



# 2017 Annual Report



## Note from the Chairman of the Board George L. Barto

*"It's all about the member".* That phrase has been my mantra since I was given the privilege of becoming a member of the USALLIANCE Board. No matter how much we grow or how innovative we become, every step we take is done with one single purpose in mind - to help us serve you, our members - better. It's been that way from the beginning and it will never change.

That doesn't mean that USALLIANCE as an institution won't change. Transformation is at the heart of superior member service. It is a reinforcement of our commitment to be the institution you can come to for all your financial needs. Members are continuing to rely more and more on mobile delivery systems. But at the same time, there is still a powerful desire to have a human element present as well. We're responding to this dynamic by melding emerging technologies within a traditional banking model. Our goal is to be recognized both inside and outside the industry as the pacesetter for

innovative technologies. That means more than just software and apps. It also means reinventing our brick and mortar branch network to match evolving member needs.

Our President and CEO will detail many of the ways USALLIANCE transformed in 2017 to better serve you. There is one area we pledge not to change. That's the quality of our personal interaction with you. Outstanding member service starts with outstanding people. We are truly fortunate to have a dedicated staff who embody the very words, "it's all about the member". Thank you to the many who have recognized this and acknowledged individual merit through our online review process as well as emails to senior management.

Thank you for your support this past year. We hope that our transformational changes are ones that have enriched your experience with USALLIANCE. Because it is all about you - the member. It is you that has shaped the institution we are today and the one we will become tomorrow.



**George L. Barto**  
Chairman

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fortunate to  
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Cover photo: Hopewell Junction Micro-Branch

## Note from the President/CEO Kris P. VanBeek

I was driving home recently when I heard the pinging of sleet hitting my car. As I continued on my way, it wasn't too long before those icy pellets turned to raindrops. It started me thinking about all things - water. And how this one compound can be different yet the same. I'm thirsty so it's liquid to quench me. I bump my head and ice helps reduce swelling and pain. The steam coming off my hot cup of coffee makes me feel relaxed. In each instance, it's still water. But it can be transformed into a state that can best meet my needs.

Nowhere is the concept of transformation more prevalent than in the financial services industry. There is no doubt that banking as we once knew it is fast becoming extinct. What is happening right now is an evolution to digital channels that literally put the tools to manage our finances right in the palm of our hands. Our success in meeting our members' needs for real-time information and portable transactional capabilities is ultimately tied to our agility as an institution;

that is how quickly we can transform to changing market dynamics and meld those digital technologies into a traditional banking model. I firmly believe that the credit unions who will thrive over the next decade and beyond are those who actively develop innovative mobile technologies. USALLIANCE will be one of those institutions. In 2017, we made major strides in transforming the way we do business to meet the far-ranging needs of our diverse membership, particularly in the digital arena.

■ We implemented new mortgage application software to provide a better member experience, including mobile access. Our new platform is more streamlined and allows for direct 2-way communication between our staff and the member. And that's important. A mortgage is probably the biggest financial commitment any one makes and it is the one

transaction that most people, even those totally focused on everything mobile, want and need the human element. This application process is a clear demonstration of our ability to shift gears swiftly and conform to the format – digital or human – that best suits the member's need.

■ New features to enhance the member's mobile experience were introduced. You can now access your USALLIANCE account simply by looking at your device through facial recognition software. Need your balance or want to transfer money between checking and savings? Members with iPhones can simply ask Siri. Worried about identity theft (and with the numerous substantial data breaches that have made the news, who isn't?) We've empowered you to be the first line of defense. If you misplace your USALLIANCE debit or credit card, use our mobile

Nowhere is the concept of transformation more prevalent than in the financial services industry.

app to “freeze” activity and prevent fraudulent use. And if you do find your card, you can just “unfreeze” it and it’s ready once again for you to use.

- We launched a new product called MyLife Ready Cash. It’s specifically designed to help members who frequently turn to payday lenders and fall victim to predatory lending practices. MyLife Ready Cash is a small dollar short-term loan available through an automated platform. Because it uses member data already available on our systems, we can approve and fund the loan in under a minute. The essential element of MyLife Ready Cash is that the fees and rates associated with it are substantially below those of traditional short-term lenders.

While digital will become one of the prevalent forms of our service model, brick and mortar branches will continue to be an integral component. However, even this traditional model will be transforming into a new role. In 2018, we will open our first micro branch in Hopewell Junction, New York. The facility will house a 24/7 ATM for routine transactions while a staffed Account & Loan Center will be available to open new accounts

and loans. The beauty of the micro branch lies in its efficiency, blending automation and personal service to create the kind of experience members have told us they want and need. In addition to Hopewell, we are currently building out our new Massachusetts Operations Center in Chelmsford. Using the same design concept as our Rye headquarters, Chelmsford’s collaborative office space will foster creativity and teamwork creating the perfect environment for innovative ideas to be conceived and come to fruition. And who knows, maybe bring about our next transformation.

Circling back to where we started. Remember I said that although water can be found in different states at its core it’s still water. The same is true of USALLIANCE. Because no matter how many ways we transform, at our core we are still the same – a financial cooperative deeply committed to returning value back to you, our members. Thank you for your continued support of USALLIANCE.

Sincerely,



**Kris P. VanBeek**  
President/CEO



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still the same – a  
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to you, our members.






Video supplement to our Annual Report.  
View at [usalliance.org/about-us/media-center](https://usalliance.org/about-us/media-center)

New mortgage application software provides a better member experience, including mobile access.

9:41

 **USALLIANCE**  
FINANCIAL™

Start your home loan application with Katherine Mulcahy by creating an account below.

First Name

Last Name


Email

Password

Your password must be at least 8 characters long and include one uppercase letter, one lowercase letter, and one digit.

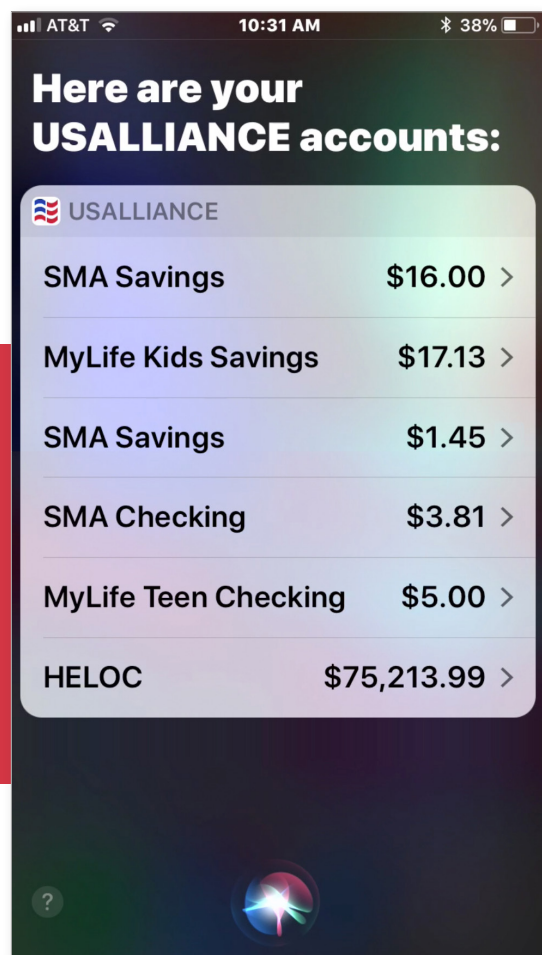
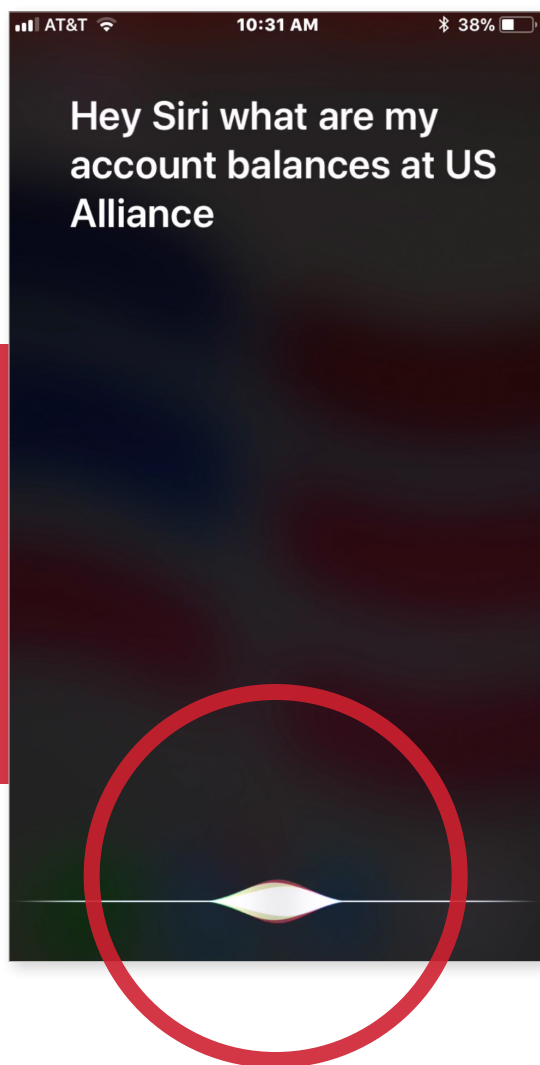
☐ I agree to the USALLIANCE Financial [Terms of Service](#) and [Privacy Policy](#)

☐ I agree to the Roostify [Terms of Service](#) and [Privacy Policy](#)

 **Start Application**

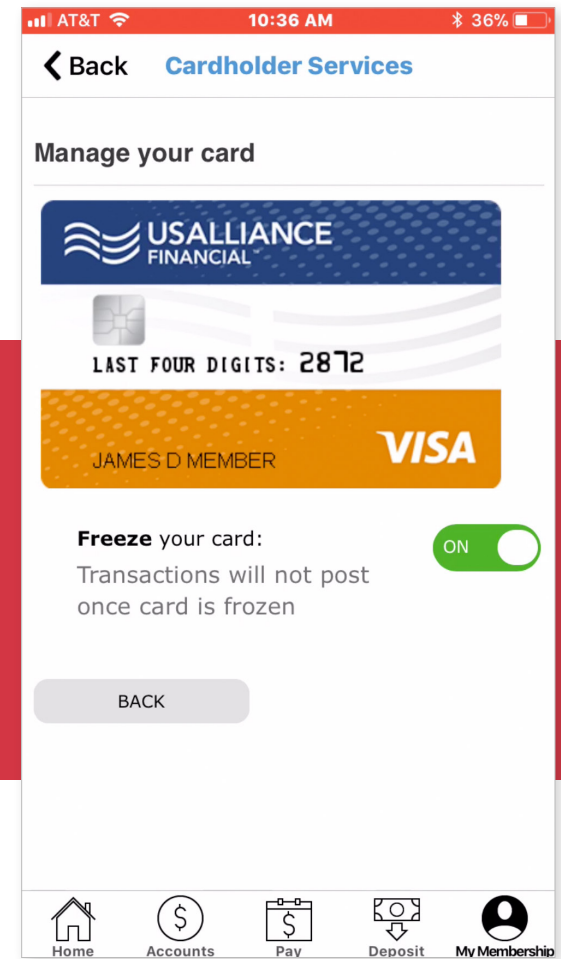
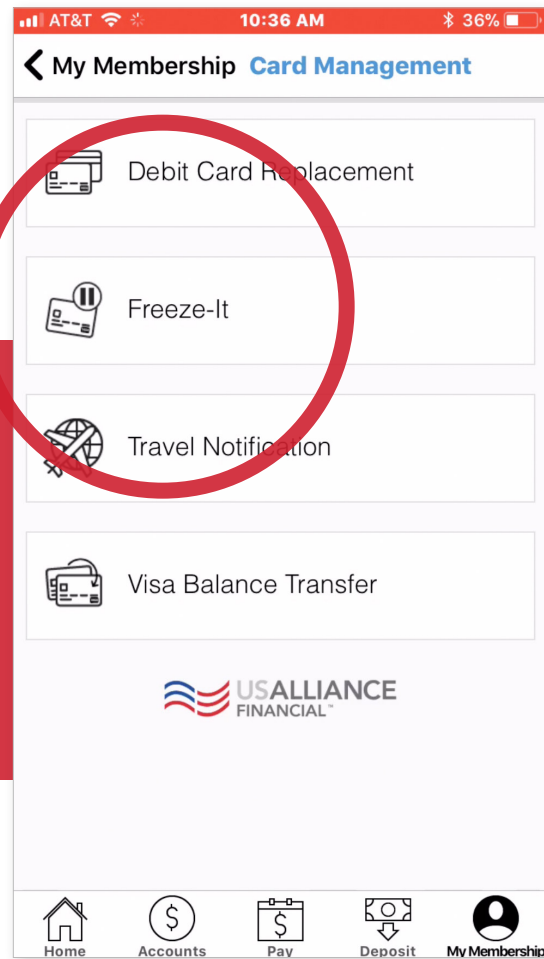
[Already have an account? Sign in here.](#)

# Ask Siri



Need your balance or want to transfer money between checking and savings? Members with iPhones can simply ask Siri.

Use our mobile app to “freeze” activity and prevent fraudulent use. And if you do find your card, you can just “unfreeze” it and it’s ready once again for you to use.



Freeze-It

## 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 Doeren Mayhew, 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 February 9, 2018, confirmed the Credit Union's consolidated financial statements for 2017 were materially correct and presented in conformity with Generally Accepted Accounting Principles.

For a complete copy of the independent audit report performed by Doeren Mayhew, please call the Credit Union at (800) 431-2754 or email your request to [memberservices@usalliance.org](mailto:memberservices@usalliance.org).



Nancy R. Rossi  
Chairperson, Supervisory Committee





## 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

Ronald M. Quagliani

Simon R. Walton

#### Associate Directors

Darren Smith

Nancy R. Rossi

#### Directors Emeritus

James R. Collins

Thomas F. McCormick

John Murphy

Ferdinand S. Spucci

Alan L. Stuart

### Supervisory Committee

#### Chairperson

Nancy R. Rossi

#### Members

Paul Gravenese

Darren Smith

## Management Team

### President/CEO

Kris P. VanBeek

### COO/Executive Vice President

James B. White

### CIO/Senior Vice President Electronic Systems & Information Technology

Kevin A. Randall

### CFO/Senior Vice President

Brett J. Wheeler

### Vice Presidents

#### Branch Services & Operations

Doreen M. Bjorkman

#### Call Center Operations

Deanna Rasco

#### Compliance & Risk Management

Denise M. Enlund

#### Human Resources

Raksha Shirali

## Volunteers & Management Team

### Real Estate Lending

Kimberly London

### Assistant Vice Presidents

#### Branch Services and Operations

Lisett Ovalle

#### Fraud & Risk

Joseph Pugliese

#### Consumer Lending

Terri Rath-Massey

#### E-commerce

Kristi L. Kenworthy

#### EFT/Card Services, ATMs & Imaging

Felecia A. Hudson

#### Human Resources

Marion T. Murphy

#### Information Technology

Shireen Shen

#### Marketing

John Billings

#### New Jersey Regional Manager

Deborah Gordon

# Financials

## Statements of Financial Condition

As of December 31, 2017  
& 2016

	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$101,200,972	\$86,398,066
ACH receivable	8,880,790	8,893,601
Interest bearing deposits	1,501,403	4,389,403
Available-for-sale investments	16,348,376	16,922,688
Federal Home Loan Bank (FHLB) stock	10,992,500	4,739,500
Central Liquidity Fund (CLF) stock	2,593,532	2,366,905
Loans held for sale	—	14,524,748
Loans to members, net of allowance for loan losses	1,187,720,232	1,019,155,514
Accrued interest receivable	4,292,384	3,653,791
Prepaid and other assets	17,174,653	17,135,871
Split-dollar life insurance (SDLI)	7,745,802	7,830,235
Credit union owned life insurance (COLI)	7,245,425	7,028,944
Property and equipment	3,776,606	4,052,290
NCUSIF deposit	8,639,018	8,484,478
<b>Total assets</b>	<b>\$1,378,111,693</b>	<b>\$1,205,576,034</b>
<b>Liabilities and Members' Equity</b>	<b>2017</b>	<b>2016</b>
Liabilities:		
Members' shares and savings accounts	\$1,016,829,787	\$996,489,105
Borrowings	225,000,000	85,000,000
Uninsured secondary capital	7,000,000	7,000,000
Accrued expenses and other liabilities	23,770,365	24,426,912
<b>Total liabilities</b>	<b>1,272,600,152</b>	<b>1,112,916,017</b>
Commitments and contingent liabilities		
<b>Members' Equity</b>	<b>2017</b>	<b>2016</b>
Regular reserve	17,582,100	17,582,100
Undivided earnings	92,752,048	81,163,923
Accumulated other comprehensive loss	(4,822,607)	(6,086,006)
<b>Total members' equity</b>	<b>105,511,541</b>	<b>92,660,017</b>
<b>Total liabilities and members' equity</b>	<b>\$1,378,111,693</b>	<b>\$1,205,576,034</b>

# Statements of Income

Years ended  
December 31, 2017 &  
2016

	2017	2016
<b>Interest income</b>		
Loans to members	\$53,237,430	\$47,802,443
Investments and interest bearing deposits	1,562,461	1,168,488
<b>Total interest income</b>	<b>54,799,891</b>	<b>48,970,931</b>
<b>Interest expense</b>		
Members' shares and savings accounts	7,941,587	7,206,874
Borrowings	2,626,725	809,446
<b>Total interest expense</b>	<b>10,568,312</b>	<b>8,016,320</b>
<b>Net interest income</b>	<b>44,231,579</b>	<b>40,954,611</b>
<b>Provision for loan losses</b>	<b>5,450,000</b>	<b>5,800,000</b>
<b>Net interest income after provision for loan losses</b>	<b>38,781,579</b>	<b>35,154,611</b>
<b>Non-interest income</b>		
Fees and charges	5,804,743	5,426,468
Interchange income	2,479,310	2,097,653
Gain on sale of loans	515,392	1,540,871
Other income	470,247	406,136
<b>Total non-interest income</b>	<b>9,269,692</b>	<b>9,471,128</b>
<b>Non-interest expenses</b>		
Compensation and benefits	21,114,078	19,612,638
Office operations	7,806,538	6,907,387
Office occupancy	2,761,947	2,785,067
Loan servicing	1,939,209	2,137,600
Other expense	1,594,582	1,611,238
Advertising costs	1,246,792	1,370,886
<b>Total non-interest expenses</b>	<b>36,463,146</b>	<b>34,424,816</b>
<b>Net income</b>	<b>\$11,588,125</b>	<b>\$10,200,923</b>

## Connecticut

### West Haven

1 Atwood Place

### 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

### Hopewell Junction

2351 Route 52

### 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)

### Port Chester

555 Boston Post Road

### Purchase

700 Anderson Hill Road\*

### Wallkill

1296 Route 208

### White Plains

1111 Westchester Avenue\*

### Woodbourne

390 Route 52

## New Jersey

### Wayne

One Corporate Drive

*\*Restricted Access*

# Branch Locations

