

WE★KC[®]

2018 ANNUAL REPORT



Community
America[®]
CREDIT UNION

Insured by NCUA.



Lisa R. Ginter, CEO

Wow, what a year 2018 was at CommunityAmerica! We continue to grow and prosper as an organization because through it all, we maintain our focus on members and bringing them Financial Peace of Mind. We continue to explore more ways we can deliver solutions for members at every life stage, regardless of the opportunity or challenge they face. We offer a helping hand for individuals and businesses alike, in channels that are convenient and accessible. We want our members to know that no financial hurdle is insurmountable, and no dream is too far out of reach because we are in their corner.

We love being a part of the communities we serve and the exciting things happening in Kansas City. To say it was the perfect time to partner with Kansas City Chiefs Quarterback Patrick Mahomes is an understatement. Although we didn't go to the Super Bowl, 'Mahomes Mania' swept the city and nation in a big way—and CommunityAmerica members and employees experienced it all! At the same time the Chiefs are building a winning team—and not only a Super Bowl appearance, but a Super Bowl win—we are charging forth on our mission to become the top banking choice in KC. Kansas City is on the rise, the Chiefs are on the rise, and CommunityAmerica is on the rise. And we're just getting started!

Please take a few moments to review our highlights from 2018, and as a valued member, thank you for coming on this journey with us as we look forward to another exciting year at CommunityAmerica!

WE★KC!

Sincerely,

Lisa R. Ginter
Chief Executive Officer

2018 Highlights



Largest Profit Payout in History

Continued business growth and profitability meant another boost in our Profit Payout* Dividend Program, with a 2018 give-back total of \$8.4 million. As in previous years, members shared how they used their dividend at our branches and on social media. Profit Payout continues to be one of CommunityAmerica's biggest differentiators, showcasing the benefits of member-ownership and allowing our members to be a part of the credit union's success.

* Dividend is discretionary and approved annually by CommunityAmerica's Board of Directors.



Growing Our Footprint in Kansas City

In 2018, CommunityAmerica opened not one, but two locations in the heart of the city. As part of our goal to expand our footprint and grow our presence around the downtown area, CommunityAmerica opened its doors for the first time in the South Plaza and Crossroads. We also announced that in 2019, CommunityAmerica will have a presence in the Leavenworth and Lansing communities, as well as pursue expansion into Cass County south of the metro, where cities like Belton and Raymore are located.



'Best of' Kansas City

CommunityAmerica swept The Pitch's 'Best of KC' awards in 2018, for the first time winning in every single banking category. This is significant because CommunityAmerica was recognized overall for our member service, and also for our Commercial and Financial Planning services. When the contest launched, we rallied our members to cast their votes, so we're incredibly proud our members shared their positive experiences with us!



Mahomes Mania Elevates CommunityAmerica

In 2017, CommunityAmerica started what quickly became an incredibly successful partnership with the Kansas City Chiefs as the 'Official Banking Partner.' In 2018, we were the first to sign Quarterback Patrick Mahomes as a marketing spokesperson. Patrick was featured on TV and billboards in CommunityAmerica ads across the city, which helped CommunityAmerica raise awareness of our products and services. More Kansas Citians are realizing there's no organization, banking or otherwise, more engrained in KC and invested in our members. As a result, CommunityAmerica experienced record growth with our Chiefs Checking offer, as more people reached out or stopped in to learn more about CommunityAmerica or get an exclusively designed Chiefs cards. The organization also saw double digit non-interest income growth following marketing efforts, as exchange fees are paid by the merchant. This is a major win for our member-owners who benefit and profit from the credit union's success.

The partnership was a wild success for the organization and our growing member base; and was even highlighted nationally during a CBS NFL game broadcast. Our partnership with the Chiefs and Mahomes extends into 2019 and beyond, so get excited to check out our new ad campaign, and know you are part of something special during this historic time for the Chiefs and CommunityAmerica.

2018 Highlights



Helping our Nation's Heroes

Last fall, through funding from CommunityAmerica's Foundation, Veteran's Community Project began construction on five tiny houses in support of homeless veterans. Patrick Mahomes joined us for the final build day, which was covered by every major news outlet in Kansas City! As a result, readers, viewers and listeners learned about our Foundation's work with not only veterans, but other organizations and philanthropies making a difference across Kansas City.



A Happy Holiday at CommunityAmerica

Our members and employees are the heart and soul of our organization. For members, our 'Pay it Forward' gift program empowered employees to make surprise monetary gifts to members facing financial hardship during the holiday season—nearly \$43,000 in total. Internally, our 'Five Weeks of Giving' for employees included surprises from CEO Lisa Ginter: a Honeybaked Ham Gift Card, an official NFL Patrick Mahomes jersey, a 'Mahomes for the Holidays' candle, a Chiefs beanie hat, and a vacation day for their birthday in 2019. It was a very meaningful holiday for all!



CommunityAmerica Helps College Applicants Claim Available Aid

The student debt crisis continues to plague college-bound adults. In response to this, our Innovation Lab developed a program, CollegeRoadmap, devoted entirely to helping high school students and their families understand the true cost of college, navigate expenses and apply for financial aid. This includes an AI chatbot with important FAFSA form answers; helpful video tutorials; and a resource library filled with informative articles from our expert College and Career Consultants.

Consolidated Statements of Financial Condition

Years ended December 31, 2018 and 2017 (Dollars in Thousands)

	2018	2017
ASSETS		
Cash on hand	50,233	57,178
Cash equivalents	83,713	125,296
Cash and cash equivalents	\$ 133,946	\$ 182,474
Trading securities	39,439	18,421
Securities available for sale	461,088	537,097
Investments in CUSOs	2,078	2,027
Mortgage loans held for sale	24,257	33,751
Loans, net	1,842,474	1,622,918
Accrued interest receivable	6,916	6,045
Mortgage servicing rights (MSRs)	35,566	31,860
Premises and equipment, net	59,328	55,259
Federal Home Loan Bank stock	27,019	22,872
NCUSIF insurance deposit	20,356	19,104
Delinquent GNMA loans	11,012	20,647
Other assets	30,519	25,861
Total Assets	\$ 2,693,998	\$ 2,578,336
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share and savings accounts	2,196,861	2,043,236
Borrowings	105,901	141,696
Secured borrowings	11,012	20,647
Repurchase agreements	6,815	—
Accrued interest payable	8,691	8,273
Other liabilities	38,656	48,949
Total Liabilities	\$ 2,367,936	\$ 2,262,801
MEMBERS' EQUITY		
Regular reserve	79,130	77,725
Undivided earnings	248,573	238,325
Accumulated other comprehensive income (loss)	(9,021)	(8,243)
Total CommunityAmerica Members' Equity	\$ 318,682	\$ 307,807
Non-controlling interest	7,380	7,728
Total Members' Equity	\$ 326,062	\$ 315,535
Total Liabilities & Members' Equity	\$ 2,693,998	\$ 2,578,336

Consolidated Statements of Income

Years ended December 31, 2018 and 2017 (Dollars in Thousands)

2018

2017

INTEREST

INTEREST INCOME

Loans	84,208	71,641
Securities available for sale	8,866	8,247
Cash equivalents	3,334	1,876
Total Interest Income	\$ 96,408	\$ 81,764

INTEREST EXPENSE

Members' share and savings accounts	17,717	14,986
Borrowed funds	3,280	3,003
Total Interest Expense	\$ 20,997	\$ 17,989

Net Interest Income	\$ 75,411	\$ 63,775
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Provision for loan losses	11,500	9,650
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Net Interest Income After Provision for Loan Losses	\$ 63,911	\$ 54,125
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NON-INTEREST

NON-INTEREST INCOME

Service fees	19,596	17,384
Gain on the sale of loans	19,041	21,137
Credit and debit card transaction fees	25,615	20,666
Origination income	11,513	7,762
Mortgage loan servicing	5,337	4,574
Brokerage commissions	3,082	4,206
Advisory fees	2,001	1,492
Ancillary product fees	1,593	1,753
Net holding gains/(losses) on trading securities	(3,514)	779
Net gains/(losses) on sale of securities available for sale	(971)	40
Realized gains on repossessed and foreclosed assets	278	222
Other	3,352	1,398
Total Non-Interest Income	\$ 86,923	\$ 81,413

NON-INTEREST EXPENSE

Compensation and benefits	74,886	63,495
Office operations	24,350	22,884
Loan processing	5,445	3,505
Professional fees and outside services	11,952	9,720
Occupancy	8,233	6,954
Educational and promotional	7,088	6,381
Other operating	9,131	6,224
Total Non-Interest Expense	\$ 141,085	\$ 119,163

Net income	9,749	16,375
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Net (loss) attributable to non-controlling interest	(499)	(313)
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Net Income Attributable to CommunityAmerica	\$ 10,248	\$ 16,688
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Consolidated Statements of Members' Equity

Dollars in Thousands	1	2	3	4	5	6
Balance, December 31, 2016	\$ 77,725	\$ 221,637	\$ 299,362	\$ (7,455)	\$ 10,158	\$ 302,065
Net income	—	16,688	16,688	—	(313)	16,375
Subsidiary units redeemed	—	—	—	—	(2,117)	(2,117)
Other comprehensive loss	—	—	—	(788)	—	(788)
Balance, December 31, 2017	\$ 77,725	\$ 238,325	\$ 316,050	\$ (8,243)	\$ 7,728	\$ 315,535
Net income	—	10,248	10,248	—	(499)	9,749
Other changes to non-controlling interest	—	—	—	—	151	151
Other comprehensive loss	—	—	—	(778)	—	(778)
Credit Union merger	1,405	—	1,405	—	—	1,405
Balance, December 31, 2018	\$ 79,130	\$ 248,573	\$ 327,703	\$ (9,021)	\$ 7,380	\$ 326,062

Column Headers

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

Treasurer's Report

In 2018, CommunityAmerica Credit Union grew total assets by \$115.7 million, to \$2.69 billion. Consumer deposits increased by \$138.3 million over the year while commercial deposits grew \$21.2 million, totaling \$2.20 billion in deposit balances at year-end. During the same year, CommunityAmerica originated \$1.1 billion in consumer loans and \$82 million in commercial loans, equating to a total loan growth rate of 12.9%. Total loan balances reached \$1.9 billion at year-end 2018. The credit union's lending policies and collection practices resulted in an overall delinquency rate of 0.48% and a charge-off ratio of 0.35% for 2018. CommunityAmerica generated \$10.2 million in net income in 2018, resulting in an 11.8% capital-to-asset ratio. These results include the end of year Profit Payout to members which totaled \$8 million dollars.

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 every other month 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

Joshua Johnson

Tracy Christian



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