

{ 2010 ANNUAL REPORT }

A Proud Past A Strong Future



iQ CREDIT
UNION.

Financial Intelligence Pays Off

The year 2010 was a year of perspective. On one hand, staying true to our proud past, with the programs, service and community outreach we're known for. On the other hand, being innovative and member-driven, positioning ourselves to lead well into a strong future. So how does our viewpoint on 2010 measure up?

The higher cost of doing business.

Locally, the economy of S.W. Washington was still hampered by high unemployment and declining property values. As the year ended, positive economic signs were becoming visible. Even though Clark County has the highest unemployment rate in the state, it's actually at its lowest level in more than a year. Unfortunately, the Washington State budget crisis of 2010 is still with us and looks to be a major story throughout the year.

Our current economic challenges won't be easy or quick to fix. Even though one of the key causes of the this recession was mortgage problems related to subprime loans from big banks, the entire financial industry is now feeling the fall-out. Credit Unions didn't cause the economic meltdown, yet they are lumped in with bailed-out banks when it comes to government reform measures. Regulatory reform is affecting Credit Unions nationwide — including iQ Credit Union — in terms of programs and staffing for new compliance measures and other changes. Measures that were, for the most part, created because of the questionable practices of a handful of large national banks.

It all adds up.

High unemployment means people are unable to pay back their loans, which means loan losses continue at an all-time high. Regulatory mandates mean we have to spend more money on new compliance initiatives which will provide little value to our members. Another example of income loss with an unintended consequence came from the 2010 legislation requiring everyone who uses overdraft protection to officially "opt in." Not only did this reduce income for the Credit Union, but it caused a variety of problems for our members.

Solid performance.

Throughout the ups, downs and financial turmoil of 2010, iQ Credit Union has continued to perform very well — just as it has for more than 70 years. We ended the year 2010 in the black with a healthy and positive bottom line and are now, as always, a well-capitalized Credit Union. And through it all, our all-volunteer Board of Directors has worked very hard on your behalf, balancing our high level of service and services with fluctuating income and changing economic conditions.

Now continues to be a good time to be a member of iQ Credit Union. We're offering low-interest loans, benefit-packed checking, free online banking, user-friendly Bill Payer and a nationwide network of fee-free ATMs. Plus exciting new ways to keep you connected, like iQmobile, and innovative new ways to save you time, such as iQdeposit, that lets you deposit checks from home.

You may have noticed our "i am iQ" branch posters and bus advertising featuring real iQ members. As always, you, our members, are our greatest strength. We value your staying with the Credit Union through these hard times and have the financial tools in place to help those who need it. I look forward to 2011 with a dynamic mix of optimism and resolve — the same optimism and resolve that has kept us strong since 1940. A proud past, a strong future. That's your iQ Credit Union.



Roger Michaelis

Roger Michaelis
President/CEO
rogerm@iqcu.com

We are proud of our heritage.

In 2010, we reached a 70-year milestone in our Credit Union's history. We are proud of our success in meeting the financial needs of our member-owners. Let's review what we have accomplished:

In the mid 1930s, with the Great Depression as a background, Clark County Teachers' Credit Union was organized. A group of local teachers pooled their personal savings so that others in their profession would be able to obtain an unsecured, low-interest loan. At that time, people did not ask what they would receive in return for depositing their money in the Credit Union. They saw it as an opportunity to help and support one another since banks were not interested in the small saver and borrower. At the time of its incorporation as a state chartered Credit Union in April 1940, Clark County Teachers' Credit Union already had several years and 33 members behind it.

Originally, the Board members served as "staff" of the Credit Union with the majority of business conducted by the Treasurer. The Treasurer was responsible for all members' accounts, loan applications, interest and dividend calculations. Early on, Treasurer Edith Hendrie was paid \$36 per year to conduct Credit Union business in her classroom after school at Shumway Junior High, the building now known as the Vancouver School of Arts and Academics. Harry Conover took over the Treasurer's job in 1950 and conducted Credit Union affairs from his office at Vancouver High School. It was during Conover's years as Treasurer that the Credit Union began to grow. In 1950, the Credit Union offered its first car loan.

In 1956, Frances (Frankie) Johnson became the first full-time employee of the Credit Union. When Don Clark became the first Manager in 1961, the Credit Union had more than 900 members and more than \$600,000 in assets. The national Credit Union slogan introduced during this time — "Not for Profit, Not for Charity, But for Service" — demonstrated the developing national trend toward providing a wider range of services for Credit Union members.

By its 25th anniversary in 1965, the Credit Union had expanded to eight employees. The charter and name change to Clark County School Employees Credit Union in 1966, further expanded membership. By 1970, there were 3,718 members and \$4.9 million in assets. The Credit Union took a dramatic step in 1976, becoming the first state-chartered Credit Union to be granted "share draft" approval. This new checking program gave members direct access to their funds and identified CCSECU as a full-service financial institution.

During the 1980s, the Credit Union ushered in new services implementing ATM access and VISA® cards. When President and CEO Roger Michaelis was hired in 1984, the Credit Union had grown to \$37.9 million in assets. The Fishers Landing and Salmon Creek offices were added in 1984 and 1985.

In keeping with its history of innovation and convenience, new methods of remote account access were offered. Desktop Computer Branch was introduced in 1993. In 1995, the Credit Union launched its own web page and in 1996, Bill Payer service was added. Expanded service brought additional members. In 1995, the Credit Union's assets exceeded \$150 million, with membership over 25,000.

The 21st Century began with a collective sigh of relief, as two years of Y2K planning helped the Credit Union usher in the new millennium. What followed was a period of financial uncertainty. The challenges brought on by a nationwide recession were compounded by the tragic events of September 11. With interest rates at their lowest point in years, members bought new homes and new cars in record numbers. Over time, the original field of membership (teachers) changed — expanding first to include all school employees, then their families, then other select employee groups and, finally in 2004, to include "anyone who lives, works, attends school or worships in the state of Washington." To better reflect this change in membership, a new name, iQ Credit Union, was introduced.

During the past decade our Credit Union has continued to evolve and grow. New branches in Hazel Dell, Ridgefield and Camas were added, and our innovative high school branch program spread with the opening of the sixth student-run branch in Camas. A new Administrative Center opened in downtown Vancouver. Business lending was introduced, and members could now secure a commercial loan for their small businesses.

Today, iQ Credit Union stands for financial intelligence. We continue to demonstrate our commitment to the educational community, and to our community as a whole. The Board entrusts the day-to-day operations of the Credit Union to our highly trained and dedicated staff that now numbers more than 170. We are proud of our heritage. We are proud of our success in meeting the financial needs of our member-owners. 2010 truly is a milestone in our Credit Union's history!



A handwritten signature in black ink that reads "James Sork". The signature is fluid and cursive, written over a white background.

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. These components include the appointment of the Credit Union's independent auditor, review of internal controls and operational risk management, and the Credit Union's compliance with legal and regulatory requirements.

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, 2010, iQ retained the audit firm of 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.

Our Committee is proud to report that iQ Credit Union is a financially sound organization, operating in compliance with state and federal regulations. This assessment is supported by the results of the regulatory examination performed by the NCUA and the annual external audit.

Thank you for being a member at iQcu!



Joseph Nutting
Chairman, Supervisory Committee
directors@iQcu.com

{ BOARD COMMITTEES }

Budget

*Jill Click
Jim Rinta
Ed Maxwell
Steve Porter
DeWayne Ledbetter

Governmental Affairs

*Scott Bieber
Bill Hogan
Jaye Folsom
Ed Turk
Linda Barber
Danette LaChapelle

Nominating

*Don Kitterman
Doug Lehrman
Jodie Sharp
Brian Loos

Clark Financial Services

*Jim Sork
Roger Michaelis

Human Resources

*Sharon Eastman
Scott Bieber
Doug Lehrman
Marsha Carner
Ed Maxwell
Terry Nelson
DeWayne Ledbetter
Melanie Stephens

Executive

*Jim Sork
Sharon Eastman
Doug Lehrman
Scott Bieber
Roger Michaelis

Business Services

*Don Kitterman
Steve Porter
Jim Rinta
Ed Turk
Jim Jones
Julie Arenz

401(k)

*Sharon Eastman
Doug Lehrman
DeWayne Ledbetter

Information Security

*Bill Hogan
Jaye Folsom
Carol Newton
Brian Loos
Rod Manchester
Imogene Patrick
Brad Wood
Jim Morrell
Betsy Arfmann

Policy

*Jim Sork
Bill Hogan
Evie Grendahl
Donna Roberge-Nozel
Brian Loos
Jessica Crouse
Jim Morrell
Ed Turk

Asset/Liability Mgmt.

*Doug Lehrman
Sharon Eastman
Scott Bieber
Jim Sork
Roger Michaelis
Danette LaChapelle
Jim Morrell
DeWayne Ledbetter
Ed Turk

Facilities

*Evie Grendahl
Lowell Neil
Ron Allbaugh
Jodie Sharp
Don Kitterman
Brad Lothspeich
Jim Morrell
Imogene Patrick
Danette LaChapelle

Board Reorganization

*Evie Grendahl
Don Kitterman

**Chairman*

{ STATEMENT OF CONDITION }

	2009	2010
ASSETS		
Total Loans	\$308,676,151	\$285,510,318
Allowance for Loan Loss	(\$6,433,928)	(\$7,324,157)
Cash and Cash Equivalents	\$8,770,520	\$2,715,190
Total Investments	\$80,666,856	\$112,043,495
Land and Buildings	\$17,798,517	\$16,914,842
Fixed Assets	\$2,289,800	\$1,541,892
Other Assets	\$16,950,194	\$22,938,497
Total Assets	\$428,718,110	\$434,340,077
LIABILITIES		
Accounts Payable/Borrowing	\$9,291,838	\$3,205,763
Share Certificates	\$89,170,382	\$72,386,935
Checking Accounts	\$98,247,632	\$108,215,666
Money Markets	\$106,726,144	\$110,449,538
Deferred Compensation	\$610,937	\$584,674
Regular Shares	\$60,094,952	\$73,257,079
IRAs	\$36,918,337	\$36,060,041
Regular Reserves	\$12,761,288	\$12,761,288
Undivided Earnings	\$14,896,600	\$17,419,093
Total Liabilities	\$428,718,110	\$434,340,077
INCOME		
Interest on Loans	\$19,062,384	\$17,607,923
Interest on Investments	\$1,294,866	\$1,404,808
Other Operating Income	\$7,792,810	\$8,364,117
Total Gross Income	\$28,150,060	\$27,376,848
EXPENSES		
Employee Salary/Benefits	\$9,945,330	\$8,902,272
General and Administrative	\$8,438,270	\$9,318,465
Provision for Loan Loss	\$7,988,700	\$5,209,450
Other Interest Expense	\$68,795	\$878
Dividend Expense	\$4,962,899	\$3,020,450
Reserve Transfers	(\$3,253,934)	\$925,333
Total Expenses	\$28,150,060	\$27,376,848
Members	44,444	45,597

{ CORE VALUES }

{ MISSION STATEMENT }

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.

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.

{ LOCATIONS }

BRANCHES

Battle Ground Office
109 S.W. First St.
close to Schuck's Auto Supply

Clark College Office
Gaiser Hall
1933 Fort Vancouver Way

Ridgefield Office
2 South 56th Place, Ste. 104
Off of I-5

Camas Branch
1615 N.W. 6th Ave.

Fisher's Landing Office
2620 S.E. 165th Ave., Ste. 100
near 164th and McGillivray

Salmon Creek Office
13505 N.E. 10th Ave.
west of I-5 and 205, 134th Street Exit

Downtown Office
1313 Main St.
corner of Broadway and 13th

Hazel Dell Office
305 N.E. 81st St.
in the JM Plaza

Vancouver Mall Office
7017 N.E. Vancouver Mall Dr.
corner of Andresen and
Vancouver Mall Dr.

CAMPUS BRANCHES

Battle Ground High School
Camas High School
Clark County Skills Center
Evergreen High School
Skyview High School
Union High School

ATMs

Battle Ground
109 S.W. 1st St.
Camas
1599 S.W. 6th Ave.
Center for Community Health
1601 E. Fourth Plain Blvd. Bldg. 17
Clark College
1933 Fort Vancouver Way
Clark County Skills Center
12200 N.E. 28th St.

Columbia Tech Center
18700 S.E. Mill Plain Blvd.
Downtown Branch
1313 Main St.
ESD #112
2500 N.E. 65th Ave.
Fisher's Landing Branch
2620 S.E. 165th Ave., Ste. 100
The Jim Parsley Center
2901 Falk Rd.

Hazel Dell
305 N.E. 81st St.
Ridgefield
2 South 56th Place
Salmon Creek
13505 N.E. 10th Ave.
Vancouver Mall
Corner of Andresen
and Van Mall Dr.

PHONE BRANCH

(360) 695-3441
(800) 247-4364

ON THE WEB

www.iQcu.com

An ATM is located inside each of the following High Schools: Battle Ground, Camas, Columbia River, Hudson's Bay, Fort Vancouver, Evergreen, Mountain View, Prairie, Union and Skyview.



Federally insured by NCUA.



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