



2007 ANNUAL REPORT

*a lifetime  
of commitment*

**Unitus** | *invested in you<sup>®</sup>*  
COMMUNITY CREDIT UNION







## A MESSAGE TO OUR MEMBERS

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We are pleased to report that Unitus Community Credit Union continues to build substantial financial value for our members in spite of current economic conditions. With nearly every financial and operating measure showing strong and consistent growth, Unitus remains firmly committed to the membership we have loyally served for the past seventy years, as well as the local communities where we do business. This is most evident during difficult financial times, as both new and existing members turn to Unitus for safe and sound financial solutions.

The repercussions of the sub-prime mortgage crisis have led many other financial institutions to foreclose on mortgages, increase fees, and generally look to the consumer to assist them in recovering from their underwriting of and investing in high risk loans. Unitus does not offer sub-prime loans, nor do we engage in other types of higher risk investments. Instead, we remain focused on offering services of solid and enduring value to our members.

With as many as four generations of families turning to Unitus for financial services, we are deeply rooted in the communities where our members live and work. We are locally owned and operated as a not-for-profit financial institution for the benefit of our members, and by extension, their families, friends, and neighbors. While for-profit financial institutions are obliged to create value for their stockholders, often at the expense of their customers, Unitus returns its earnings to its members in a balanced mix of higher dividends, lower

finance charges and fees, and an extensive selection of value-based products and services.

Our ongoing commitment to members and community took shape in various ways during 2007:

- More than 4,200 new members joined Unitus through the year. This strong showing validates our approach to providing real value to members and their families.

- We continued to actively promote financial well being for our members. Unitus held numerous financial seminars throughout the year at no cost to members and their guests, covering such topics as Understanding Your Credit, Home Buying, Auto Buying, and through our affiliated investment service, Retirement Planning and Financial Planning.

- We also continued to offer the expert counseling of the BALANCE Financial Fitness program at no cost to members who need to establish a better financial footing and rebuild their credit.

- Unitus Mortgage solidified its offerings to provide a more complete range of home loans that members can afford both today and tomorrow. During 2007, we issued over \$66 million in home loans to members.

- We introduced Unitus Rewards Checking, a free no-strings-attached checking account that pays interest and earns reward points with every debit purchase. This account joins our no annual fee Platinum Rewards Visa Credit Card in providing members with comprehensive checking and credit services at a lower cost and with a wide array of popular rewards to choose from.



**Terry J. Gavin**  
Chairman



**Patricia E. Smith**  
President/CEO

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- A Health Savings Account was introduced for members whose employers are switching to a High Deductible Health Plan (HDHP).

- We added a 3-Month CD to our selection of high paying CDs to give members even greater flexibility in dealing with a turbulent market.

- We completed our first full year of providing business services to local businesses looking for a local financial partner.

- The nationwide network of ATMs available at no charge to Unitus members grew to over 25,000 locations, which now includes ATMs in 7-Eleven stores.

- In addition to our own local branches, the number of participating credit union locations where Unitus members can transact business on their accounts grew to nearly 3,000 across the country, plus there are now more than 2,000 advanced technology ATMs in 7-Eleven stores that can also handle most Unitus transactions.

- We made Online BillPay available at no charge for members with a Unitus checking account. The combination of online banking and bill paying, no charge ATMs, and access to thousands of branch locations redefines convenience for Unitus members everywhere.

- Once again Unitus issued 13 scholarships to graduating high school seniors, college undergraduates, and college graduates.

- Unitus employees supported our communities' schools by volunteering time for Schoolhouse Supplies, Adopt-a-Class, and Start Making a Reader Today (SMART).

- Our employees' volunteer efforts also took us into our local communities to assist those less fortunate

among us. In 2007, our staff volunteered 23% more hours to make an even greater difference with these organizations: SnowCap, Clackamas Women's Services, Helping Hands, Good Neighbor Center, Easter Seals, New Avenues for Youth, American Cancer Society, American Heart Association, Habitat for Humanity, Links, Mt. Hood Medical Center, PSU Latina Gala, Salvation Army, Multiple Sclerosis Society, and others. Unitus members were no less generous, donating money and goods to many of the same organizations.

- Many of the Unitus members who serve on the credit union's Board of Directors and Supervisory Committee also volunteer for organizations within our community, often in key positions that further the credit union philosophy of "people helping people."

As we move forward to embrace the opportunities and meet the challenges of 2008, we would like to express our sincerest thanks to every member for partnering with Unitus and helping support the genuine financial alternative we represent. We remain steadfast in our commitment to anticipating and meeting the financial

needs of our members, as well as making a positive difference in their lives and the community, both today and tomorrow.



Terry J. Gavin, Chairman



Patricia E. Smith, President/CEO

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**Unitus Community  
Credit Union  
Board of Directors**

**Terry Gavin  
Chairman**

**Barbara Leonard  
Vice Chairman**

**Don Mason  
Secretary**

**Gordon Akeson  
Director**

**Stacy Augustine  
Director**

**Tom Faulkner  
Director**

**Pete Reinecker  
Director**





## TREASURER'S REPORT

The past year has been filled with a variety of economic news. Nationally, the economy slowed dramatically in the last quarter of 2007. This was mostly caused by declines in the housing market, as well as higher energy costs. In an effort to stimulate the slowing economy, the Federal Reserve repeatedly reduced rates.

Locally, the Portland metropolitan area economy remained relatively healthy. Unlike most of the nation, home prices in most of the counties within the Portland metro area continued to see modest gains. Announcements of layoffs at local firms, including Intel and Freightliner, had some affects on the local job market. However, overall job growth remained positive for 2007.

While the national economy and many local economies struggled in 2007, Unitus Community Credit Union continued to grow and provide even more value to our members. Recently, many lenders have tightened their lending guidelines or increased their rates, particularly in the area of mortgages, due to the sub-prime lending debacle. Unlike these lenders, your credit union has remained committed to providing access to mortgage loans at more than competitive rates. In 2007, Unitus Community Credit Union originated \$66.7 million in first mortgage loans for our members, allowing many to own homes for the very first time.

While the rate environment in 2007 benefited many of our borrowers, Unitus Community Credit Union also worked diligently to ensure that our members continued to earn competitive rates on their deposits. In 2007 your credit union returned nearly \$20 million in

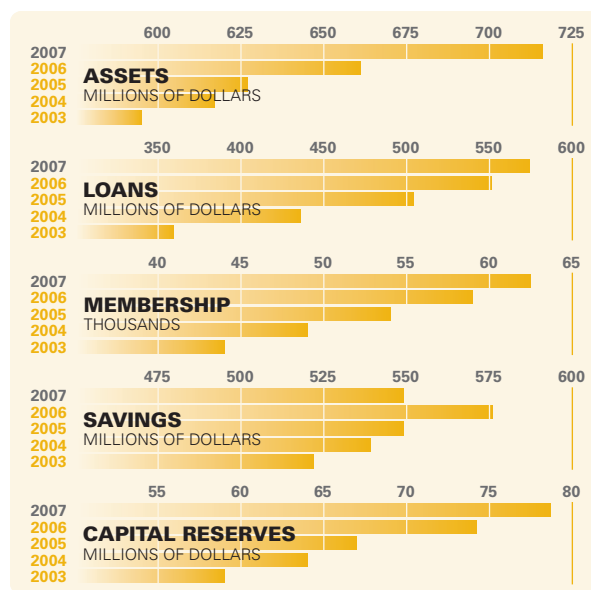
the form of dividends to our members.

As another sign of our commitment to serving our membership and adding value, Unitus Community Credit Union will be opening our seventh branch location in the Tanasbourne area (Hillsboro, Oregon) during the spring of 2008 and, by mid-summer of 2008, members in the Vancouver, Washington area will be welcomed at our eighth branch.

As we move forward in 2008, many of us will face challenges as the economy and markets continue to struggle. Throughout these challenges, Unitus Community Credit Union will remain committed to serving you, our members, in a responsible and fiscally sound manner.



Patricia E. Smith  
Treasurer





## REPORT OF THE SUPERVISORY COMMITTEE

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The summarized financial statement information included in this annual report was prepared by Unitus Community Credit Union management and compiled from the Credit Union's financial statements.

In preparing the financial statements, management depends upon the Credit Union's system of internal accounting controls in meeting its responsibility for reliable information. The Supervisory Committee, which consists of five volunteer members appointed by the Board of Directors, monitors the accounting system on behalf of all Unitus members.

The Committee meets periodically with the Board of Directors, the Chief Internal Auditor, and management to discuss accounting, financial reporting, internal control systems and processes, and auditing matters.

As part of fulfilling its duties, the Committee engaged the independent accounting firm Moss Adams LLP to conduct the 2007 audit of the Credit Union and

provide an opinion of the financial statements as a whole. A copy of the certified audit report is available for review by interested members upon request.

The audit substantiated the solid financial performance of the Credit Union and affirmed the operational practices of management. It also offers definitive evidence that the membership's assets are secure. It is the Committee's opinion that the Credit Union's day-by-day practices remain in compliance with the Credit Union bylaws, state and federal regulations, and acceptable accounting procedures.

Also under the direction of the Committee, Moss Adams LLP managed the 2007 verification of members' accounts. The outcome of this audit further substantiates the responsible financial operation of the Credit Union.

My thanks is extended to Committee members for their time and energy given during the past year. We look forward to serving the Unitus membership in 2008.



**Don Foreman**  
Chairman

**Dan Duffy**

**Ray Anderson**

**Matt Goodwin**

**Rhonda Cramer**



## STATEMENTS OF FINANCIAL CONDITION

	Years Ended December 31,	
	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,747,104	\$ 28,458,252
Certificates of deposit in corporate credit union	27,195,392	31,697,000
Investment securities available for sale	60,698,680	19,665,336
Investment securities held to maturity	36,477	40,319
Loans receivable, net	574,075,040	551,067,373
Accrued interest receivable	2,800,315	2,608,062
Property and equipment, net	9,662,373	11,173,283
National Credit Union Share Insurance Fund deposit	4,746,249	4,602,195
Federal Home Loan Bank stock	2,746,300	2,746,300
Other assets	9,485,030	8,830,082
TOTAL ASSETS	<u>\$ 716,192,960</u>	<u>\$ 660,888,202</u>
<b>LIABILITIES</b>		
Members' share and savings accounts	\$ 548,724,234	\$ 575,958,569
Borrowed funds	79,400,000	—
Deferred gain from sale and leaseback	525,612	681,576
Accrued expenses and other liabilities	8,891,189	10,538,004
Total liabilities	<u>637,541,035</u>	<u>587,178,149</u>
<b>MEMBERS' EQUITY</b>		
Regular reserve	23,423,471	22,489,988
Undivided Earnings	55,255,839	51,566,823
Accumulated comprehensive loss, net unrealized holding loss on investment securities available for sale	(27,385)	(346,758)
Total members' equity	<u>78,651,925</u>	<u>73,710,053</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 716,192,960</u>	<u>\$ 660,888,202</u>





## STATEMENTS OF INCOME

	Years Ended December 31,	
	2007	2006
Interest income		
Loans receivable	\$ 34,649,206	\$ 30,317,996
Investment securities	4,328,719	3,281,800
Total interest income	<u>38,977,925</u>	<u>33,599,796</u>
Interest expense		
Members' share and savings accounts	20,069,918	16,930,588
Borrowed funds	601,112	37,275
Total interest expense	<u>20,671,030</u>	<u>16,967,863</u>
Net interest income	18,306,895	16,631,933
Loan loss (benefit) provision	<u>1,385,066</u>	<u>(55,270)</u>
Net interest income after loan loss (benefit) provision	<u>16,921,829</u>	<u>16,687,203</u>
Noninterest income		
Service charges, fees, and other	5,210,586	4,458,616
Rental income	—	109,400
Loan servicing fees	669,890	574,266
Net gain on sale of property and equipment	<u>1,968,983</u>	<u>3,975,495</u>
Total noninterest income	<u>7,849,459</u>	<u>9,117,777</u>
Noninterest expense		
Compensation and benefits	9,586,224	8,881,042
General and administrative	<u>10,562,565</u>	<u>9,976,343</u>
Total noninterest expense	<u>20,148,789</u>	<u>18,857,385</u>
Net Income	<u>\$ 4,622,499</u>	<u>\$ 6,947,595</u>



## STATEMENTS OF MEMBERS' EQUITY

	<b>Total Members' Equity</b>	<b>Regular Reserves</b>	<b>Undivided Earnings</b>	<b>Accumulated Comprehensive Loss</b>	<b>Comprehensive Income</b>
Balance at December 31, 2005	\$66,067,881	\$20,559,198	\$46,550,018	\$(1,041,335)	
Net income	6,947,595	—	6,947,595	—	\$ 6,947,595
Net change in unrealized loss on securities available for sale	694,577	—	—	694,577	694,577
Transfers, net	—	1,930,790	(1,930,790)	—	
Comprehensive income					<u>\$ 7,642,172</u>
Balance at December 31, 2006	\$73,710,053	\$22,489,988	\$51,566,823	(346,758)	
Net income	4,622,499	—	4,622,499	—	\$ 4,622,499
Net change in unrealized loss on securities available for sale	319,373	—	—	319,373	319,373
Transfers, net	—	933,483	(933,483)	—	
Comprehensive income					<u>\$ 4,941,872</u>
Balance at December 31, 2007	<u>\$78,651,925</u>	<u>\$23,423,471</u>	<u>\$55,255,839</u>	<u>\$ (27,385)</u>	

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
and Supervisory Committee  
Unitus Community Credit Union  
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial condition of Unitus Community Credit Union as of December 31, 2007 and 2006, and the related statements of income, members' equity, and cash flows (not presented herein) for the years then ended;

and in our report dated March 3, 2008, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

Moss Adams LLP  
Spokane, Washington  
March 3, 2008





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COMMUNITY CREDIT UNION

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