2008 Supervisory Committee Report

The Supervisory Committee is made up of members who oversee the basic financial health of our credit union. The Committee is responsible for making sure the accounting practices used represent the financial condition of the Credit Union accurately. The Committee continuously monitors the Credit Union's internal controls and insures the institution conforms to National Credit Union Administration and Federal Reserve Board regulations.

The firm of McGladrey & Pullen, Certified Public Accountants, was selected by the Committee to audit the Statement of Financial condition of Communities of Abilene Federal Credit Union and related statements of income and comprehensive income, members' equity and cash flows for the year ended June 30, 2008. The audit was complete as of March 13, 2009.

We continue to protect your interest in CoAFCU and to provide prompt and accurate service. **IF YOU HAVE ANY QUESTIONS OR CONCERNS ABOUT YOUR ACCOUNT THAT YOU ARE UNABLE TO RESOLVE BY CALLING OR VISITING A BRANCH OFFICE, PLEASE CONTACT US IN WRITING AT 3661 N 6th STREET, ABILENE, TX 79603.**

Respectfully submitted,
Lena Moore, *Chairperson*
Abby Parham, Gordon Storey and Paulette Whitaker

STATEMENT OF FINANCIAL CONDITION

as of December 31, 2008

ASSETS		
Cash on Hand	$	1,503,419
Cash on Deposit		10,064,597
Loans to Members		43,346,814
Less: Allowance Loan Losses		(109,884)
TOTAL Loans to Members		**43,236,931**
Investments		27,356,893
Land and Buildings Net of Depreciation		938,913
Furniture, Fixtures, & Equipment		609,867
Deposit Insurance Capital Deposit		772,692
Other Assets		1,066,760
TOTAL ASSETS		**$85,550,071**
LIABILITIES		
Accounts Payable		144,072
Dividends Payable		551
Accrued Liabilities		1,025,792
TOTAL Liabilities		**1,170,414**
MEMBERS' EQUITY		
Member Deposits		75,811,691
Retained Earnings		5,111,335
Statutory Reserves		3,456,631
TOTAL Members' Equity		**84,379,657**
TOTAL LIABILITIES & MEMBERS' EQUITY		**$85,550,071**

STATEMENT OF INCOME & EXPENSE

as of December 31, 2008

INCOME		
Income from Loans	$	2,653,008
Income from Investments		1,570,185
TOTAL Interest Income		4,223,192
Interest Expense		
Member Dividends		1,438,687
Loan Loss Expense		50,298
Net Interest Income After Interest Expense		2,734,207
Non-Interest Income		913,879
Less Operating Expense		3,963,227
NET INCOME (LOSS)		**($315,140)**
OPERATING EXPENSE		
Employee Compensation & Benefits		1,588,980
HR Resources Administration		57,669
Office Occupancy		249,215
Office Operations		1,198,121
Marketing		295,707
Loan Servicing		187,527
Professional & Outside Services		320,494
Regulatory Agency Fees		39,742
Miscellaneous Operating Expense		25,771
TOTAL OPERATING EXPENSE		**$3,963,227**

Respectfully submitted,
Jamie Villegas, *Secretary/Treasurer*

Communities of ABILENE Federal Credit Union

2008 President's Report

2008 was a year of changes and challenges for Communities of Abilene FCU. The biggest change has been the consolidation of departments into a central Member Service Department where each Member Service Representative is fully trained to meet all of your needs. Whether you are here to open a new account, apply for a loan, do research on your account or simply order checks, you can do so with a single office visit rather than seeing three or more different departments. This change has allowed us to streamline our services and deliver them more efficiently to our members. We have added part time tellers in both offices to assist you with transactions during the peak periods of the day, thus reducing waiting time in line. We are also in the process of creating a true Member Call Center which is staffed with experienced Member Service Representatives to address your account needs by phone.

As you are aware, the major challenge in 2008 for the entire Nation has been the unstable condition of the economy and the banking industry. **I want to assure you that your credit union remains financially strong and well capitalized**. Deposit accounts and IRAs are federally insured by the National Credit Union Administration up to $250,000.00 and backed by the full faith and credit of the United States Government.

We have set many goals to be accomplished in 2009. With the support received from our Volunteers on the Board of Directors and Supervisory Committee, our dedicated employees and the outstanding member loyalty you have shown the credit union since 1955, **we will accomplish these goals and continue to excel in 2009 and beyond.**

Thank you again to our entire membership for being a member/ owner of Communities of Abilene Federal Credit Union.

Respectfully submitted,
Judith A. Keppel

President and Chief Executive Officer

2008 Chariman's Report

Once again, I am very pleased and honored to represent you, our members, as your Board Chairman. Since we opened our doors 53 years ago we have remained a locally operated financial institution, committed to providing our members with excellent service in everything we do. Our goal is to help you accomplish your financial goals. **We strive to offer you every service and product available that will serve you today and well into the future.** In this volatile economy, our members consistently turned to the credit union for the safety and soundness of their money. In 2008, we grew in loans, assets and membership as a result of your loyalty and I truly appreciate your confidence in the credit union.

CoAFCU remains committed to supporting our military members and their families. We attend Right Start for newcomers to Dyess AFB twice monthly and remain very involved in Military Affairs, supporting functions such as The World's Largest Barbecue and the Quarterly and Annual Awards for outstanding Service Personnel. We are proud to provide a warm and welcome full service Branch Office on Dyess AFB to meet the needs of our military members and their families.

As a Community Credit Union we play an active role in supporting community events and charities. We participate in Abilene Partners in Education with our adopted school, Taylor Elementary. We also provide support and staff assistance to Junior Achievement and the Abilene Youth Sports Authority. Other community support efforts are Meals on Wheels, Kiwanis, Children's Miracle Network and many more.

To the Staff of the credit union, allow me to offer my thanks for your dedication to ensuring success for our credit union. To those on the Board of Directors and Supervisory Committee, thank you for your willingness to volunteer for the good of the entire membership.

Respectfully submitted,
Gerald Garrett

Chairman-Board of Directors