007  
(Amounts in thousands)

## Interest Income

	2008	2007
Loans	\$ 91,042	\$ 91,627
Unrealized net gain (loss) on trading securities	(3,364)	1,082
Net investment gain	1,749	324
Interest-bearing cash equivalents and deposits in Corporate Credit Unions	4,510	10,892
<b>Total Interest Income</b>	<b>93,937</b>	<b>103,925</b>

## Interest Expense

Members' share and savings accounts	32,817	40,785
Merger bonus dividend	–	6,000
Borrowings	10,755	10,694
<b>Total Interest Expense</b>	<b>43,572</b>	<b>57,479</b>

## Net Interest Income

**50,365** **46,446**

## Provision for Loan Losses

**12,131** **12,440**

## Net Interest Income After Loan Loss Provision

**38,234** **34,006**

## Non-Interest Income

Service fees	15,969	14,098
Credit and debit card transaction fees	7,181	6,141
Gains on the sale of loans	550	585
Gain on sale of interest-bearing deposits in Corporate Credit Unions	466	–
Gain on sale of property and equipment	2	757
Other	3,604	2,425
<b>Total Non-Interest Income</b>	<b>27,772</b>	<b>24,006</b>

## Non-Interest Expense

Compensation and benefits	32,239	31,605
Office operations	11,662	11,129
Occupancy	5,254	4,889
Educational and promotional	6,566	6,358
Loan processing	2,363	2,721
Professional fees and outside services	4,555	4,572
Credit loss provision on off-balance sheet credit exposure	269	785
Impairment of Corporate Credit Union investment	2,112	–
Other operating expenses	4,640	3,518
<b>Total Non-Interest Expense</b>	<b>69,660</b>	<b>65,577</b>

## Net Income

**\$ (3,654)** **\$ (7,565)**

# STATEMENT OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2008 and 2007  
(Amounts in thousands)

	COMPREHENSIVE INCOME	STATUTORY RESERVE	CAPITAL MAINTENANCE RESERVE	UNDIVIDED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL MEMBERS' EQUITY
<b>Balance, January 1, 2007</b>		\$ 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)
<b>Total Comprehensive Loss</b>	<b>\$ (7,617)</b>					
<b>Balance, December 31, 2007</b>		80,990	50,791	64,726	(236)	196,271
Net loss	(3,654)	–	–	(3,654)	–	(3,654)
Statutory transfers		6,025	–	(6,025)	–	–
Transfer to maintain 8% capital floor	–	–	5,087	(5,087)	–	–
Other comprehensive income:						
Change in unrealized appreciation on available-for-sale securities	200	–	–	–	200	200
Post retirement benefits adjustment	(40)	–	–	–	(40)	(40)
<b>Total Comprehensive Loss</b>	<b>\$ (3,494)</b>					
<b>Balance, December 31, 2008</b>		\$ 87,015	\$ 55,878	\$ 49,960	\$ (76)	\$ 192,777

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

## 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  
Glenn Hamilton  
Joe Williams

## EMERITUS BOARD MEMBERS

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

## TREASURER'S REPORT

In 2008, CommunityAmerica Credit Union had total assets of \$1.635 billion. Assets in 2008 decreased by \$72.436 million. Deposits decreased by \$27.919 million to a total of \$1.174 billion.

For the year, CommunityAmerica provided 20,339 loans to members totaling \$457 million. Our overall loan portfolio increased 3.2% or \$42.8 million.

The Credit Union's lending policies and collection practices resulted in a delinquency ratio of 0.79% at year-end. In addition, we experienced a charge-off ratio of 0.86%.

CommunityAmerica's net income in 2008 was \$(3.654) million. This reduction to reserves resulted in an 11.79% 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 Missouri Division of Credit Unions.

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 accounting principles generally accepted in the United States of America.

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