



2016 Annual Report

Live life fully





Co·op·er·a·tive



Adjective—Working or acting together willingly for a common purpose or benefit

Noun—A jointly-owned enterprise engaging in the production or distribution of goods or the supplying of services operated by its members for their mutual benefit, typically organized by consumers or farmers

“Every successful cooperative is built on three key components—people, service and community.”



George



Kris

A Joint Message

from our Chairman and CEO

In years past, we have always given our annual perspectives separately. This time around, as we commemorate our 50th anniversary, we felt the spirit of our message would be best delivered cooperatively.

Financial cooperative. Have you ever thought of USALLIANCE in those words? This concept is at the heart of how our institution came to be and more importantly, has shaped the organization we are today.

You might be more familiar with cooperatives as they relate to tangible products such as food or energy. A group of like-minded consumers, you and your neighbors perhaps, organize into one larger group to leverage their combined (and stronger) buying power and achieve a common goal—higher quality food, cheaper electricity and better banking services. Cooperatives, such as credit unions, differ from corporations and banks, in that their focus is on delivering goods and services to their members while corporate interest lies in maximizing profits by selling those same goods and services to consumers. In fact, credit unions are the most common type of consumer cooperative with almost 116 million members across the U.S. in 2016.

At USALLIANCE, our common goal is a simple one—to provide the financial tools you—our owners—need to live life fully. That may encompass a major innovation such as our instant online pre-qualification tool or it may be the culmination of little

services such as free credit scores, credit builder loans, or getting paid two days early. We understand that sometimes it's the little things in life that make the biggest impact.

As we close the chapter on our first 50 years, we find ourselves doing a double take at how far we have come in such a short period of time. Today, USALLIANCE is a billion dollar enterprise with over 95,000 owner-members. We are on track to rapidly become a two billion dollar institution serving 100,000 members with products and services that just about five years ago were not even on our radar.

Every successful cooperative is built on three key components—people, service and community. These are not standalone—they are intertwined. USALLIANCE is fortunate to have a truly talented staff working to create an amazing service experience for our members and the communities in which we operate. Fifty years from now, it will still be these same cooperative principles that will continue to fuel our advancement in size but allow us to stay true to our core values—a progressive financial institution where everyone has a seat at the table.

George L. Barto
Chairman

Kris P. VanBeek
President/CEO



Voices of USALLIANCE

What being a cooperative means to me.

Reminding our members that they have a say in USALLIANCE—they're owners.

—Branch Manager

It's demonstrating our commitment to our members by providing ready access to educational portals to help them become more informed consumers.

—HR Manager

To me, it means working together to create a better member experience.

—Branch Associate

It's like an extension of my family. We all look out for one another.

—Loan Underwriter

We listen. If we are going to help, we need to listen—to our members as well as each other.

—Mortgage Lending Manager

The concept eclipses one institution. Cooperative is systemic—reaching across all credit unions who share the singular goal of providing a better financial future.

—IT Manager

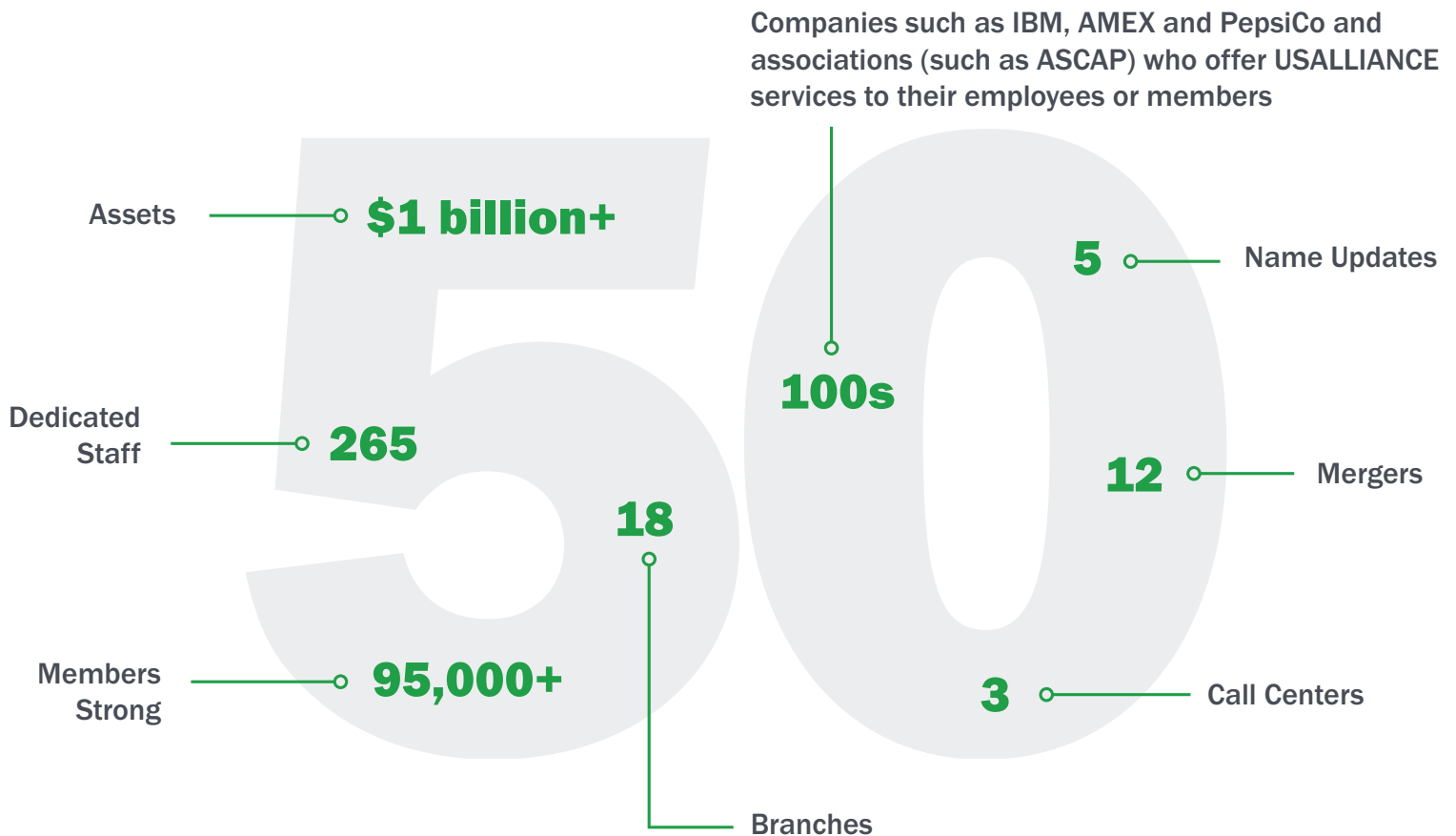
Just like our tag line—helping our members live life fully.

—Call Center Representative



50 Years

By the numbers





Supervisory Committee Report

The Supervisory Committee is an independent body, appointed by the Board of Directors, which has the responsibility to ensure that the financial statements accurately and fairly present the financial condition of the Credit Union and that management practices and procedures safeguard the members' assets.

To accomplish our goals, the Committee engages both internal auditors and an independent public accounting firm to audit the consolidated financial statements. Internal audit findings, recommendations, and management responses are reviewed by the Supervisory Committee and presented to the Board of Directors. To ensure the consolidated financial statements fairly represent the Credit Union's financial position, the Supervisory Committee retained the services of the certified public accounting firm of OCM & Co., CPAs and Advisors, a Doeren Mayhew Firm, to perform an audit in accordance with Generally Accepted Accounting Principles and

to express an opinion on the fairness of the consolidated financial statements. Their audit report, which contained an unqualified opinion, dated March 13, 2017, confirmed the Credit Union's consolidated financial statements for 2016 were materially correct and presented in conformity with Generally Accepted Accounting Principles.

For a complete copy of the independent audit report performed by OCM & Co., CPAs and Advisors, a Doeren Mayhew Firm, please call the Credit Union at 800.431.2754 or email your request to memberservices@usalliance.org.

Nancy R. Rossi
Chairperson, Supervisory Committee



Volunteers & Management Team

VOLUNTEERS

BOARD OF DIRECTORS

Chairman

George L. Barto

Vice Chairman

Peter H. Staley

Secretary

Judith A. Brandt

Treasurer

Carla M. Palma

Directors

Ellen R. Dulberger

Paul Gravenese

William H. Lusk

Alan L. Stuart

Simon R. Walton

Associate Directors

Peter Kadra

Ronald M. Quagliani

Darren Smith

Directors Emeritus

James R. Collins

Thomas F. McCormick

John Murphy

Ferdinand S. Spucci

SUPERVISORY COMMITTEE

Chairperson

Nancy R. Rossi

Secretary

Hany Saleeb

Members

Paul Gravenese

MANAGEMENT TEAM

PRESIDENT/CEO

Kris P. VanBeek

CFO/SENIOR VICE PRESIDENT

James B. White

CIO/SENIOR VICE PRESIDENT ELECTRONIC SYSTEMS & INFORMATION TECHNOLOGY

Kevin A. Randall

SENIOR VICE PRESIDENT SALES & MEMBER SERVICES

Chris J. Lazowy

VICE PRESIDENTS

Branch Services & Operations

Doreen M. Bjorkman

Compliance & Risk Management

Denise M. Enlund

Human Resources

Raksha Shirali

Marketing

Victoria D. Burton

Real Estate Lending

Kimberly London

ASSISTANT VICE PRESIDENTS

Branch Operations

April Slattery

Call Center Operations

Deana Rasco

E-commerce

Kristi L. Kenworthy

EFT/Card Services, ATMs & Imaging

Felecia A. Hudson

Human Resources

Marion T. Murphy

Information Technology

Shireen Shen

Statements of Financial Condition

As of December 31, 2016 & 2015

ASSETS	2016	2015
Cash & cash equivalents	\$86,398,066	\$85,947,641
Interest-bearing deposits	4,389,403	13,260,695
Available-for-sale investments	16,922,688	49,160,196
Federal Home Loan Bank stock	4,739,500	3,715,500
Central Liquidity Fund stock	2,366,905	2,148,915
Loans held for sale	14,524,748	10,423,865
Loans to member, <i>net of allowance for loan losses</i>	1,019,155,514	889,292,918
Accrued interest receivable	3,653,791	3,248,939
Property & equipment	4,052,290	4,516,485
Split-dollar life insurance	7,830,235	—
Life insurance policies	7,028,944	—
Prepaid & other assets	26,029,472	23,410,258
NCUSIF deposit	8,484,478	7,748,646
TOTAL ASSETS	\$1,205,576,034	\$1,092,874,058

LIABILITIES & MEMBERS' EQUITY	2016	2015
LIABILITIES		
Members' share & savings accounts	\$996,489,105	\$932,409,840
Borrowed funds	85,000,000	65,091,188
Uninsured secondary capital	7,000,000	—
Accrued expenses & other liabilities	24,426,912	13,816,539
TOTAL LIABILITIES	1,112,916,017	1,011,317,567
Commitments & contingent liabilities	—	—
MEMBERS' EQUITY		
Regular reserve	17,582,100	17,582,100
Undivided earnings	81,163,923	70,963,000
Accumulated other comprehensive loss	(6,086,006)	(6,988,609)
TOTAL MEMBERS' EQUITY	92,660,017	81,556,491
TOTAL LIABILITIES & MEMBERS' EQUITY	\$1,205,576,034	\$1,092,874,058

Statements of Income

Years ended December 31, 2016 & 2015

	2016	2015
INTEREST INCOME		
Loans to members	\$47,802,443	\$42,006,453
Investments & interest-bearing deposits	1,168,488	1,374,846
TOTAL INTEREST INCOME	48,970,931	43,381,299
INTEREST EXPENSE		
Members' shares & savings accounts	7,206,874	5,328,111
Interest on borrowed funds	809,446	561,183
TOTAL INTEREST EXPENSE	8,016,320	5,889,294
NET INTEREST INCOME	40,954,611	37,492,005
PROVISION FOR LOAN LOSSES	5,800,000	6,900,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	35,154,611	30,592,005
NON-INTEREST INCOME		
Fees & charges	3,635,096	3,422,587
Other income	2,195,949	1,936,163
Interchange income	2,097,653	1,965,416
Gain on sale of loans	1,540,871	699,639
TOTAL NON-INTEREST INCOME	9,469,569	8,023,805
NON-INTEREST EXPENSES		
Compensation & benefits	19,612,638	17,438,468
Office operations	6,907,387	6,257,325
Other	2,980,565	2,558,630
Office occupancy	2,785,067	3,045,125
Loan servicing	2,137,600	1,631,818
TOTAL NON-INTEREST EXPENSES	34,423,257	30,931,366
NET INCOME	\$10,200,923	\$7,684,444



Branch Locations

CONNECTICUT

West Haven

502 Main Street
VA Hospital, 950 Campbell
Avenue, Bldg 5

MASSACHUSETTS

Cambridge

1960 Massachusetts Avenue

Danvers

Liberty Tree Mall,
100 Independence Way

Malden

1032 Eastern Avenue

Medford

71 Station Landing

NEW YORK

Liberty

25 Sullivan Avenue

Napanoch

710 Berne Road
Walmart, 7500 Route 209

New York City

350 West 31st Street
200 Vesey Street*
20 East 179th Street (Bronx)

Otisville

49 Sanatorium Avenue

Port Chester

555 Boston Post Road

Purchase

700 Anderson Hill Road*

Wallkill

1296 Route 208

White Plains

1111 Westchester Avenue*

Woodbourne

390 Route 52

**Restricted Access*