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2006 ANNUAL REPORT



1937	Oregon Telephone Employee's Credit Union formed July 7, 1937
1942	Real Estate Loans introduced
1968	\$10 million in assets
1972	Employees of Oregon's independent telephone companies eligible to join
1973	Name changed to Oregon Telco Credit Union
1976	Moved to the newly built Oregon Telco Building
1982	Checking Accounts introduced
1983	ATM Card introduced
1984	\$100 million in assets
1985	Wholly owned CUSO opened, offering insurance and travel agency services
1986	Debit & Credit Cards introduced Oregon Telco spearheads "Credit Unions for Kids" (\$7.3 million raised over next 20 years for Doernbecher Children's Hospital)
1992	50,000th account opened (over 28,000 members)
1998	Web Site introduced
1999	Online Banking introduced
2000	Shared Branching introduced
2001	Oregon Telco first credit union in state to be granted community charter \$500 million in assets
2002	First branch opened (Mall 205)
2004	Name changed to Unitus Community Credit Union MEMBERS Financial Services introduced, offering assistance with financial planning
2006	Headquarters moved to Unitus Plaza, where sixth branch is opened Business Services introduced Unitus Mortgage established

REPORT OF THE SUPERVISORY COMMITTEE

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 consolidated 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 four 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 2006 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.



Supervisory Committee



Don Foreman
Chairman

Dan Duffy

Ray Anderson

Matt Goodwin

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 2006 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 2007.

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 consolidated statements of financial condition of Unitus Community Credit Union and subsidiary as of December 31, 2006 and 2005, and the related consolidated statements of income, members' equity, and cash flows (not presented herein) for the years then ended; and in our report dated February 23, 2007, we expressed an unqualified opinion on those consolidated financial statements.

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

Moss Adams LLP
Spokane, Washington
February 23, 2007



FINANCIAL STATEMENTS

Unitus Community Credit Union

Consolidated Balance Sheets

ASSETS	Years Ended December 31,	
	2006	2005
Cash and cash equivalents	\$ 28,458,252	\$ 15,000,964
Investments	51,402,655	83,963,949
Loans, net of allowance	551,216,390	500,925,497
Accrued interest receivable	2,608,062	2,141,382
Property and equipment, net	11,173,283	9,407,055
NCUSIF Deposit	4,602,195	4,499,267
Federal Home Loan Bank stock	2,746,300	2,746,300
Other Assets	8,681,065	7,990,574
Total Assets	\$660,888,202	\$626,674,988
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Members' share and savings accounts	\$575,958,569	\$549,143,312
Accrued expenses and other liabilities	11,219,580	11,463,795
Total liabilities	587,178,149	560,607,107
Members' equity:		
Regular Reserves	22,489,988	20,559,198
Undivided Earnings	51,566,823	46,550,018
Accumulated comprehensive loss	(346,758)	(1,041,335)
Total members' equity	73,710,053	66,067,881
Total Liabilities and Members' Equity	\$660,888,202	\$626,674,988

Consolidated Statements of Income

	Years Ended December 31,	
	2006	2005
Interest income:		
Loans receivable	\$ 30,317,996	\$ 24,527,061
Investment securities	3,281,800	3,948,749
	<u>33,599,796</u>	<u>28,475,810</u>
Interest expense:		
Dividends and interest on members' share accounts	16,930,588	12,798,799
Borrowed funds	37,275	177,499
	<u>16,631,933</u>	<u>15,499,512</u>
Loan loss (benefit) provision	(55,270)	85,818
	<u>16,687,203</u>	<u>15,413,694</u>
Non-interest income	9,117,777	4,116,416
Non-interest expense:		
Compensation and benefits	8,881,042	7,848,397
General and administrative	9,976,343	8,110,609
	<u>18,857,385</u>	<u>15,959,006</u>
Net Income	\$ 6,947,595	\$ 3,571,104

Consolidated Statements of Members' Equity

	Members' Equity
Balance at December 31, 2004	\$ 62,785,814
Net income 2005	3,571,104
Accumulated other comprehensive income:	
Net change in unrealized loss on securities available for sale	(289,037)
Balance at December 31, 2005	66,067,881
Net income for 2006	6,947,595
Accumulated other comprehensive income:	
Net change in unrealized loss on securities available for sale	694,577
Balance at December 31, 2006	\$ 73,710,053



A MESSAGE TO OUR MEMBERS

Nearly seventy years ago, on July 7, 1937, seventeen employees of Pacific Telephone and Telegraph met to form the Oregon Telephone Employee's Credit Union. The purpose of the Credit Union was to pool its savings and create a fund for making low cost loans to members. By year's end the number of members had grown to 217, and their pooled assets totaled just over \$3,000.

The seven original Board members were Isaac W. Anderson, D.O. Denman, Jake A. Ellis, Frederick M. Gavin, Genard D. Gleason, H.S. Hayes, and E.T. Healy. Worth noting is that Frederick Gavin was the grandfather of Terry Gavin, our current Board Chairman and co-author of this report. This continuity from generation to generation is a recurring theme as we look back through the years.

From our modest beginning in 1937, your Credit Union grew to become Unitus, embracing all people from all walks of life in the seven county region we now serve. Some 60,000 of our friends and neighbors are Unitus members, and total assets have surpassed \$660 million. These measures of success—along with strong growth in loans, member savings, and capital

reserves—indicate that we have continued to meet the ever changing and diverse needs of our members. (See key indicator charts on page 4.)

Remaining true to our founding principle of "people helping people" is what distinguishes Unitus to this day. Through the decades we have treated members like family, making a positive difference in their lives and, in due course, the lives of their children and their children's children. For many members, we have been the only financial institution willing to finance a first car, issue a first credit card, and help with other financial challenges.

Today, we find ourselves serving as many as five generations of the same family! We look forward to serving each new generation and remain committed to helping every member achieve the milestones of life, from starting a family and buying a home to paying for college and saving for retirement. Each generation brings a new set of specific needs and wants, and Unitus responds with the services and solutions to satisfy them.

Unitus also makes a difference in the community. In 2006, the generous contributions of members and

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

Rhonda Cramer
Alternate Director

Will Rader
Alternate Director

Charlie VanRossen
Alternate Director

