

CHAMPIONS

2019 ANNUAL REPORT



Community
america[®]
CREDIT UNION

Exclusive Banking Partner
of the Kansas City Chiefs



Lisa R. Ginter, CEO

People helping people. It's what we've done for our members and in the community since CommunityAmerica was founded in 1940, and what we've continued to do in good times and bad. 2019 was a meaningful precursor to the many challenging surprises the first part of 2020 would bring. Last year was growth-fueled for our organization and brand in the community, and together, we reached new milestones with our members. This set the stage for all we were able to do to support our members during the COVID-19 pandemic this year.

As the Exclusive Banking Partner of the Kansas City Chiefs, we ended 2019 celebrating our beloved team heading to the Super Bowl! Of course, the Chiefs went on to win the Championship, but little did we know 2020 would soon bring unprecedented headlines and the onset of COVID-19. As an organization, we quickly pivoted and transitioned our member service to drive-thru branch access, our Contact Center, and online banking services. This transition was made in less than a week, and all our teams worked together to adjust business operations for the safety of our employees and members.

Once we shifted, we became financial first responders in the Kansas City community. We went on to provide nearly \$260 million in loan extensions and nearly \$200 million in mortgage extensions for our members. We additionally supported our small business members with nearly \$35 million in Paycheck Protection Loans representing 6,300 jobs preserved to-date. And these are just the stats, not representing the endless hours our teams were in constant communication with members

helping families and businesses impacted by the devastating effects of this virus. It's what we do, and we pride ourselves on being here for our members during tough times.

I encourage you to read through the highlights of 2019. It was a record year and contributed to our strong capital position, allowing us to step up and help when COVID hit. Although the Playoffs was certainly a highlight in 2019, many other big moments captured headlines. Our members were there with us as we kicked the year off with a record-breaking Profit Payout. They were there when CommunityAmerica was named 'Business Philanthropist of the Year' for our support of the communities where they live, work and play. And when they served as the inspiration behind our 'Best Places to Work' distinction.

CommunityAmerica is strong and here for KC like no other because of you. As a member-owner, thank you for being a part of something special here. Our members are an extension of our family, and we thank you for being on this journey with us.

WE•KC!

Sincerely,

Lisa R. Ginter
Chief Executive Officer

2019 Highlights

CommunityAmerica Heads to the Playoffs

2019 wrapped with a bit of a nail-biter. On December 29, the Chiefs secured a victory against the Chargers and were headed to the playoffs. After 50 years, the Chiefs would go on to become the World Champions just a few months later. CommunityAmerica and our members have been part of the Chiefs' new era since right before rookie Quarterback Patrick Mahomes signed on with the Chiefs. In 2017, we became the Exclusive Banking Partner of the Kansas City Chiefs and signed Mahomes as our Official Spokesperson early on. We also invested in a branded gate at Arrowhead Stadium, and in 2019, became the Official Wealth Management and Mortgage Lending Partner of the Kansas City Chiefs so we could showcase KC pride with those services, too. Since then, you've seen Mahomes in several of our commercials and have likely noticed CommunityAmerica and the Chiefs splashed across KC together. As a result of these investments, thousands of members signed up for our exclusive Chiefs Checking account, hundreds joined us for our Red Friday downtown celebrations, and countless Kansas Citians learned about CommunityAmerica and our offerings for the first time. Our Chiefs partnership in 2019 was truly the win before the BIG win. Our member-owners benefited by being a part of a growing, healthy credit union, thanks in part to our Chiefs partnership.

Community Impact Reaches New Heights

Each year, CommunityAmerica continues to build upon its Kansas City presence in meaningful ways, and a big part of that is through philanthropic give-back. We're proud to share that our 2019 community impact totals surpassed all previous records: Our volunteers donated more than 5,130 total hours across 160 organizations! We also gave more than \$1 million to local charities through donations. We can't put into words how much we love supporting the causes doing important work in our backyard. Our community is only as good as our investment into it, and we're proud to have made many big moments possible in 2019. This includes painting Northeast Middle School in KCMO on Martin Luther King Jr. Day, decorating our office cubicles for Operation Breakthrough trick-or-treaters, and flipping the holiday lights switch at the Veterans Community Project tiny homes village. These efforts, among many others, led to CommunityAmerica being named the 'Business Philanthropist of the Year' by Nonprofit Connect.

Celebrating New Milestones

At the end of 2019, CommunityAmerica hit some significant milestones as an organization, including distributing a record-breaking \$8.5 million in Profit Payout* and reaching nearly \$3 billion in assets (hit in early 2020). These milestones signify the organization's strength, growth, and steadfast commitment to members above all else. As a member-owned organization, more Kansas Citians are realizing the benefits of membership with CommunityAmerica, whether through Profit Payout, access to low interest rates and competitive products, exceptional member service through every channel, or fewer, lower or no fees at all. Our financials reflect the significant journey we've been on with our members for the last 80 years.

A Best Place to Work in Kansas City

In 2019, CommunityAmerica was named a top 3 'Best Places to Work' by the *Kansas City Business Journal*. This distinction was earned through an in-depth anonymous employee survey, where employees had the opportunity to share their feedback about employment with us. Some of the favorite perks our employees noted were 15 paid volunteer hours, annual health stipend, access to our in-house Dream Manager, fitness studio, and our insurance and 401(k) packages. They also love the many opportunities they get to connect throughout the year. This includes at our Red Friday celebrations, annual Town Hall (in 2019 they got a visit from Patrick Mahomes!), happy hours, and the holidays during our Five Weeks of Giving. We're proud to have built a culture where employees connect as a family through a shared mission of member service. When they are fulfilled in their roles, they come to the office or branch every day with a focus on helping our members achieve financial peace of mind.

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

Consolidated Statements of Financial Condition

Years ended December 31, 2019 and 2018 (Dollars in Thousands)

2019

2018

ASSETS

Cash on hand	49,624	50,233
Cash equivalents	132,767	83,713
Cash and cash equivalents	\$ 182,391	\$ 133,946
Trading securities	68,732	39,439
Securities available for sale	404,613	461,088
Investments in CUSOs	2,041	2,078
Mortgage loans held for sale	49,941	24,257
Loans, net	2,042,153	1,842,474
Accrued interest receivable	7,297	6,916
Mortgage servicing rights (MSRs)	38,624	35,566
Premises and equipment, net	60,244	59,328
Federal Home Loan Bank stock	32,527	27,019
NCUSIF insurance deposit	22,643	20,356
Delinquent GNMA loans	8,749	11,012
Other assets	43,866	30,519
Total Assets	\$ 2,963,821	\$ 2,693,998

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Members' share and savings accounts	2,429,284	2,196,861
Borrowings	90,879	105,901
Secured borrowings	8,749	11,012
Repurchase agreements	11,335	6,815
Accrued interest payable	8,798	8,691
Other liabilities	49,365	38,656
Total Liabilities	\$ 2,598,410	\$ 2,367,936

MEMBERS' EQUITY

Regular reserve	79,130	79,130
Undivided earnings	279,405	248,573
Accumulated other comprehensive (loss)	(1,068)	(9,021)
Total CommunityAmerica Members' Equity	\$ 357,467	\$ 318,682
Non-controlling interest	7,944	7,380
Total Members' Equity	\$ 365,411	\$ 326,062
Total Liabilities & Members' Equity	\$ 2,963,821	\$ 2,693,998

Consolidated Statements of Income

Years ended December 31, 2019 and 2018 (Dollars in Thousands)

2019

2018

INTEREST

INTEREST INCOME

Loans	99,713	84,208
Securities available for sale	7,760	8,866
Trading securities	1,886	1,545
Cash equivalents	4,626	3,334
Total Interest Income	\$ 113,985	\$ 97,953

INTEREST EXPENSE

Members' share and savings accounts	21,250	17,717
Borrowed funds	3,217	3,280
Total Interest Expense	\$ 24,467	\$ 20,997
Net Interest Income	\$ 89,518	\$ 76,956
Provision for loan losses	12,550	11,500
Net Interest Income After Provision for Loan Losses	\$ 76,968	\$ 65,456

NON-INTEREST

NON-INTEREST INCOME

Service fees	20,723	19,596
Gain on the sale of loans	13,606	13,862
Credit and debit card transaction fees	28,576	25,615
Origination income	15,363	11,513
Mortgage loan servicing	11,486	10,516
Brokerage commissions	2,375	3,082
Advisory fees	4,187	2,001
Ancillary product fees	1,299	1,593
Net holding gains/(losses) on trading securities	7,117	(4,934)
Net gains/(losses) on sale of securities available for sale	329	(971)
Realized gains/(losses) on repossessed and foreclosed assets	(159)	278
Other	5,721	3,227
Total Non-Interest Income	\$ 110,623	\$ 85,378

NON-INTEREST EXPENSE

Compensation and benefits	81,596	74,596
Operations	28,939	24,182
Professional fees and outside services	12,432	11,952
Advertising	10,042	6,984
Occupancy	8,394	8,233
Loan processing	5,120	5,445
Travel and conference	1,929	1,967
Other operating expenses	7,459	7,726
Total Non-Interest Expense	\$ 155,911	\$ 141,085
Net income	31,680	9,749
Net (loss) attributable to non-controlling interest	564	(499)
Net Income Attributable to CommunityAmerica	\$ 31,116	\$ 10,248

Consolidated Statements of Members' Equity

Dollars in Thousands	Regular Reserve	Undivided Earnings	Total	Accumulated Other Comprehensive (Loss)	Non-Controlling Interest	Total Members' Equity
Balance, January 1, 2018	\$ 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
Net income	—	31,116	31,116	—	564	31,680
Other changes to undivided earnings	—	(284)	(284)	—	—	(284)
Other comprehensive income	—	—	—	7,953	—	7,953
Balance, December 31, 2019	\$ 79,130	\$ 279,405	\$ 358,535	\$ (1,068)	\$ 7,944	\$ 365,411

Treasurer's Report

In 2019, CommunityAmerica Credit Union grew total assets by \$269.8 million, to \$2.96 billion. Consumer deposits increased by \$170.3 million over the year, while commercial deposits grew \$73.5 million, totaling \$2.43 billion in deposit balances at year-end. During the same year, CommunityAmerica originated \$1.3 billion in consumer loans and \$98.3 million in commercial loans, equating to a total loan growth rate of 11.7%. Total loan balances reached \$2.1 billion at year-end 2019. The credit union's lending policies and collection practices resulted in an overall delinquency rate of 0.39% and a charge-off ratio of 0.34% for 2019. CommunityAmerica generated \$31.1 million in net income in 2019, resulting in a 12.3% capital-to-asset ratio. These results include the end of year Profit Payout to members, which totaled \$8.2 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*
 David Shepard, *Secretary/Treasurer*
 Melanie Coleman
 Steve Kropp
 Alan Lowden
 Amy McAnarney
 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.

Joe Williams, *Chairman*
 Hal Bentley
 Joshua Johnson
 Tracy Christian



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