

# 2010 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

2010 ended on the same note that it began - guarded optimism for economic improvement tempered by objective recognition that any improvements achieved would most likely be small in scale. It appears that this same outlook will carry over into 2011 and perhaps even for the next several years.

There were some small signs of encouragement in 2010. The stock market started to find its way back. The rapid freefall of the housing market slowed. The U.S. Gross Domestic Product (GDP) increased 2.9% compared to the decrease of 2.6% experienced in 2009.

However, these small steps forward were overshadowed by the more daunting obstacles we continue to face; obstacles such as a rising national debt, lingering malaise in the housing market and an excessively high unemployment rate that refuses to budge. Although economists have declared an end to the Great Recession, that end remains elusive for many families.

USAlliance and its members have not been immune to these economic pressures. However, I am proud to say that throughout this long ordeal, USAlliance has remained a beacon for our members by providing the types of savings and loan products they both want and need. The Credit Union remains a sound financial institution and will remain so, due in large part to the strategic guidance of an outstanding management team and the dedicated efforts of all staff members.

Thank you for your continued support and confidence in USAlliance. Please know that we are here to assist you and your families in meeting your financial goals.

**George L. Barto**  
Chairman



## Note from the President

The start of a new decade did not signal a new start for the U.S. economy. Despite proclamations from economists that the recession had actually ended in the summer of the previous year, business conditions remained challenging throughout 2010. I am pleased to report that USAlliance continues to hold steadfast against these external market conditions and maintain its position as a well-capitalized financial institution.

Our short-term strategies, including a focused expense reduction program, have been instrumental in helping the Credit Union hold up against extenuating outside market forces.

Recognizing that our current operating climate is fluid, we have begun to formulate long-term plans for moving the Credit Union forward. Our goal is to increase the spectrum of products and services we offer members in a manner that provides added convenience, flexibility and above all, increased member value. These products include mobile banking, remote deposit capture, a purely online account opening system and a more robust eBranch. We are also exploring the use of social media outlets as a means to foster increasingly open and rapid communication with our members.

Thank you for your patronage during 2010. We look forward to continuing to serve you and your families in the future.

A handwritten signature in black ink, appearing to read 'Michael F. Ambrose', with a long horizontal flourish extending to the right.

**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 February 16, 2011, confirmed the Credit Union's consolidated financial statements for 2010 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

William H. Lusk

Carla A. Palma

Ferdinand S. Spucci

Alan L. Stuart

**Associate Directors**

Scott J. Forbes

Paul Gravenese

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



## Statement of Financial Condition

### ASSETS

	<b>As of December 31,</b>	
	<b>2010</b>	<b>2009</b>
Cash	\$31,405,605	\$5,889,537
Investments:		
Available-for-sale	55,350,356	70,158,545
Other	47,205,461	84,034,836
Loans to members, net allowance for loan losses	599,027,419	586,369,358
Accrued interest receivable:		
Investments	278,117	694,110
Loans	2,463,584	2,540,547
Prepaid and other assets	3,264,187	1,176,880
Property and equipment	7,513,435	9,492,637
NCUSIF deposit	6,571,534	6,746,478
Total assets	<u>\$753,079,698</u>	<u>\$767,102,928</u>

### LIABILITIES AND MEMBERS' EQUITY

	<b>As of December 31,</b>	
	<b>2010</b>	<b>2009</b>
LIABILITIES:		
Members' share and savings accounts	\$690,210,324	\$706,903,620
Accounts payable and other liabilities	9,301,380	6,606,582
Total liabilities	<u>699,511,704</u>	<u>713,510,202</u>
Commitments and contingent liabilities	—	—
MEMBERS' EQUITY:		
Regular reserve	17,582,100	17,582,100
Undivided earnings	40,801,054	39,728,950
Accumulated other comprehensive loss	(4,815,160)	(3,718,324)
Total retained earnings	<u>53,567,994</u>	<u>53,592,726</u>
Total liabilities and retained earnings	<u>\$753,079,698</u>	<u>\$767,102,928</u>



## Statement of Income

	<b>For the years ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
INTEREST INCOME:		
Loans to members	\$31,457,726	\$32,944,472
Investments	1,499,136	2,471,310
Total interest income	32,956,862	35,415,782
INTEREST EXPENSE:		
Members' share and savings accounts	9,105,741	15,241,600
Net Interest Income	23,851,121	20,174,182
PROVISION FOR LOAN LOSSES	4,070,500	2,660,000
Net interest income after provision for loan losses	19,780,621	17,514,182
NON-INTEREST INCOME:		
Fees and service charges	4,156,136	4,225,012
Income from NCUSIF	—	3,365,000
Recovery from bond claims	—	2,971,783
Gain on sale of loans	—	587,374
Gain on sale of investments		198,617
Total non-interest income	4,156,136	11,347,786
	23,936,757	28,861,968
NON-INTEREST EXPENSE:		
Compensation and employee benefits	12,004,204	13,078,933
Office operating costs	4,453,305	5,107,114
Office occupancy expenses	2,463,585	2,539,496
Other expenses	1,995,667	2,415,315
NCUA insurance premium assessments	1,716,318	1,011,972
Impairment of membership capital shares at		
Members' United Corporate Federal Credit Union	231,574	944,130
Total non-interest expense	22,864,653	25,096,960
Net income	\$1,072,104	\$3,765,008

## Executive Management Team\*

**Michael F. Ambrose**  
President/CEO

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

**James B. White**  
CFO  
Senior Vice President  
*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, 2011

## 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

ISO\*  
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

