

{ BOARD COMMITTEES }

<b>Budget</b> *Bob Goodale Jim Rinta Ed Maxwell Steve Porter Shirlee Saum DeWayne Ledbetter	<b>Facilities</b> *Evie Grendahl Lowell Neil Jim Sork Ron Allbaugh Jodie Sharp Monte Page Don Kitterman Brad Lothspeich Jim Morrell Imogene Patrick Danette LaChapelle	<b>Asset/Liability Mgmt.</b> *Doug Lehrman Bob Goodale Scott Bieber Jim Sork Don Kitterman Steve Porter Roger Michaelis Danette LaChapelle Linda Barber Jim Morrell Shirlee Saum DeWayne Ledbetter Ed Turk
<b>Governmental Affairs</b> *Scott Bieber Bill Hogan Jaye Folsom Ed Turk Linda Barber Danette LaChapelle	<b>Board Reorganization</b> *Evie Grendahl	<b>Clark Financial Services</b> *Jim Sork Roger Michaelis
<b>Nominating</b> *Evie Grendahl Jim Rinta Ron Allbaugh	<b>401(k)</b> *Sharon Eastman Doug Lehrman Linda Barber DeWayne Ledbetter	<b>Policy</b> *Bob Goodale Bill Hogan Evie Grendahl Donna Roberge-Nozel Brian Loos Jessica Crouse Jim Morrell Ed Turk
<b>Human Resources</b> *Sharon Eastman Scott Bieber Doug Lehrman Marsha Carner Ed Maxwell Terry Nelson Linda Barber Melanie Stephens	<b>Information Security</b> *Bill Hogan Jaye Folsom Carol Newton Monte Page Brian Loos Rod Manchester Imogene Patrick Brad Wood Jim Morrell Betsy Arfmann	<b>Business Services</b> *Don Kitterman Steve Porter Jim Rinta Ed Turk Jim Jones Julie Arenz <i>*Chairman</i>
<b>Executive</b> *Jim Sork Bob Goodale Doug Lehrman Scott Bieber Roger Michaelis		

{ CORE VALUES }

**People**

All People—employees, volunteers, and members—play an important role in achieving our goals.

**Relationships**

We work to build relationships that benefit our members and the Credit Union.

**Integrity**

We demonstrate integrity by being ethical, honest and mutually respectful.

**Mutual Interests**

We distribute profits to serve the mutual interests of both the member and the Credit Union.

**Excellence**

We strive for excellence in the service we deliver and the products we provide.

{ STATEMENT OF CONDITION }

	2008	2009
<b>ASSETS</b>		
Total Loans	\$304,426,652	\$308,676,151
Allowance for Loan Loss	(\$2,507,015)	(\$6,433,928)
Cash and Cash Equivalents	\$9,676,791	\$8,770,520
Total Investments	\$68,961,228	\$80,666,856
Land and Buildings	\$16,317,848	\$17,798,517
Fixed Assets	\$1,901,259	\$2,289,800
Other Assets	\$14,067,539	\$16,950,194
<b>Total Assets</b>	<b>\$412,844,302</b>	<b>\$428,718,110</b>
<b>LIABILITIES</b>		
Accounts Payable/Borrowing	\$8,488,623	\$9,291,838
Share Certificates	\$102,805,584	\$89,170,382
Checking Accounts	\$86,079,354	\$98,247,632
Money Markets	\$99,272,244	\$106,726,144
Deferred Compensation	\$623,924	\$610,937
Regular Shares	\$50,075,646	\$60,094,952
IRAs	\$33,667,212	\$36,918,337
Regular Reserves	\$12,761,288	\$12,761,288
Undivided Earnings	\$19,070,427	\$14,896,600
<b>Total Liabilities</b>	<b>\$412,844,302</b>	<b>\$428,718,110</b>
<b>INCOME</b>		
Interest on Loans	\$20,240,205	\$19,062,384
Interest on Investments	\$1,610,664	\$1,294,866
Other Operating Income	\$7,536,452	\$7,792,810
<b>Total Gross Income</b>	<b>\$29,387,321</b>	<b>\$28,150,060</b>
<b>EXPENSES</b>		
Employee Salary/Benefits	\$9,980,575	\$9,945,330
General and Administrative	\$8,543,361	\$8,438,270
Provision for Loan Loss	\$2,537,870	\$7,988,700
Other Interest Expense	\$3,533	\$68,795
Dividend Expense	\$7,901,165	\$4,962,899
Reserve Transfers	\$420,817	(\$3,253,934)
<b>Total Expenses</b>	<b>\$29,387,321</b>	<b>\$28,150,060</b>
<b>Members</b>	<b>42,711</b>	<b>44,444</b>

{ MISSION STATEMENT }

iQ Credit Union is dedicated to providing a full complement of quality financial services in a convenient, efficient, friendly, secure and profitable manner which meets the needs of the membership.

{ 2009 ANNUAL REPORT }

Staying Focused



**iQ** CREDIT UNION.

Financial Intelligence Pays Off



NCUA

**iQ** CREDIT UNION.

Financial Intelligence Pays Off

Staying focused  
in a time of  
economic  
uncertainty.

The year 2009 saw the largest economic downturn in more than 70 years. Whether you're a homeowner, a business owner, a parent, a student or any one of the area's 350,000 residents, you know that the past year has been challenging, to say the least.

Here in Clark County, the unemployment rate for much of the year was the highest in Washington, well above the state average. At the end of 2009, the county's jobless rate topped 14 percent, the highest for that month in nearly 30 years. Construction—a mainstay in our area—is way down, as is consumer spending. Home values have dropped dramatically, too, creating an entire segment of homeowners who now owe more than their homes are worth. Foreclosures, bankruptcies and layoffs have become an all too commonplace part of the daily news. Even state and local governments are making cutbacks.

At iQ Credit Union, we are weathering this economic storm. Created during the Great Depression of the 1930s and 1940s, we are no stranger to tough economic times. iQ Credit Union stands today on solid ground, steadfast and ready to help you in any way we can.

To that end, we have utilized our capital reserve for just such times. Unfortunately, the reality is that losses at the Corporate Credit Union level have generated subprime investment losses that were passed on to all Credit Unions in the system, including us. Some remaining losses will continue to be carried into 2010.

Yet in a time when many other financial institutions have cut back on their lending, iQ Credit Union continues to extend credit to members who need it. For homes, for cars, for home improvements, iQ Credit Union has money to loan. Membership for 2009 was up too, with more than 1,800 people making the move to iQ Credit Union. Savings have been rising at a near record pace. And for members who prefer the 24/7 convenience of online services, our entire online banking system was upgraded in 2009—including the addition of iQdeposit and Business Online Banking. What's more, members can now access their accounts via iQmobile. Through increased access and greater convenience, iQ Credit Union is more than a solutions provider, we are your partner.

And even though money is tight, we are proud to continue our 70-year tradition of community involvement. Books to take home for elementary school students and scholarships for those heading to college, and fundraisers for March of Dimes and Doernbecher Children's Hospital. Plus a whole host of education-related programs and sponsorships. iQ is dedicated to giving back and strengthening the communities we serve.

So what lies ahead for the year to come? Good question. Economic signs are beginning to look up. Unemployment has slowed nationwide and is beginning to drop in some places. Property value declines are leveling off. And consumer spending at year's end was better than expected. The worst appears to be over. Yet most experts agree that a true economic recovery will be slow and steady over the next 18 months or so, with no quick fix.

Please note that 2010 will also bring about several new financial institution regulations—a majority of which were brought about because of dubious practices and unregulated fees on the part of big national banks. We were compliant on most of the new regulations well before they became regulations. Never forget that as a Credit Union, we are member-driven and member-owned.

As always, I want to thank you for being a loyal member of iQ Credit Union. We look forward to serving your financial needs into the next decade and beyond.



*Roger Michaelis*  
Roger Michaelis  
President/CEO  
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People Helping People — Not Just a Slogan

The past year, 2009, was a difficult year for iQ members and for our Credit Union. The national recession hit hard in Washington State. Locally, Clark County experienced the highest jobless rate of all Washington counties – more than 14%. People who had never before been without a job were suddenly out of work. Without paychecks, most families were unable to pay their bills and meet their obligations. Families that had counted on steady paycheck income to make their monthly home mortgage and car payments were unable to do so.

The effects of widespread job loss are not immediately visible within a community. Families can get by for a time using alternate sources of income. They draw from their savings and borrow from friends and family. They expand their use of credit cards and increase their personal debt with short-term loans. For a period of time, they can continue to meet their obligations. Things appear normal. But after a few months these sources are exhausted. They are forced to admit that they are in financial trouble and need help. But what kind of help is available?

For those who deal with banks, the alternatives are limited. Banks are owned by shareholders who expect a return on their investment. As a result, banks are reluctant to make concessions to customers that will negatively impact their profits.

Those who bank at member-owned Credit Unions like iQ have additional options. By definition, Credit Unions are non-profit organizations formed to provide service to their owners/members. Helping members comes ahead of making profits. Credit Unions are committed to the preservation of families, not the preservation of capital. So, what kind of help is available for our members here at iQ?

We have been very successful at helping members who reach out to us early. In 2009, we restructured 240 loans of all types. In addition, hundreds more took advantage of “skip payment” promotions to help free up additional cash. Assistance ranged from a temporary reduction in interest rates and monthly payments, to complete refinances. Concessions are typically required of both parties to help ensure fairness to the rest of our members. In addition, our staff is routinely able to help members identify hundreds of dollars worth of monthly expenses that can be eliminated. As a result, members often are able to stay in their homes, keep driving their cars and eliminate unnecessary expenses from their budgets. While our success stories are numerous, unfortunately, some members choose not to communicate with us.

Two factors—1) helping members by extending mortgages and loan payments, and, 2) meeting increased federal requirements to increase reserves as protection from future loan losses—have required us to make deep cuts in our operating expenses. For the most part, these cuts have been transparent to our members. Our high level of service to members has been maintained. Reductions have been made, however, in interest paid to members for savings and deposits. To further reduce costs, we were forced to freeze all employee salaries and ultimately to eliminate 13 employee positions. These sacrifices, though necessary, have been the hardest of all.

These reductions, though painful, have given us the ability to reach out to our members and to provide them with the assistance they need to weather this financial storm. It's what we have been doing at iQ for more than 70 years. “People helping people” is not just a slogan—it's what we were created to do.



*James Sork*  
Dr. James Sork  
Chairman, Board of Directors  
directors@iqcu.com

{ SUPERVISORY COMMITTEE REPORT }

As the current economic status has affected many financial institutions throughout the nation, the role of the Supervisory Committee becomes increasingly more important. Our Committee exists to protect the assets and interests of the Credit Union's membership. It is essential that our Committee ensures all financial and operational activities at iQ are performed accurately and in compliance with state and federal regulations. In addition to these duties, our Committee advises the Board of Directors in fulfilling its responsibilities with respect to various operational components.

It is the responsibility of the Supervisory Committee to perform or arrange for a complete annual audit of the Credit Union and a verification of its members' accounts. For the fiscal year ending June 30, 2009, iQ retained the audit firm Moss Adams, LLP to perform the annual audit of its financial statements. The audit determined that iQ's financial statements accurately represent the financial condition of the Credit Union. This external audit is performed in addition to annual state and federal audits.

As our nation navigates unfavorable economic conditions and times continue to be unstable, our Committee is proud to report that iQ Credit Union is a financially sound organization, operating in compliance with all state and federal regulations. This assessment is supported by the results of the regulatory examination performed by the NCUA and the annual external audit.



*Joseph Nutting*  
Joseph Nutting  
Chairman, Supervisory Committee  
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