

Statement of Income & Expense

Income	2008	2009
Interest on Loans	17,415,939	18,517,194
Income from Investments	5,000,991	3,727,030
Other Income	7,869,695	9,016,772
Total Income	30,286,625	31,260,996
Expenses		
Employee Salaries & Benefits	7,002,561	7,400,733
Officer & Staff Development	156,909	92,000
Office Occupancy	1,047,993	976,208
Office Operations	2,443,580	2,351,020
Marketing & Promotions	887,539	716,050
Loan Servicing & Collections	780,890	789,091
Provisions for Loan Losses	2,242,744	6,955,120
Professional/Outside Services	332,734	319,655
Member Insurance	3,082,273	502,379
Miscellaneous Expenses	475,759	676,100
Total Operating Expenses	18,452,982	20,778,356
Income (Loss) From Operations	11,833,643	10,482,640
Interest on Borrowed Money	1,187,246	1,223,973
Dividends Paid	7,799,613	6,019,460
Non-Operating Gains (Losses)	-2,941,821	3,886,490
Net Income	-95,037	7,125,697

Statement of Financial Condition

Assets	2008	2009
Loans	261,662,144	306,596,297
Allowance for Loan Losses	-1,760,108	-6,809,310
Cash & Cash Equivalents	34,077,992	34,362,388
Investments	97,085,052	161,261,661
Land & Building	17,080,103	21,631,001
Furniture & Equipment	292,074	896,283
Other Assets	6,594,997	13,567,244
Total Assets	415,032,254	531,505,564
Liabilities & Equity		
Notes Payable	28,000,000	38,000,000
Other Liabilities	7,499,892	7,883,834
Total Liabilities	35,499,892	45,883,834
Savings	83,506,461	110,559,793
Checking	71,984,282	99,628,001
Certificate Accounts	155,099,573	187,209,724
IRAs	26,729,551	39,064,567
Total Deposits	337,319,867	436,462,085
Total Equity	42,212,495	49,159,645
Total Liabilities & Equity	415,032,254	531,505,564

2009

ANNUAL REPORT



SOUND
CREDIT UNION

Report from the President and Chairman of the Board

Due to the national economic crisis, 2009 was a difficult year for our country's financial industry. Many banks and a few credit unions failed. Like all financial institutions, Sound faced challenges throughout the year. However, we are pleased to report that due to Sound's strong foundation we've faced those challenges and completed the year with strong earnings. We are safe, sound, and here to stay.

2009 yielded financial growth, exceeding expectations set by the board and management. We are rated "well capitalized" by the National Credit Union Administration (NCUA) and our capital position and net income continue to grow. Our Capital/Net Worth ratio is 9.25%. The NCUA requires a Capital/Net Worth ratio of at least 7% to be well capitalized. Sound's December 31, 2009 Return on Assets was 1.50% compared to our peers who earned 0.29%. Like many other financial institutions, our delinquencies have increased due to economic challenges and high unemployment locally. Rest assured we have made adequate allowances for these accounts and have only minimally felt the impact.

Our strength was recognized by the Board of Directors of MilePost Credit Union, who after a thorough search process, selected Sound to be the continuing credit union in a merger partnership. The MilePost Credit Union merger was completed in August of 2009. Sound gained over 6,000 new members and a Pacific Avenue branch location. Former MilePost members now enjoy a total of twelve full-service branch locations and increased opportunity for products and services.

Sound showed strength with solid loan, deposit, and membership growth aided by our merger with MilePost. At the end of the year, our loan portfolio increased \$45 million, our deposit portfolio increased \$99 million and our membership grew to 44,000. In all categories we surpassed the growth of our peer group.

In September, we relocated the Olympia branch to a more visible location at 3600 Martin Way East - the corner of Martin Way and Lilly Road which is a busy and well known intersection in Thurston County. This convenient full-service branch offers safe deposit boxes, a drive-up ATM, and serves our members in Olympia and surrounding communities.

Sound continues to be active in community support. Three community non-profit organizations continued to be supported by Sound staff: March of Dimes, American Cancer Society and United Way of Pierce County. We also increased our scholarship program by granting five scholarships to qualifying graduating high school seniors.

We worked to increase efficiencies through technology by upgrading our lending operating platform. Velocity was introduced to continue to streamline our loan processing function. The digital signature feature of loan documents was also introduced eliminating the need for scanning documents for our records.

We are pleased to report that we are growing; we remain financially strong; and we continue to be one of the strongest credit unions in the state.



Richard C. Brandsma

Richard C. Brandsma
President & CEO



Keith Mock

Keith Mock
Chairman, Board of Directors

Report of the Supervisory Committee

The state examination, conducted by the State of Washington Department of Financial Institutions/Division of Credit Unions, was for the period ending in March 2010, reflects a high rating for strong performance and safe and sound practices and operations.

The Supervisory Committee engaged the independent public accounting firm of Shannon and Associates, LLP, to conduct the annual audit of the financial statements of the credit union and its subsidiary. The independent auditors expressed an audit opinion that your credit union's financial statements present fairly, in all material respects, the consolidated financial position of Sound Credit Union and its subsidiary as of March 31, 2010, and the consolidated results of its operations and cash flows for the twelve months then ended, in conformity with generally accepted accounting principles. The audited consolidated financial statements are available for review at the credit union's corporate office in Tacoma, Washington.

The committee wishes to thank the members, Board of Directors and staff for their cooperation in helping us carry out our duties and responsibilities.



Kenneth J. Kobes

Kenneth J. Kobes
Chairman, Supervisory Committee

2009 Board of Directors and Supervisory Committee

Board of Directors

Keith E. Mock	Chair
Brenda J. Heineman	Vice Chair
David J. Wasson	Secretary
Durant M. Hehr	Treasurer

Richard Brentin	Director
Gary W. Emmons	Director
Norman R. Parsons, Sr.	Director

Supervisory Committee

Kenneth J. Kobes	Chair
Kevin A. Bannon	Secretary
Shelley R. Coleman	Member
Michael R. Metcalf	Member