

BOARD OF DIRECTORS



Chris Romischer, Chair
Charles Dean, Jr.
Charles Dean, III
O.J. Jenkins
William T. Lassiter
Wolfgang A. Loera
William Romischer

SUPERVISORY COMMITTEE

John Persak, Chair
Charles Dean III
Scott McFeron
Kurt Romischer
Josh Turgeon

MANAGEMENT

William J. Holguin, President/CEO

STAFF

Michelle Cropley, Member Serv. Supervisor
Janice Smith-Larsen, Member Service Rep.
Kathy Pearson, Loan Officer
Christy Powell, Member Service Rep.
Sheri Stanford, Accountant
Daniel Threlkeld, Member Service Rep.
Chau Trieu, Loan Supervisor

WATERFRONT FEDERAL
CREDIT UNION

2414 SW Andover St. E-100
Seattle, WA 98106
Phone: 206-622-8415
Fax: 206-622-3981
website: www.waterfrontfcu.com
Email: memberservice@waterfrontfcu.com



2006 Annual Report



CHAIR'S AND PRESIDENT'S REPORT

Waterfront Federal Credit Union (WFCU) has worked very hard to become our members' primary financial institution. Asking our members to take advantage of services never used and increase the overall membership of the credit union. These items are two very important keys our strategic goals for the long-term health and wellbeing of WFCU. If the credit union is financially healthy, investments will be made in our members through new products, services and loans.

In 2006, WFCU accomplished very important financial goals with our net income and increased our reserves to new levels. These financial numbers were accomplished when most credit unions are experiencing shrinking profits and the market was becoming increasingly competitive. The job of managing our members' investment in the credit union is a serious one and we will do our best to maximize every dollar entrusted to us.

During the year, WFCU began the important task of Disaster Recovery and Business Continuity planning. The industry has realized that during times of a natural disaster, small financial institutions (especially credit unions) are the key to begin the restoration process in affected areas to bring them back to normal. WFCU is planning for natural disasters, computer disruptions, electrical outages and the possibility of an avian flu outbreak. These issues impact our operations and the services we provide our members. We are working with different vendors and local credit unions so that when things happen the impact to you should be minimal. WFCU will be providing educational resources, in the newsletter, for you to prepare your home and family for unexpected situations. When the credit union and the members' plan, the unexpected isn't so unexpected and we can take time to help others who were not ready.

In 2007, WFCU will invest in convenience services that our memberships' has increasingly requested in new products and services that have been identified as critical by the members. In the next few months our

membership will have access through their Watefront@Home accounts to; BillPayer services, VISA Credit Card accounts with online payment options and E-statements (paperless statements). The final implementation for these services is currently being negotiated and be watching for the final announcement on implementation dates. As a small credit union, we will continue to find ways to bring the credit union services to you when you need them.

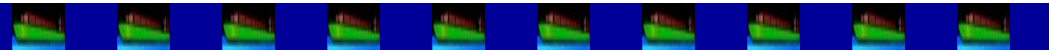
Waterfront Federal Credit Union will finish the final planning stages for the 2008 ILWU contract negotiations. We a plan to manage a decrease with incoming payroll and dusted off our Strike/Lockout Loan Policy. We have begun working with Local#19 and conducted an educational session on saving through budgeting. Our plan is to expand our educational resources through the local and in the lobby. The longshoreman's financial preparation for long-negotiations will determine increase their success during the process. We will do our best to help our members be ready.

Over the years, Waterfront Federal Credit Union has been a trusted resource, improved the financial growth of our owners and we believe it is our mission continue that philosophy. It is important for you to encourage your friends and family to join Waterfront Federal Credit Union. We would love for them to be a part of something very special at the credit union.

Thank you for your continued support and ownership!

Sincerely,

Chris Romischer, Board Chair and
William J. Holguin, President/CEO



SUPERVISORY COMMITTEE REPORT

The Supervisory Committee at WFCU is a five member all volunteer committee that has general oversight of the business of the credit union's operations. These include making sure the internal controls are in compliance with federal and local regulations, that the credit union is audited every year, and that the Board officers and CEO are following our established policies and procedures. An active Supervisory Committee is a requirement of the National Credit Union Administration (NCUA), and is part of the self-governance requirement that allows credit unions to be exempt from certain commercial banking regulations.

The WFCU Supervisory Committee has become very active in 2006-07. The Board of Directors expanded the number of members to five, which now include Scott McFeron, Charles Dean III, Josh Turgeon, Kurt Romischer, and John Persak (chair). All members have worked hard and deserve commendation, and four of our members attended an education conference this past January, so that they may contribute to the credit union in the future. The meetings continue to be held monthly, and we are preparing to take on an assistant for 8-16 hours per month, to continue implementing our revised and expanded internal audit process.

WFCU continues to retain the services of McGladrey & Pullen, LLP for our annual external audit, and affirmed that our financial reports for the audit year ending March 31, 2007 are true and accurate.

If you have any questions, comments, or concerns about the operation of the credit union, please send us a note, and your contact information to:

WFCU Supervisory Committee
John Persak, Chair
PO BOX 94443
Seattle, WA: 98124-9843
or
e-mail us at: supervisorycommittee@waterfrontfcu.com.

Sincerely,

Supervisory Committee

STATEMENT OF FINANCIAL CONDITION

Year		2006	2005	2004
Assets	Loans	\$15,627,892	\$15,479,612	\$14,819,990
	Allowance for Loan Loss	(46,382)	(93,559)	(90,740)
	Investments	19,299,696	18,225,561	17,831,894
	Cash and due from Banks	242,956	193,966	178,147
	Prepaid and Accrued Interest	262,496	221,640	153,950
	Fixed Assets	420,990	458,620	114,135
	Other Assets	7,694	1,436	11,187
	Total Assets	\$35,815,342	\$34,487,276	\$33,018,563
	Liabilities	Current Liabilities	466,986	442,078
Member Shares				
	Regular Shares	16,974,472	19,134,894	17,470,406
	Share Drafts	3,997,697	3,479,373	3,644,637
	IRA Accounts	2,166,272	2,318,282	2,334,737
	Share Certificates	7,659,675	5,066,280	5,199,820
	Total Liability	31,265,102	30,440,907	29,097,261
Capital	Required Reserves	854,327	854,327	854,327
	Unrealized G(L) on AFS Securities	(75,856)	(94,108)	(20,556)
	Undivided Earnings	3,771,769	3,237,905	3,087,531
	Total Earnings			
	Interest Income	1,945,014	1,571,777	1,250,753
	Other Income	238,949	202,752	180,404
	Non-Operating Gain (Loss)		267	11,081
Total Expenses	Total Dividend and Interest Exp	439,925	311,555	291,400
	Provision for Loan Loss	(6,594)	98,000	58,162
	Total Non-Interest Expenses	1,254,972	1,176,663	1,009,343
	Total Expenses	1,688,303	1,586,218	1,358,905
	Net Income	\$495,660	\$188,579	\$83,333

Credit Committee Report

The Credit Committee's purpose is to serve the borrowing needs of our members. The committee meets, as needed, on Thursdays from 12 p.m. to 1 p.m. to review new loan applications submitted by the lending staff. The Board of Directors' loan policy establishes guideline limits beyond which credit requests must be submitted to the Credit Committee.

In 2006, WFCU issued 393 loans totaling \$6,526,930.

The committee strongly supports the philosophy of meeting the credit needs of our members whenever possible. It is also believed that WFCU can serve you better than other financial institutions. When the committee is unable to assist a member in his or her credit needs, they feel it is their responsibility to recommend alternative options.

The goals of the loan officers and the Committee are to serve each of the member's applications in a fast, efficient, personal and confidential manner. Always consider WFCU first when you have lending needs. We offer a lot of options and we are sure we can help you meet your needs. The lending process is always being reviewed for improvements and operational efficiencies.

Our door is always open to provide you assistance.

Sincerely,

Charles Dean, Chair

Kathleen Brown

OJ Jenkins

