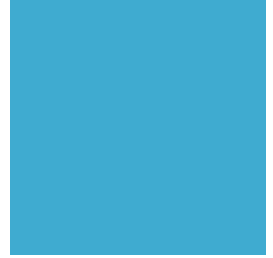


# 2009 Annual Report



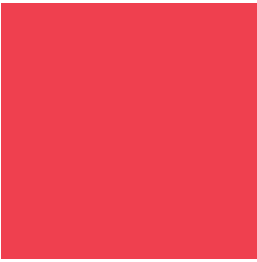


## Our Mission

- To improve the financial security of members and their families
- To be the principal supplier of financial services to our members
- To maintain a sound conservative financial position

## Our Values

- **Member Focused** - We anticipate and respond promptly to member expectations and continuously fulfill member needs.
- **Act with Integrity** - We act ethically for the member, co-workers, suppliers and our Credit Union.
- **Financially Strong** - We support those actions and behaviors that contribute to growth and return.
- **Good Employer** - We treat employees with respect and dignity. We provide employees with a work environment that is challenging, rewarding, enjoyable and safe.



## Note from the Chairman

I had hoped to be able to open this year's letter with the long-awaited news of a turnaround in our nation's economy. However, the United States remains in the vise-like grip of what has been called the worst recession since the Great Depression.

As a result, 2009 was a year marked by challenges, most brought upon us by outside forces. USAlliance, as well as credit unions across the country, bore the weight of federal assessments imposed to help shore up the share insurance fund. General concern on the part of government regulators regarding loan risk within the financial services industry as a whole led to a temporary curtailment of the Credit Union's lending ability.

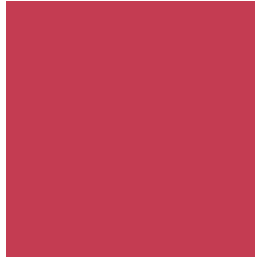
Despite these obstacles, I am pleased to report that the Credit Union ended the year in a sound financial position. Importantly, we were able to achieve our most important goal – meeting the savings and borrowing needs of our members.

What lies ahead? I believe that the U.S. economy will soon begin to rise out of the depths of this recession. And I can give you my firm confidence in the financial strength of USAlliance and its continuing ability to serve all the financial service needs of our members in 2010 and beyond.

Thank you for your trust and support.

**George L. Barto**

Chairman



## Note from the President

As the first decade of the new century drew to a close, I took some time to reflect on where USAlliance was at the beginning and where we stand today.

The past ten years have brought significant change, transforming USAlliance into a larger, stronger and more efficient organization. This has served us well by helping the Credit Union maintain a competitive posture in the face of continuing economic uncertainty within the financial services industry.

However, circumstances demand that we do not become complacent. Many leading indicators point to the lingering presence of difficult market conditions. As a result, we must continue to investigate and implement strategies that will help the Credit Union deliver high quality products and services to our members as quickly and cost effectively as possible.

In 2009, we completed one such project. The Credit Union successfully implemented a full system upgrade. It is important to note the scope of this undertaking – every mainframe computer process within USAlliance was affected. A lot of hard work and effort on part of all Credit Union personnel went into making the conversion as seamless as possible. However, the world is not a perfect place and our conversion, like those of many others, experienced a few bumps along the way. The most critical one was the dramatic spike in volume across all member communication channels and its subsequent effect on the time needed to resolve outstanding issues. While this breakdown in response time proved to be temporary, we do regret any inconvenience our members



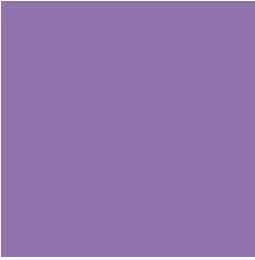
may have experienced. We are continuing to evaluate the system's potential and explore further enhancements to expand our current service portfolio and help meet the changing needs of our membership base.

A new decade is now upon us. With it comes a fresh outlook, one brimming with a renewed sense of confidence and hope. Confidence rooted in the knowledge that USAlliance is well positioned to face any challenges that may lie ahead and meet them head on. I hope that the very worst of the recession is behind all of us and better times lie ahead for our country, our Credit Union and most importantly – ourselves.

Thank you for your support in 2009. We look forward to serving you and your families well into the future.

A handwritten signature in black ink, appearing to read 'Michael F. Ambrose'.

**Michael F. Ambrose**  
President/CEO



## Report of the Supervisory Committee

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 management practices and procedures to ensure that they are sufficient to safeguard members' assets and 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 represented the Credit Union's financial position, the Supervisory Committee retained the services of the certified public accounting firm of Orth, Chakler, Murnane & Company, CPAs 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 16, 2010, confirmed the Credit Union's consolidated financial statements for 2009 were materially correct and presented in conformity with Generally Accepted Accounting Principles.

For a complete copy of the independent audit report performed by Orth, Chakler, Murnane & Company, CPAs, please call the Credit Union at 800.431.2754 or email your request to [emailbox@USAlliance.org](mailto:emailbox@USAlliance.org).

**Scott J. Forbes**

Chairman  
Supervisory Committee



## Volunteers\*

### Board of Directors

**Chairman**

George L. Barto

**Vice Chairman**

Peter H. Staley

**Secretary**

Judith A. Brandt

**Directors**

James R. Collins

Ellen Dulberger

Dean Hiller

William H. Lusk

Ferdinand S. Spucci

Alan L. Stuart

**Associate Directors**

Scott J. Forbes

Carla A. Palma

Timothy J. Sugrue

**Directors Emeritus**

Joseph E. Hanson

Thomas F. McCormick

John Murphy

### Supervisory Committee

**Chairman**

Scott J. Forbes

**Secretary**

Allan Bednowitz

**Members**

Paul Gravenese

Carla A. Palma

Timothy J. Sugrue

**Associate Members**

Arthur Leibowitz

Carmine Schiavello

\* As of May 1, 2010.



## Statement of Financial Condition

### ASSETS

	As of December 31,	
	2009	2008
Cash	\$5,889,537	\$12,960,480
Investments:		
Available-for-sale	70,158,545	57,356,586
Other	84,034,836	89,064,935
Loans to members, net of allowance for loan losses	586,369,358	528,149,933
Accrued interest receivable:		
Investments	694,110	1,062,736
Loans	2,540,547	2,314,803
Prepaid and other assets	1,176,880	1,175,252
Property and equipment	9,492,637	8,957,687
NCUSIF deposit	6,746,478	1,815,771
<b>Total assets</b>	<b>\$767,102,928</b>	<b>\$702,858,183</b>

### LIABILITIES AND MEMBERS' EQUITY

	As of December 31,	
	2009	2008
LIABILITIES:		
Members' share and savings accounts	\$706,903,620	\$642,097,940
Accounts payable and other liabilities	6,606,582	10,257,718
<b>Total liabilities</b>	<b>713,510,202</b>	<b>652,355,658</b>
Commitments and contingent liabilities	—	—
MEMBERS' EQUITY:		
Regular reserve	17,582,100	17,582,100
Undivided earnings	39,728,950	35,963,942
Accumulated other comprehensive loss	(3,718,324)	(3,043,517)
<b>Total retained earnings</b>	<b>53,592,726</b>	<b>50,502,525</b>
<b>Total liabilities and retained earnings</b>	<b>\$767,102,928</b>	<b>\$702,858,183</b>





## Statement of Income

For the years ended December 31,  
2009 2008

INTEREST INCOME:		
Loans to members	\$32,944,472	\$31,158,058
Investments	2,471,310	7,247,980
Total interest income	35,415,782	38,406,038
INTEREST EXPENSE:		
Members' share and savings accounts	15,241,600	18,530,989
Interest on borrowed funds	—	659
Total interest expense	15,241,600	18,531,648
Net interest income	20,174,182	19,874,390
PROVISION FOR LOAN LOSSES	2,660,000	2,350,381
Net interest income after provision for loan losses	17,514,182	17,524,009
NON-INTEREST INCOME:		
Fees and service charges	4,225,012	4,229,354
Income from NCUSIF	3,365,000	—
Recovery from bond claims	2,971,783	—
Gain on sale of investments	198,617	—
Gain on sale of loans	587,374	30,008
Gain on disposition of property and equipment	—	464,720
Total non-interest income	11,347,786	4,724,082
	28,861,968	22,248,091
NON-INTEREST EXPENSE:		
Compensation and employee benefits	13,078,933	14,328,485
Office operating costs	5,107,114	5,198,224
Office occupancy expenses	2,539,496	2,453,943
Other expenses	2,415,315	3,321,782
NCUSIF premium assessment	1,011,972	—
Impairment of membership capital shares at		
Members' United Corporate Federal Credit Union	944,130	—
Impairment of NCUSIF deposit	—	3,365,000
Loss on Affina misappropriation	—	2,165,823
Total non-interest expense	25,096,960	30,833,257
Net income/(loss)	\$3,765,008	(\$8,585,166)



## Executive Management Team\*

**Michael F. Ambrose**  
President/CEO

**Agnes Kung**  
Senior Vice President  
*Human Resources*

**James B. White**  
Senior Vice President  
CFO  
*Finance*

**Robert Canavan**  
Vice President  
*Accounting Services*

**Chris J. Lazowy**  
Vice President  
*Branch Operations and  
Business Development*

**Doreen A. Salvati**  
Vice President  
*Member Services and  
Consumer Lending*

**John Francese**  
Assistant Vice President  
*Information Security*

**Joann D. Kay**  
Assistant Vice President  
*Marketing*

**Susan G. Lowell**  
Assistant Vice President  
*Real Estate Services*

**Marion T. Murphy**  
Assistant Vice President  
*Human Resources*

\* As of May 1, 2010.



## **Branch Locations**

### **New York**

600 Midland Avenue  
Rye, NY

219A E. Hartsdale Avenue  
Hartsdale, NY

The Landmark at Eastview  
777 Old Saw Mill River Road  
Tarrytown, NY

303 S. Broadway, Suite 126  
Tarrytown, NY

### **New York City**

350 West 31st Street  
New York, NY

AMEX\*  
200 Vesey Street, 3rd Floor  
New York, NY

### **New Jersey**

25A Vreeland Road, Suite 106  
Florham Park, NJ

ISO Branch\*  
545 Washington Boulevard, 21st Floor  
Jersey City, NJ

### **Massachusetts**

1960 Massachusetts Avenue  
Cambridge, MA

Liberty Tree Mall  
100 Independence Way  
Danvers, MA

1032 Eastern Avenue (Route 60)  
Malden, MA

71 Station Landing  
Medford, MA

\* Restricted Access Branches

