

# 2017 ANNUAL REPORT



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*Lisa Ginter, CEO*

One of the most significant years we have experienced in recent history at CommunityAmerica occurred in 2017. In addition to continuing our march to meaningful growth and remaining focused on superb member service, we also put pieces into place working towards our envisioned future.

Our members continue to discover significant value in their banking relationship with us, including another substantial Profit Payout dividend of \$8 million\* distributed in January 2018. This is the sixth straight year the credit union has returned at least \$5 million, with the payout total over the past five years alone coming in at nearly \$35 million. Profit Payout continues to be a strong differentiator for our organization, as well as a major reason for members and prospects to believe that we are doing something different – and better – at CommunityAmerica.

As you read through the highlights, you'll definitely notice a trend. We attracted new talent to the organization, helping us add expertise in areas necessary to move the organization forward. From bolstering our charitable work in the community to helping our members overcome pain points in life's journeys, to helping our employees achieve their dreams, we are marching toward the future we want for our members and teammates.

We've also made significant waves in the local community by kicking off our Official Banking Partnership with the Kansas City Chiefs. This is an eight-year commitment, and since the Chiefs are a home-grown team just like CommunityAmerica, we are never giving up hope for a Super Bowl win! We are forever loyal and are embracing the opportunity to connect with passionate fans across Chiefs Kingdom.

In closing, we're incredibly excited about the new ways we are helping our members achieve financial peace-of-mind. After opening two Lee's Summit locations and announcing the Plaza and Crossroads locations to come, we've received amazing feedback from people excited that CommunityAmerica is coming to their neighborhoods. Behind the scenes, we've been busy innovating and piloting many new offerings that will completely change the financial landscape for our members. We're very proud of what we've built and continue to build into '18.

I encourage you to read through our 2017 highlights, and from the bottom of my heart, thank you for being a member!

Sincerely,

Lisa Ginter  
*Chief Executive Officer*

## **Official Banking Partner of the Kansas City Chiefs**

In April, CommunityAmerica became the Official Banking Partner of the Kansas City Chiefs. To properly welcome fans entering Arrowhead Stadium, we created an experience like no other. First, we unveiled the CommunityAmerica gate featuring fan imagery and interactive lights that dance to the beat of the Chiefs Rumble drumline. Within the gate, we created a gathering space free to all fans called The Huddle, providing the perfect spot for fans to grab a beverage, meet friends and enjoy the game with a great view.

## **New Foundation Director Kicks Off Program**

CommunityAmerica welcomed Kathryn Harvel to the organization as the Executive Director of the CommunityAmerica Foundation, focused on organizing our charitable giving and exploring new ways for us to connect and engage in the community. Kathryn hit the ground running. One of her early projects was launching a meaningful partnership with City Year Kansas City. City Year is an education-focused nonprofit that works to curb the high school dropout crisis. They deploy diverse, near-peer AmeriCorps members to high-need urban schools for full-time tutoring and mentoring of off-track students.

On the day of our gate launch at Arrowhead, we announced a three-year grant to City Year, becoming the title sponsor of the City Year team at Northeast Middle School. The grant enables a team of 12 City Year AmeriCorps members to continue serving Northeast Middle with academic and social-emotional interventions, as well as positive school climate events. Kathryn and the entire Community Engagement team have since developed a robust calendar of charitable giving and partnerships for 2018 and beyond.

## **CommunityAmerica Expands to Lee's Summit**

CommunityAmerica expanded to a fresh market this year, opening two Community Financial Centers in Lee's Summit at Todd George and Rice Road. These new branches not only expand our footprint across Kansas City but also give a home to existing members and new prospects in the rapidly growing community of Lee's Summit.

## **Innovation Lab Launches**

Another key hire this year was Anita Newton, a well-seasoned start-up advocate and advisor in Kansas City. Anita is the Chief Innovation Officer charged with launching CommunityAmerica's first-ever Innovation Lab, focused on creating tools for CommunityAmerica members throughout their lives and creating value through targeted products and services. The lab operates as a start-up within the credit union with an extensive development plan for a number of member offerings slated for roll out in 2018.

## **Health and Wellness Program Kicks into High Gear**

Debra O'Bryan, a talented and lively fitness, health and well-being advisor (not to mention world-wide online yoga instructor) came to CommunityAmerica as our Dream Manager in 2017. Her role is exactly as it sounds: help our employees professionally and personally reach their dreams. Debra offers one-on-one sessions and life plans to employees looking to make a change in their life or finally take on that life goal they've been dreaming about.

## **College and Career Planners Launch Signature Program**

Wrapping up an incredible line-up of critical and talented new employees in 2017 are Karly Scholl and Jason Anderson, who joined the team as College and Career Planners for CommunityAmerica members. Member research indicates the milestone of kids going to college is a major pain point. Not only is the planning confusing, but many families are concerned about the cost and how they should plan for it.

Karly and Jason advise members on how to compare the cost and benefits of all of their college options and tap into unused funds in the market. Every family situation is different, and Karly and Jason's experience in higher-education helps members find the perfect match for their family based on their income, interests and professional aspirations.

\* Profit Payout dividend is discretionary and approved annually by CommunityAmerica's Board of Directors. Amounts advertised are representative of actual dividends paid in 2018. Dividend is not guaranteed and amounts may vary based on membership engagement level. Not everyone receives a dividend and member must be in good standing and meet other criteria on processing date to qualify. Contact CommunityAmerica to see if you qualify. Dividends are reported to IRS and a 1099 form will be issued at year-end. Any applicable taxes are the responsibility of recipient.

# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Years ended December 31, 2017 and 2016 (Dollars in Thousands)

2017

2016

ASSETS		
Cash on hand	57,178	44,721
Cash equivalents	125,296	83,169
<b>Cash and cash equivalents</b>	<b>\$ 182,474</b>	<b>\$ 127,890</b>
Securities available for sale	537,097	594,839
Other investments	18,421	20,371
Investments in CUSOs	2,027	2,616
Loans held for sale	33,751	32,367
Loans, net	1,622,918	1,458,312
Accrued interest receivable	6,045	5,638
Mortgage servicing rights	31,860	29,376
Premises and equipment, net	55,259	50,329
Federal Home Loan Bank stock	22,872	18,403
NCUSIF insurance deposit	19,104	17,100
Other assets	25,861	26,292
<b>Total Assets</b>	<b>\$ 2,557,689</b>	<b>\$ 2,383,533</b>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share and savings accounts	2,043,236	1,918,455
Borrowings	141,696	112,514
Accrued interest payable	8,273	8,246
Other liabilities	48,949	42,253
<b>Total Liabilities</b>	<b>\$ 2,242,154</b>	<b>\$ 2,081,468</b>
MEMBERS' EQUITY		
Regular reserve	77,725	77,725
Undivided earnings	238,323	221,635
Accumulated other comprehensive income (loss)	(8,243)	(7,455)
<b>Total CommunityAmerica Members' Equity</b>	<b>\$ 307,805</b>	<b>\$ 291,905</b>
Non-controlling interest	7,730	10,160
<b>Total Members' Equity</b>	<b>\$ 315,535</b>	<b>\$ 302,065</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$ 2,557,689</b>	<b>\$ 2,383,533</b>

# CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2017 and 2016 (Dollars in Thousands)

2017

2016

## INTEREST

### INTEREST INCOME

Loans	71,641	64,380
Investment securities	8,247	6,446
Cash equivalents	1,876	3,502
<b>Total Interest Income</b>	<b>\$ 81,764</b>	<b>\$ 74,328</b>

### INTEREST EXPENSE

Members' share and savings accounts	14,986	14,672
Borrowed funds	3,003	3,010
<b>Total Interest Expense</b>	<b>\$ 17,989</b>	<b>\$ 17,682</b>

Net interest income	63,775	56,646
Provision for loan losses	9,650	8,850
<b>Net Interest Income After Provision for Loan Losses</b>	<b>\$ 54,125</b>	<b>\$ 47,796</b>

## NON-INTEREST

### NON-INTEREST INCOME

Service fees	17,384	15,842
Gain on the sale of loans	21,137	22,941
Credit and debit card transaction fees	20,666	17,699
Origination income	7,762	11,370
Net holding gains on other investments	684	1,778
Realized gains (losses) on repossessed and foreclosed assets	222	(63)
Other	13,463	16,302
<b>Total Non-Interest Income</b>	<b>\$ 81,318</b>	<b>\$ 85,869</b>

### NON-INTEREST EXPENSE

Compensation and benefits	63,400	60,091
Office operations	22,884	19,985
Loan processing	3,505	3,368
Professional fees and outside services	9,720	8,614
Occupancy	6,954	6,261
Educational and promotional	6,381	4,625
Other operating	6,224	5,860
<b>Total Non-Interest Expense</b>	<b>\$ 119,068</b>	<b>\$ 108,804</b>

Net income	16,375	24,861
Net income (loss) attributable to non-controlling interest	(313)	990
<b>Net Income Attributable to CommunityAmerica</b>	<b>\$ 16,688</b>	<b>\$ 23,871</b>

# CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Dollars in Thousands	1	2	3	4	5	6
<b>Balance, December 31, 2015</b>	\$ 75,591	\$ 197,764	\$ 273,355	\$ (1,824)	\$ 9,170	\$ 280,701
Net income	—	23,871	23,871	—	990	24,861
Other comprehensive loss	—	—	—	(5,631)	—	(5,631)
Credit Union merger	2,134	—	2,134	—	—	2,134
<b>Balance, December 31, 2016</b>	\$ 77,725	\$ 221,635	\$ 299,360	\$ (7,455)	\$ 10,160	\$ 302,065
Net income (loss)	—	16,688	16,688	—	(313)	16,375
Subsidiary units redeemed	—	—	—	—	(2,117)	(2,117)
Other comprehensive loss	—	—	—	(788)	—	(788)
<b>Balance, December 31, 2017</b>	\$ 77,725	\$ 238,323	\$ 316,048	\$ (8,243)	\$ 7,730	\$ 315,535

## Column Headers

- |                       |                       |                              |
|-----------------------|-----------------------|------------------------------|
| 1. Regular Reserve    | 4. Accumulated Other  | 5. Non-Controlling Interests |
| 2. Undivided Earnings | Comprehensive Income/ | 6. Total Members' Equity     |
| 3. Total              | (Loss)                |                              |

## Treasurer's Report

In 2017, CommunityAmerica Credit Union increased total assets by \$174.2 million, to \$2.56 billion. Deposits increased by \$124.8 million over the year, totaling \$2.04 billion at year end.

During the year, CommunityAmerica originated nearly \$1.0 billion in loans to members, increasing the total loan portfolio by 11.3%, to \$1.66 billion. The Credit Union's lending policies and collection practices resulted in a delinquency rate for 2017 of 0.48%. During the same year, the Credit Union experienced a charge-off ratio of 0.37%. CommunityAmerica's net income in 2017 was \$16.7 million, resulting in a 12.0% capital-to-asset ratio. These results include an \$8.1 million dollar year-end profit payout to members.

## Supervisory Report

The Supervisory Committee of the Credit Union has a responsibility to serve members of CommunityAmerica. The committee meets at least quarterly to ensure 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 retained an independent audit firm to form an opinion on the accuracy of our consolidated financial statements. We are pleased to report that our audit 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 members. This volunteer group functions on our behalf to oversee the operations of the Credit Union. The Board meets monthly to ensure the Credit Union runs smoothly and in accordance with regulations.

Dean Newton, *Chairman*

Kerry Domke, *Vice Chairman*

Amy McAnarney, *Secretary/Treasurer*

Melanie Coleman

Steve Kropp

Alan Lowden

Rich Miller

David Shepard

Trent Skaggs

Alok Srivastava

Richard Wetzel

## Supervisory Committee

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

Joe Williams, *Chairman*

Hal Bentley

Josh Johnson

Tracy Christian



[CommunityAmerica.com](http://CommunityAmerica.com)