2016 Annual Report
Co-operative

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.”

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
Companies such as IBM, AMEX and PepsiCo and associations (such as ASCAP) who offer USALLIANCE services to their employees or members.

- **$1 billion+** Assets
- **265** Dedicated Staff
- **95,000+** Members
- **100s** Call Centers
- **5** Mergers
- **18** Name Updates
- **3** Branches
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

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

PRESIDENT/CEO
Kris P. VanBeek
CFO/SeniOR VICE PRESIDENT
James B. White
CIO/Senior Vice President
ElectRONic Systems & InfOMation 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

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>$86,398,066</td>
</tr>
<tr>
<td>Interest-bearing deposits</td>
<td>4,389,403</td>
</tr>
<tr>
<td>Available-for-sale investments</td>
<td>16,922,688</td>
</tr>
<tr>
<td>Federal Home Loan Bank stock</td>
<td>4,739,500</td>
</tr>
<tr>
<td>Central Liquidity Fund stock</td>
<td>2,366,905</td>
</tr>
<tr>
<td>Loans held for sale</td>
<td>14,524,748</td>
</tr>
<tr>
<td>Loans to member, net of allowance for loan losses</td>
<td>1,019,155,514</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>3,653,791</td>
</tr>
<tr>
<td>Property &amp; equipment</td>
<td>4,052,290</td>
</tr>
<tr>
<td>Split-dollar life insurance</td>
<td>7,830,235</td>
</tr>
<tr>
<td>Life insurance policies</td>
<td>7,028,944</td>
</tr>
<tr>
<td>Prepaid &amp; other assets</td>
<td>26,029,472</td>
</tr>
<tr>
<td>NCUSIF deposit</td>
<td>8,484,478</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$1,205,576,034</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES & MEMBERS’ EQUITY

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ share &amp; savings accounts</td>
<td>$996,489,105</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>85,000,000</td>
</tr>
<tr>
<td>Uninsured secondary capital</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Accrued expenses &amp; other liabilities</td>
<td>24,426,912</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>1,112,916,017</strong></td>
</tr>
</tbody>
</table>

Commitments & contingent liabilities

<table>
<thead>
<tr>
<th>MEMBERS’ EQUITY</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular reserve</td>
<td>17,582,100</td>
<td>17,582,100</td>
</tr>
<tr>
<td>Undivided earnings</td>
<td>81,163,923</td>
<td>70,963,000</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(6,086,006)</td>
<td>(6,988,609)</td>
</tr>
<tr>
<td><strong>TOTAL MEMBERS’ EQUITY</strong></td>
<td><strong>92,660,017</strong></td>
<td><strong>81,556,491</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES & MEMBERS’ EQUITY**

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$1,205,576,034</strong></td>
<td><strong>$1,092,874,058</strong></td>
</tr>
</tbody>
</table>
## States of Income

### Years ended December 31, 2016 & 2015

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