



# CREDIT UNION PROUD

2011 Annual Report



*Brad Douglas  
Chairman of the Board*

*Dennis E. Pierce  
Chief Executive Officer*



**A**s the CEO and Chairman of the Board, we believe you won't have to read very far to see why we are proud of our credit union. We continue to be pleased with the efforts we make to help our members reach their financial goals, and help our community become a better place to live and raise a family.

As you will see in our financial statements, CommunityAmerica continues to be a strong, well-capitalized not-for-profit cooperative, dedicated to providing financial freedom for everyone. In fact, as a result of our strong financial performance, we again returned \$1 million in profits back to our members in the form of our Ownership Participation Dividend. Despite the continuing economic struggles in our country, CommunityAmerica's financial strength and soundness remains steady and we are confident in our long-term outlook.

By focusing on what matters most — our members and our community — we once again have demonstrated that our business model and community involvement are unparalleled. Our commitment to financial literacy for kids and adults alike gained us statewide and national recognition in our industry, but that's not why we focus on it. By making our members, prospects and the children in our communities financially smarter, we are helping break the cycle of debt and creating better, more enriching lives.

To accomplish this goal, we executed a multi-pronged approach that included our fourth annual Financial Makeover, where we coached families to improve their financial standing, and they in turn, shared their experiences to help others. The ten families who participated in the 2011 program paid off a combined \$98,128 in debt and increased savings by \$70,049. This program is core to our People Helping People credit union philosophy, and endures as one of many programs that help us stand out in a crowded banking environment. Our additional programs to help others via educational outreach include more than 70 SavvyU workshops in the community, serving 3,000 members, non-members, and students.

# CREDIT UNION PROUD

Our Savin' Mavens appeared on every major broadcast outlet in Kansas City multiple times, as well as *The Kansas City Star*, *M* magazine, and many other family-friendly venues. Our Money Smart efforts, in conjunction with the Federal Reserve's annual initiative, helped kids and adults alike think differently about money matters. We once again were the top fund raising credit union for Junior Achievement, and we sponsored the financial literacy efforts for the School of Economics.

The term "community" is part of our name for a reason, and we work hard to ensure we go beyond our financial literacy efforts to truly make a difference in the communities we serve. For the third year in a row, our employees contributed more than 3,000 hours in the local community, supporting a variety of 501(c)3 charities. And CommunityAmerica Ballpark continued to stand as a beacon for inexpensive, family-friendly all-American baseball entertainment.

To extend our reach to members, we launched our mobile banking application. Additionally, we leveraged owned media, social media, paid media and earned media to ensure members and prospects alike were aware of the many ways we're different and better than other financial institutions. Those collective efforts helped us surpass a long-held goal to have more than 10 percent of Kansas Citians identify CommunityAmerica Credit Union as their primary financial institution. In fact, that number jumped beyond 11 percent as more and more Kansas Citians experienced the CommunityAmerica way.

We accomplished all of this while also recording the highest member satisfaction survey scores of all-time. Your fellow members lauded us for our financial expertise and advice, running the business in the members' best interest, and charging low fees while offering competitive interest rates.

We called on you once again to assist us in being vocal on legislative issues that not only had the potential to negatively impact members, but put at risk the very not-for-profit cooperative model that has helped us thrive for more than seventy years. We asked you as our members (and our elected officials' constituents) to let them know you wanted your financial institution to be able to compete without excess legislation, especially in regards to interchange fees.

We benefitted from the social media movement referred to as Bank Transfer Day, helping more and more consumers turn away from the unjust practices many banks levy routinely. We also helped them recognize the very real advantages we provide — and now they too see us as the obvious choice for their financial needs. As a result, we ended the year on a major upswing in new member acquisition.

As always, the lens by which we manage our business is to Build Financial Success Together. As a cooperative, we emphasize the word *together*, because without you, we wouldn't exist. We exist to serve your needs, and take pride in working to provide financial freedom for all! Thank you again for your support. We look forward to a bright future ... *together*.

Sincerely,



Brad D. Douglas  
Chairman of the Board



Dennis E. Pierce  
Chief Executive Officer

# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Years ended December 31, 2011 and 2010 (Amounts in thousands)

	2011	2010
<b>Assets</b>		
Cash on hand	\$ 18,236	\$ 14,219
Cash equivalents	51,616	74,958
Cash and cash equivalents	69,852	89,177
Certificates of deposits in corporate credit unions	-	30,000
Corporate credit union membership shares	2,281	2,281
Available-for-sale securities	536,988	272,326
Other Investments	17,480	17,273
Investments in CUSOs, at cost	976	1,111
Loans held for sale	36,334	7,142
Loans, net	1,079,206	1,203,065
Accrued interest receivable	6,818	6,141
Mortgage servicing rights	6,977	5,240
Premises and equipment, net	39,136	40,673
Federal Home Loan Bank stock	18,079	15,866
NCUSIF insurance deposit	12,552	11,971
Other assets	15,408	14,994
<b>Total Assets</b>	<b>\$ 1,842,087</b>	<b>\$ 1,717,260</b>
<b>Liabilities</b>		
Members' share and savings accounts	\$ 1,371,703	\$ 1,281,414
Borrowings	221,532	208,307
Accrued expenses	6,797	5,384
Accrued interest payable	1,322	1,419
Other liabilities	23,958	17,509
<b>Total Liabilities</b>	<b>1,625,312</b>	<b>1,514,033</b>
<b>CommunityAmerica Members' Equity</b>		
Regular reserve	90,001	97,701
Capital maintenance reserve	-	55,878
Undivided earnings	122,465	47,981
Accumulated other comprehensive loss	2,870	420
<b>Total equity attributable to CommunityAmerica</b>	<b>215,336</b>	<b>201,980</b>
Noncontrolling Interest	<b>1,439</b>	<b>1,247</b>
<b>Total Members' Equity</b>	<b>216,775</b>	<b>203,227</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$ 1,842,087</b>	<b>\$ 1,717,260</b>

# CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2011 and 2010 (Amounts in thousands)

	2011	2010
<b>Interest Income</b>		
Loans	\$ 69,730	\$ 78,157
Investment securities	4,410	2,472
Cash equivalents and deposits in Corporate Credit Unions	918	1,291
Total Interest Income	<b>75,058</b>	<b>81,920</b>
<b>Interest Expense</b>		
Members' share and savings accounts	12,726	16,365
Borrowings	8,374	8,973
Total Interest Expense	<b>21,100</b>	<b>25,338</b>
<b>Net Interest Income</b>	<b>53,958</b>	<b>56,582</b>
<b>Provision for Loan Losses</b>	<b>14,675</b>	<b>20,317</b>
<b>Net Interest Income After Loan Loss Provision</b>	<b>39,283</b>	<b>36,265</b>
<b>Noninterest Income</b>		
Service fees	21,773	22,430
Net unrealized gain on other investments	407	1,575
Credit and debit card transaction fees	10,498	9,112
Gain on the sale of loans	11,288	7,738
Other	2,318	4,498
Total Non Interest Income	<b>46,284</b>	<b>45,353</b>
<b>Noninterest Expense</b>		
Compensation and benefits	39,405	37,451
Office operations	10,638	11,212
Occupancy	5,552	5,518
Educational and promotional	5,606	5,308
Loan processing	2,640	2,722
Professional fees and outside services	4,524	4,104
Realized Loss and impairment on repossessed assets	825	388
Other operating expenses	5,058	4,967
Total Noninterest Expense	<b>74,248</b>	<b>71,670</b>
<b>Net Income before income tax</b>	<b>11,319</b>	<b>9,948</b>
Income tax expense	-	2,161
Net Income	<b>11,319</b>	<b>7,787</b>
Net Income Attributable to Noncontrolling Interest	413	653
<b>Net Income Attributable to CommunityAmerica</b>	<b>\$ 10,906</b>	<b>\$ 7,134</b>



# CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2010 and 2011  
(Amounts in thousands)

	Comprehensive Income	Regular Reserve	Capital Maintenance Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Members' Equity
<b>Balance, December 31, 2009</b>		\$ 92,922	\$ 55,878	\$ 45,626	\$ 53	\$ 907	\$ 195,386
Net income	\$ 7,134	—	—	7,134	—	653	7,787
Transfers		4,779	—	(4,779)	—	—	—
Other comprehensive income:							
Change in unrealized appreciation on available-for-sale securities	410	—	—	—	410	—	410
Post retirement benefits obligation	(43)	—	—	—	(43)	—	(43)
<b>Total Comprehensive Income</b>	<u>\$ 7,501</u>						
Transfer of minority interest						97	97
Dividends		—	—	—	—	(410)	(410)
<b>Balance, December 31, 2010</b>		\$ 97,701	\$ 55,878	\$ 47,981	\$ 420	\$ 1,247	\$ 203,227
Net income	\$ 10,906	—	—	10,906	—	413	11,319
Transfers		(7,700)	(55,878)	63,578	—	—	—
Other comprehensive income:							
Change in unrealized appreciation on available-for-sale securities	2,559	—	—	—	2,559	—	2,559
Post retirement benefits obligation	(109)	—	—	—	(109)	—	(109)
<b>Total Comprehensive Income</b>	<u>\$ 13,356</u>						
Transfer of minority interest		—	—	—	—	—	—
Dividends		—	—	—	—	(221)	(221)
<b>Balance, December 31, 2011</b>		<u>\$ 90,001</u>	<u>\$ —</u>	<u>\$ 122,465</u>	<u>\$ 2,870</u>	<u>\$ 1,439</u>	<u>\$ 216,775</u>

# TREASURER'S REPORT

In 2011, CommunityAmerica Credit Union had total Assets of \$1.842 billion. Assets in 2011 increased by \$124.8 million. Deposits increased by \$90.3 million to a total of \$1.372 billion. For the year, CommunityAmerica provided 17,590 loans to members totaling \$516 million. Our overall loan portfolio decreased 10.3% or \$123.9 million.

The Credit Union's lending policies and collection practices resulted in a delinquency rate of 1.6% at year-end. In addition, we experienced a charge-off ratio of 1.41%.

CommunityAmerica's net income in 2011 was \$10.906 million. This resulted in an 11.77% 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.

## 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.

Brad Douglas – Chairman

Brad Miller – Vice Chairman

Colleen Browne – Secretary/Treasurer

R. Bruce Brower

Mick Fenley

Terri Martin

Allison Waggoner

## 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.

Joe Williams – Chairman

Kerry Domke

Stephanie Fisher

## EMERITUS BOARD MEMBERS

Roger Adamson

David Drollinger

Phil Gaines

Larry Hampton

Tom Humphrey

