

CREDIT UNION STRONG.

2010 Annual Report





R. BRUCE BOWER
CHAIRMAN OF THE BOARD

DENNIS E. PIERCE
CHIEF EXECUTIVE OFFICER



IN 2010, CommunityAmerica redoubled our efforts to deepen relationships with our members and the communities we serve, once again demonstrating our commitment to members' financial success; difference-making efforts to ensure our communities' long-term viability; and an unparalleled commitment to the betterment of future generations through our focus on financial literacy.

Despite the ongoing struggle of so many financial institutions in 2010, CommunityAmerica remained anchored to our business model to make member benefit our first priority, which helped guide us to another year of solid financial performance. To demonstrate this strong performance and financial success, we ended 2010 capitalized at nearly 12 percent (the National Credit Union Administration defines "well-capitalized" as seven percent equity-to-asset ratio or higher).

This perennial financial strength and stability allowed us to take extra strides to ensure member financial stability and success. Not only did CommunityAmerica return \$1 million to our members in the form of an Ownership Participation Dividend (doubling the amount

we returned in 2009), we also completed our third annual Financial Makeover program. This program again demonstrated our sincere desire to help our members and prospects find the financial footing to put them on the long-term path to financial freedom. Together, the four finalist families reduced their debt by more than \$40,000 and increased their savings by more than \$35,000 in less than a year. And these totals don't account for the savings gained and debt reduced by non-finalist families and those following the family blogs! We also introduced a makeover program for employees, and saw similar results.

CommunityAmerica further demonstrated how *We Start Where Banking Stops* by offering many unique programs and services to help members, including Fresh Start, Credit Restore and Endurance, a program specifically created to assist members who experienced job loss during the recession. And our financial planning group worked hard to ensure more members reached their investment and retirement goals, evidenced by the continued growth of the group's portfolio.

We extended our efforts to break the cycle of debt by spreading financial literacy messages through our Facebook page, our Savin' Mavens Twitter feed,

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Financial MOMentum blog site and more, helping members and the community at large reduce debt and save money every day. We took these efforts into several classrooms across the metro, as well as through our ongoing sponsorship of the School of Economics, and through our support of Junior Achievement of Mid-America. We also rewarded financially-savvy students by offering college scholarships as part of our Money Smart Kid Essay Contest last spring. All of our programs preceded the State of Missouri and Kansas statutes that now demand a certain level of personal finance proficiency for graduating seniors, making these efforts more important than ever.

As you know, CommunityAmerica places a great deal of emphasis on the community portion of its name, working diligently to not just give back to our communities, but to roll up our sleeves and lead by example to drive positive change. We do this through wide-reaching employee volunteerism, public relations efforts, and more. In fact, CommunityAmerica employees volunteered more than 3,500 hours in the community in 2010 alone! We also continue to offer family-friendly activities through our long-term sponsorship at CommunityAmerica Ballpark. And we take great pride in helping more community-based businesses succeed and get the financing they need to thrive, often when other financial institutions turned their backs.

Our leaders demonstrate our civic commitment by serving on boards, building houses for Habitat for Humanity and then taking the time to teach financial fundamentals to ensure these new home owners will be able to stay in their homes. Not surprisingly, our chief executive team received recognition for their

leadership efforts. In 2010, three of our executive team leaders were honored for their talents and contributions. Early in the year, CUSO One's Sean Yokley was honored as a Rising Star by *Kansas City Business*

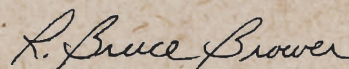
Magazine. In May the *Kansas City Business Journal* honored Lisa Ginter, our Chief Operating Officer, with the prestigious Women Who Mean Business honor, and the Business Journal's CFO of the Year Award was given to CFO Dick Baumgartner.

Legislatively, we participated in grassroots efforts to protect members' rights, including visits to Washington D.C. to get the pro-credit union message out, as well as a first-time endorsement of now-elected U.S. Congressman Kevin Yoder, a long-time credit union supporter.

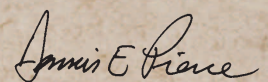
As a result of our ongoing marketing and public relations efforts, we're now experiencing unprecedented positive media coverage for our efforts, all designed to help all members of our community become more savvy when it comes to their personal finances.

While this letter is a reflection of 2010, we're excited about the bright future we see ahead, as we continue to differentiate ourselves from other financial institutions and build on the strong foundation already in place. We look forward to serving you in even more ways as we pursue our vision of Building Financial Success Together.

Sincerely,



R. Bruce Brower
Chairman of the Board



Dennis E. Pierce
Chief Executive Officer

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Years ended December 31, 2010 and 2009 (Amounts in thousands)

Assets

	2010	2009
Cash – non interest bearing	\$ 14,219	\$ 12,018
Cash and cash equivalents – interest bearing	74,958	77,459
Cash and cash equivalents	89,177	89,477
Interest-bearing deposits in corporate credit unions	30,000	139,950
Corporate credit union membership shares	2,281	2,280
Trading securities	17,273	16,135
Available-for-sale securities	272,326	116,752
Investments in CUSOs, at cost	1,111	1,295
Loans held for sale	6,627	6,241
Loans, net	1,203,580	1,291,620
Accrued interest receivable	6,141	5,873
Mortgage servicing rights	5,240	3,917
Premises and equipment, net	40,673	43,295
Federal Home Loan Bank stock, at cost	15,866	19,348
NCUSIF insurance deposit	11,971	11,460
Other assets	14,994	25,849
Total Assets	\$ 1,717,260	\$ 1,773,492

Liabilities

Members' share and savings accounts	\$ 1,281,414	\$ 1,271,621
Borrowings	208,307	283,580
Accrued expenses	5,384	4,904
Accrued interest payable	1,419	1,223
Other liabilities	17,509	16,778
Total Liabilities	1,514,033	1,578,106

Members' Equity

Regular reserve	97,701	92,922
Capital maintenance reserve	55,878	55,878
Undivided earnings	47,981	45,626
Accumulated other comprehensive loss	420	53
Total parent members' equity	201,980	194,479
Noncontrolling Interest	1,247	907
Total Members' Equity	203,227	195,386
Total Liabilities and Members' Equity	\$ 1,717,260	\$ 1,773,492

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2010 and 2009 (Amounts in thousands)

	2010	2009
Interest and Investment Income		
Loans	\$ 78,157	\$ 86,443
Net unrealized gain on trading securities	1,575	2,023
Investment interest	2,472	1,429
Interest-bearing cash equivalents and deposits in corporate credit unions	1,291	1,221
Total Interest Income	83,495	91,116
Interest Expense		
Members' share and savings accounts	16,365	22,387
Borrowings	8,973	9,482
Total Interest Expense	25,338	31,869
Net Interest Income	58,157	59,247
Provision for Loan Losses	20,317	21,741
Net Interest Income After Loan Loss Provision	37,840	37,506
Non Interest Income		
Service fees	22,430	21,190
Credit and debit card transaction fees	9,112	7,699
Gains on the sale of loans	8,297	3,682
Other	4,554	2,016
Total Non Interest Income	44,393	34,587
Non Interest Expense		
Compensation and benefits	37,451	34,348
Office operations	11,212	11,022
Occupancy	5,518	5,471
Educational and promotional	5,308	5,881
Loan processing	3,337	1,892
Professional fees and outside services	4,104	4,291
Loss on the sale of foreclosed property	388	797
Impairment of corporate credit union investment	—	1,354
Other operating expenses	4,967	4,287
Total Non Interest Expense	72,285	69,343
Net Income before income tax	9,948	2,750
Income tax expense	2,161	571
Net Income	7,787	2,179
Net Income Attributable to Noncontrolling Interest	653	606
Net Income Attributable to CommunityAmerica	\$ 7,134	\$ 1,573

STATEMENT OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2010 and 2009
(Amounts in thousands)

	Comprehensive Income	Regular Reserve	Capital Maintenance Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Members' Equity
Balance, December 31, 2008		\$ 87,015	\$ 55,878	\$ 49,960	\$ (76)	\$ 443	\$ 193,220
Net income	\$ 1,573	—	—	1,573	—	606	2,179
Statutory transfers		5,907	—	(5,907)	—	—	—
Other comprehensive income:							
Change in unrealized appreciation on available-for-sale securities	86	—	—	—	86	—	86
Post retirement benefits obligation	43	—	—	—	43	—	43
Total Comprehensive Income	\$ 1,702						
Dividends		—	—	—	—	(142)	(142)
Balance, December 31, 2009		\$ 92,922	\$ 55,878	\$ 45,626	\$ 53	907	\$ 195,386
Net income	\$ 7,134	—	—	7,134	—	653	7,787
Statutory 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)
Total Comprehensive Income	\$ 7,501						
Transfer of minority interest		—	—	—	—	97	97
Dividends		—	—	—	—	(410)	(410)
Balance, December 31, 2010		\$ 97,701	\$ 55,878	\$ 47,981	\$ 420	\$ 1,247	\$ 203,227

TREASURER'S REPORT

In 2010, CommunityAmerica Credit Union had total assets of \$1.717 billion. Assets in 2010 decreased by \$56 million. Deposits increased by \$10 million to a total of \$1.281 billion.

For the year, CommunityAmerica provided 17,722 loans to members totaling \$577 million. Our overall loan portfolio decreased 6.8% or \$88 million.

The Credit Union's lending policies and collection practices resulted in a delinquency ratio of 1.51% at year-end. In addition, we experienced a charge-off ratio of 1.32%.

CommunityAmerica's net income in 2010 was \$7.134 million. This resulted in an 11.73% 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.

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

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

