Live life fully

2015 Annual Report
NOTE FROM THE CHAIRMAN

At USALLIANCE, we embody the saying “people helping people.”

To many, this could be as simple as shoveling a neighbor’s driveway or carrying a friend’s groceries. But for us, it also means that we strive to provide USALLIANCE members with the opportunities they need to achieve financial wellness, regardless of their demographics or financial background.

As a financial cooperative, we are owned and operated by our members. This system is best explained by our financial cooperative heart model. Here’s how it works:

A person makes the choice to join USALLIANCE, whether it be through his or her occupation, family ties, or geographical location. That person begins to utilize our products and services by making deposits and applying for loans.

Ultimately, our members are the reason we are an institution that has been in existence for 50 years. From the moment a person becomes a USALLIANCE member, they have invested in the wellbeing of our institution and give us the opportunity to continue on as a healthy organization. And in turn, it’s our duty to pay it forward and help our members succeed.

As USALLIANCE continues to grow, we are committed to helping the underserved market thrive. One of the ways we plan to do this is by merging education with innovation. With the launch of a myriad of educational initiatives, such as our blog, our members will now have a personal guide to financial freedom.

This is just the beginning of how we plan to help our members. Our vision is to make all of our products and services easily available to people of all financial backgrounds in every stage of life, especially the underserved areas. The future will bring financial options that cater to members who may be denied certain financial services at other institutions. After all, we’re just grocery-carrying, snow-shoveling people helping people—determined to support every USALLIANCE member in the pursuit of their financial goals.

George L. Barto
Chairman
NOTE FROM THE PRESIDENT

When you reach a goal, do you set a new one?

“You are never too old to set another goal or to dream a new dream,” according to C.S. Lewis. I take that to mean if you always have a goal set for yourself, you never stop learning, changing, and growing. The same goes for any entity or organization—like USALLIANCE Financial.

There’s something to be said for an organization that has been around for 50 years. We have grown from a budding innovative group of six people in the IBM cafeteria into an agile and thriving $1 billion institution. We are proud of the progress we’ve made during this time, but in the spirit of C.S. Lewis, we still have work to do!

So as we enter the year of our golden anniversary, we have developed a new mission statement that embodies our objectives and allows us to remain agile. Our mission is as follows:

Supporting our members’ lifelong pursuit of personal aspirations through the everyday delivery of real-time connectivity, innovative financial solutions, and extraordinary service.

Simply put, our mission is to provide our members with the means to live life fully. We do this by offering the most modern technology, along with custom and creative remedies to problems and incomparable customer service.

But what does it really mean?

Real Time Connectivity
As years pass, the digital world becomes more and more sophisticated. However, as we continue to provide innovative services, member experience cannot be compromised. This year, our mobile banking app was said to be in the top one percent in the industry. We have even more app updates in the works, coupled with a total website redesign. Going forward, we’re committed to ensuring our technical capabilities are not only modernized, but that they’re ahead of the curve.

Innovative Financial Solutions
We’re the kind of institution that works with our partners to build custom solutions. For example, we now do aircraft and flight school loans for the Aircraft Owners and Pilots Association—one of the more recent associations we’ve brought on as partners. Building these relationships provides us with mutual opportunities to expand and grow, while creating unique financial opportunities for our members to pursue.

Extraordinary Service
You can have the latest technology implemented with exceptional creative capabilities, but these services don’t have a powerful impact if you don’t understand how to treat people like people. Our membership is now over 90,000 strong and each of these members are treated as unique individuals. It’s a great feeling to walk into your favorite restaurant, your gym, or your bank and have everyone know you by name. With USALLIANCE, this is a reality.

I know that our new mission has positioned USALLIANCE to succeed. Soon, we’ll be here saying “mission accomplished.” And then we’ll set a new goal.

Kris P. VanBeek
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 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 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 23, 2016, confirmed the Credit Union’s consolidated financial statements for 2015 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 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 Dulberger
Paul Gravenese
William H. Lusk
Ferdinand S. Spucci
Alan L. Stuart
Kris P. VanBeek
Simon R. Walton

ASSOCIATE DIRECTORS
Peter Kadra
Ronald M. Quagliani
Darren Smith

DIRECTORS EMERITUS
James R. Collins
Thomas F. McCormick
John Murphy

SUPERVISORY COMMITTEE

CHAIRPERSON
Nancy R. Rossi

SECRETARY
Allan Bednowitz

MEMBERS
Hany Saleeb

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 PRESIDENT
COMPLIANCE & RISK MANAGEMENT
Denise M. Enlund

VICE PRESIDENT
HUMAN RESOURCES
Raksha Shirali

VICE PRESIDENT
MARKETING
Victoria D. Burton

VICE PRESIDENT
REAL ESTATE LENDING
Kimberly London

ASSISTANT VICE PRESIDENT
BRANCH SERVICES
April Slattery

ASSISTANT VICE PRESIDENT
BUSINESS SYSTEMS
Regina Farley

ASSISTANT VICE PRESIDENT
CALL CENTER OPERATIONS & ENY BRANCHES
Deana Rasco

ASSISTANT VICE PRESIDENT
E-COMMERCE
Kristi L. Kenworthy

ASSISTANT VICE PRESIDENT
EFT/CARD SERVICES, ATMS & IMAGING
Felicia A. Hudson

ASSISTANT VICE PRESIDENT
HUMAN RESOURCES
Marion T. Murphy

ASSISTANT VICE PRESIDENT
INFORMATION TECHNOLOGY
Shireen Shen
### STATEMENTS OF FINANCIAL CONDITION

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$80,130,897</td>
<td>$99,093,437</td>
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<tr>
<td>Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale</td>
<td>49,160,196</td>
<td>60,384,240</td>
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<tr>
<td>Other</td>
<td>22,704,146</td>
<td>7,838,192</td>
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<tr>
<td>Federal Home Loan Bank stock</td>
<td>3,715,500</td>
<td>1,610,600</td>
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<tr>
<td>Loans held-for-sale</td>
<td>10,423,865</td>
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<tr>
<td>Loans to members, net allowance for loan losses</td>
<td>889,292,918</td>
<td>735,802,797</td>
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<tr>
<td>Accrued interest receivable:</td>
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<tr>
<td>Investments</td>
<td>149,882</td>
<td>144,235</td>
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<td>Loans</td>
<td>3,099,057</td>
<td>2,681,883</td>
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<tr>
<td>Prepaid and other assets</td>
<td>21,932,466</td>
<td>20,988,378</td>
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<tr>
<td>Property and equipment, net</td>
<td>4,516,485</td>
<td>3,171,459</td>
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<tr>
<td>NCUSIF deposit</td>
<td>7,748,646</td>
<td>7,520,005</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$1,092,874,058</strong></td>
<td><strong>$939,235,226</strong></td>
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</tbody>
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#### LIABILITIES AND MEMBERS’ EQUITY

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<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ share and savings accounts</td>
<td>$932,409,840</td>
<td>$836,355,340</td>
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<tr>
<td>Borrowed funds</td>
<td>65,091,188</td>
<td>20,000,000</td>
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<tr>
<td>Accounts payable and other liabilities</td>
<td>13,816,539</td>
<td>12,373,913</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>1,011,317,567</strong></td>
<td><strong>868,729,253</strong></td>
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Commitments and contingent liabilities

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<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
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<tbody>
<tr>
<td>Regular reserve</td>
<td>17,582,100</td>
<td>17,582,100</td>
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<tr>
<td>Undivided earnings</td>
<td>70,963,000</td>
<td>60,062,192</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(6,988,609)</td>
<td>(7,138,319)</td>
</tr>
<tr>
<td><strong>TOTAL MEMBERS’ EQUITY</strong></td>
<td><strong>81,556,491</strong></td>
<td><strong>70,505,973</strong></td>
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</tbody>
</table>

**TOTAL LIABILITIES AND MEMBERS’ EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$1,092,874,058</strong></td>
<td><strong>$939,235,226</strong></td>
<td></td>
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</tbody>
</table>
**STATEMENT OF INCOME**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTEREST INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to members</td>
<td>$42,006,453</td>
<td>$35,368,238</td>
</tr>
<tr>
<td>Investments</td>
<td>1,374,846</td>
<td>1,297,756</td>
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<tr>
<td><strong>TOTAL INTEREST INCOME</strong></td>
<td><strong>43,381,299</strong></td>
<td><strong>36,665,994</strong></td>
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<tr>
<td><strong>INTEREST EXPENSE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ share and savings accounts</td>
<td>5,328,111</td>
<td>4,492,758</td>
</tr>
<tr>
<td>Interest on borrowed funds</td>
<td>561,183</td>
<td>53,540</td>
</tr>
<tr>
<td><strong>TOTAL INTEREST EXPENSE</strong></td>
<td><strong>5,889,294</strong></td>
<td><strong>4,546,298</strong></td>
</tr>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td><strong>37,492,005</strong></td>
<td><strong>32,119,696</strong></td>
</tr>
<tr>
<td><strong>PROVISION FOR LOAN LOSSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,900,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</strong></td>
<td><strong>30,592,005</strong></td>
<td><strong>27,119,696</strong></td>
</tr>
<tr>
<td><strong>NON-INTEREST INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and service charges</td>
<td>7,324,166</td>
<td>6,390,641</td>
</tr>
<tr>
<td>Gain on sale of loans</td>
<td>699,639</td>
<td>682,081</td>
</tr>
<tr>
<td>Gain on disposition of property and equipment</td>
<td>—</td>
<td>3,299,598</td>
</tr>
<tr>
<td><strong>TOTAL NON-INTEREST INCOME</strong></td>
<td><strong>8,023,805</strong></td>
<td><strong>10,372,320</strong></td>
</tr>
<tr>
<td><strong>NON-INTEREST EXPENSE:</strong></td>
<td></td>
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</tr>
<tr>
<td>Compensation and employee benefits</td>
<td>17,438,468</td>
<td>15,077,431</td>
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<tr>
<td>Office operating costs</td>
<td>6,257,325</td>
<td>6,094,694</td>
</tr>
<tr>
<td>Office occupancy expenses</td>
<td>3,045,125</td>
<td>2,830,031</td>
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<tr>
<td>Other expenses</td>
<td>2,450,164</td>
<td>2,446,866</td>
</tr>
<tr>
<td>Loan expenses</td>
<td>1,631,818</td>
<td>1,451,345</td>
</tr>
<tr>
<td>Loss on disposition of property and equipment</td>
<td>108,466</td>
<td>—</td>
</tr>
<tr>
<td><strong>TOTAL NON-INTEREST EXPENSE</strong></td>
<td><strong>30,931,366</strong></td>
<td><strong>27,900,367</strong></td>
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<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>$7,684,444</strong></td>
<td><strong>$9,591,649</strong></td>
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</tbody>
</table>
BRANCH LOCATIONS

CONNECTICUT
502 Main Street
West Haven, CT
VA Hospital
950 Campbell Avenue
Building 5, Ground Floor
West Haven, CT

WESTCHESTER (NEW YORK)
555 Boston Post Road
Port Chester, NY
219A E. Hartsdale Avenue
Hartsdale, NY
The Landmark at Eastview
777 Old Saw Mill River Road
Tarrytown, NY
PepsiCo*
700 Anderson Hill Road
Purchase, NY
PepsiCo*
1111 Westchester Avenue
White Plains, NY

EASTERN NEW YORK
710 Berme Road
Napanoeh, NY
25 Sullivan Avenue
Liberty/Ferndale, NY
390 State Route 52
Woodbourne, NY
49 Sanatorium Road
Otisville, NY
1296 Route 208
Wallkill, NY
Walmart
7500 Route 209
Napanoeh, NY

NEW YORK CITY
350 West 31st Street
New York, NY
AMEX*
200 Vesey Street, 3rd Floor
New York, NY
El Barrio
156 East 117th Street
New York, NY
20 E. 179th Street
Bronx, NY

MASSACHUSETTS
1960 Massachusetts Avenue
Cambridge, MA
Liberty Tree Mall
100 Independence Way
Danvers, MA
1032 Eastern Avenue
Maldan, MA
71 Station Landing
Medford, MA

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