



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.

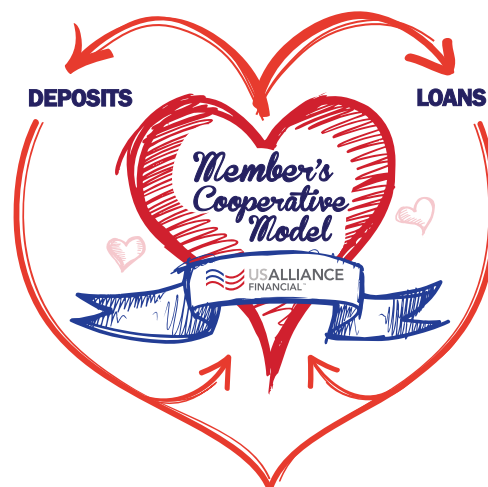
Ultimately, our members are the reason we are an institution that has been in existence for 50 years. From the moment a person becomes a USALLIANCE member, they have invested in the wellbeing of our institution and give us the opportunity to continue on as a healthy organization. And in turn, it’s our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

	As of December 31,	
	2015	2014
ASSETS		
Cash	\$80,130,897	\$99,093,437
Investments:		
Available-for-sale	49,160,196	60,384,240
Other	22,704,146	7,838,192
Federal Home Loan Bank stock	3,715,500	1,610,600
Loans held-for-sale	10,423,865	—
Loans to members, <i>net allowance for loan losses</i>	889,292,918	735,802,797
Accrued interest receivable:		
Investments	149,882	144,235
Loans	3,099,057	2,681,883
Prepaid and other assets	21,932,466	20,988,378
Property and equipment, <i>net</i>	4,516,485	3,171,459
NCUSIF deposit	7,748,646	7,520,005
TOTAL ASSETS	\$1,092,874,058	\$939,235,226
LIABILITIES AND MEMBERS' EQUITY		
	As of December 31,	
	2015	2014
LIABILITIES:		
Members' share and savings accounts	\$932,409,840	\$836,355,340
Borrowed funds	65,091,188	20,000,000
Accounts payable and other liabilities	13,816,539	12,373,913
TOTAL LIABILITIES	1,011,317,567	868,729,253
Commitments and contingent liabilities		
MEMBERS' EQUITY:		
Regular reserve	17,582,100	17,582,100
Undivided earnings	70,963,000	60,062,192
Accumulated other comprehensive loss	(6,988,609)	(7,138,319)
TOTAL MEMBERS' EQUITY	81,556,491	70,505,973
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$1,092,874,058	\$939,235,226



STATEMENT OF INCOME

	For the years ended December 31,	
	2015	2014
INTEREST INCOME:		
Loans to members	\$42,006,453	\$35,368,238
Investments	1,374,846	1,297,756
TOTAL INTEREST INCOME	43,381,299	36,665,994
INTEREST EXPENSE:		
Members' share and savings accounts	5,328,111	4,492,758
Interest on borrowed funds	561,183	53,540
TOTAL INTEREST EXPENSE	5,889,294	4,546,298
NET INTEREST INCOME	37,492,005	32,119,696
PROVISION FOR LOAN LOSSES	6,900,000	5,000,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	30,592,005	27,119,696
NON-INTEREST INCOME:		
Fees and service charges	7,324,166	6,390,641
Gain on sale of loans	699,639	682,081
Gain on disposition of property and equipment	—	3,299,598
TOTAL NON-INTEREST INCOME	8,023,805	10,372,320
	38,615,810	37,492,016
NON-INTEREST EXPENSE:		
Compensation and employee benefits	17,438,468	15,077,431
Office operating costs	6,257,325	6,094,694
Office occupancy expenses	3,045,125	2,830,031
Other expenses	2,450,164	2,446,866
Loan expenses	1,631,818	1,451,345
Loss on disposition of property and equipment	108,466	—
TOTAL NON-INTEREST EXPENSE	30,931,366	27,900,367
NET INCOME	\$7,684,444	\$9,591,649



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
Napanoch, 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
Napanoch, 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
Malden, MA

71 Station Landing
Medford, MA

*Restricted Access