

A photograph showing several hands of different skin tones stacked together in a circle, symbolizing teamwork and unity. The hands are wearing various clothing items like a blue polka-dot shirt, a black suit sleeve, and grey trousers. One hand has a silver watch, and another has gold bangles.

2018 ANNUAL REPORT

# Teamwork. Growth. Opportunity.



**George L. Barto**  
Chairman of the Board,  
Member Since 1977

## LETTER FROM THE CHAIRMAN

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### Our key to success: A member-first mentality

Each year, when I look back and reflect on the year behind us, I am amazed at the results our staff delivers when it comes to membership, loan, asset, and capital growth. But I've got to tell you, looking back at 2018—wow, it blew my socks off. The way our staff came together and cultivated double-digit growth numbers is unbelievable. They have done a great job, and we can't thank them enough. Our branch associates, member service representatives, and support staff continuously pull out all the stops for our members, and it shows each year in the results.

When I first became a member here at **USALLIANCE** back in 1977, we were a very small organization. Single employer, family-oriented, built on providing our small membership with the basic banking products they needed. No mortgages, no credit cards, just a basic Credit Union with a mission to help our members. I wasn't a volunteer at that time, but the mission of **USALLIANCE** was always clear: our members come first.

What was true back then, continues to be true today—except in a more expanded role. As the needs of our members have expanded, so have our products. We have truly become a full-service financial institution. We offer not only banking services but also loan services, insurance services, and wealth management products. In addition, we take pride in offering a friendly face behind the counter or a familiar voice over the phone. We're here for our members every step of the way. Diapers to doorbells. There aren't many financial institutions that can say that.

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## LETTER FROM THE CHAIRMAN *continued*

For **USALLIANCE**, our success has come by focusing on our mission. Our decisions are guided by what is in the best interest of our members. This loyalty to our members has kept us at the forefront of the industry, and drives us to remain flexible as we grow. As we approach the \$2 billion asset milestone, we have the financial resources and the staff expertise to be able to invest in new channels of communication for our members. This level of assets also allows us to invest in services that cost money to develop, and open new branch offices where needed, while maintaining the ability to react to individual members' needs. What we've come to realize is, if one member needs a product, chances are, the majority of our members need it as well. By keeping our focus grounded on our members, we have been able to remain flexible, and have kept our organization focused on each department doing what they do best.

Looking ahead at 2019 and beyond, I believe our greatest days are still to come. We've built some great momentum thus far, and it is nowhere close to stopping. It's exciting to think about the things our staff is working on. We're focusing on the emerging needs of our members, and concentrating on providing products that will continue to be useful throughout the lifecycle of all of our members. Our future is unlimited, our ability to serve our members is unlimited, and our ability to understand their needs is unlimited. The entire Credit Union—staff, executives, and Board—is looking at the horizon, and working toward continuing to improve the financial lives of our members.



**George L. Barto**

Chairman of the Board, Member since 1977



“Our ability to serve  
our members is  
**UNLIMITED.**”



**Kris P. VanBeek**  
President/CEO

## MESSAGE FROM THE PRESIDENT/CEO

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### Teamwork. Growth. Opportunity.

As I look back at 2018, three words come to mind—teamwork, growth, and opportunity. Financially, we had a fantastic year. We hit top-of-industry growth numbers, coming in at around 20%, and closed the year with more than \$1.7 billion in assets. As we inch closer and closer to that milestone of being a multi-billion-dollar financial institution, I find myself reflecting on the cause of our success thus far, and the strategies we will use to continue our success for the future of the Credit Union.

In order for an organization to flourish and grow as **USALLIANCE** has, it takes dedication, hard work, and above all, teamwork. In 2018, we really were—as they say—“firing on all cylinders.” Our team came together as one unit, striving to create a better member experience and a better overall financial life for our members. We didn’t focus on one single product, department, or member segment—we consistently focused on our entire membership, and their needs as a whole. Our progress is a result of the whole organization working together.

In terms of our financial assets and membership growth, 2018 saw diverse expansion across the board. Most of our growth stemmed from increased interest by new and current members, as a result of our organization’s focus on improving the features, functionality, and member value of all our products. Our acquisition of First Jersey Credit Union allowed their former members access to our products and services, and their continued engagement also contributed to our growth. We have really enjoyed welcoming our new members from First Jersey, and look forward to continuing to deepen our relationship with each of them, as their needs change.

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#### MESSAGE FROM THE PRESIDENT/CEO *continued*

A great example of this is our MyLife Checking account. Our members have really responded to the care we've put into creating a product that works best for them. We've improved our Online and Mobile Banking platforms, so our members can bank the way they need, wherever they are. With stories of identity theft increasing in the headlines, our free monthly credit score is quickly becoming a popular feature. It gives our members the peace of mind that their funds are safe and secure, by allowing them to monitor their credit simply by logging in to our Mobile App. Our members also appreciate our early pay direct deposit feature, where they can receive their paychecks up to 2 days early, and access their funds to pay their bills as needed.

As we look to the future for **USALLIANCE**, we are looking at endless possibilities, and a real opportunity to do more for our members. Becoming a multi-billion-dollar financial organization is well within reach. As we work toward reaching that threshold, you will see continued innovative technology, a streamlined member process, and diverse, healthy growth. We will look to continually improve member value, through our technology, delivery channels, and branch services. From this position of strength, there is still so much more we are able to do that we were unable to do as a Credit Union in the past. I look forward to another year of knocking it out of the park across the board.

**USALLIANCE** is in a great place, and things are continuing to look up as we move into 2019.



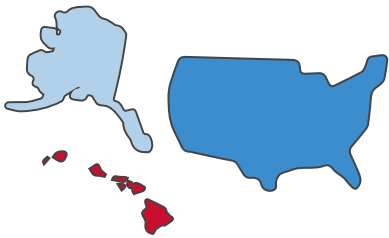
**Kris P. VanBeek**  
President/CEO



“Our progress is a result  
of the whole organization  
**WORKING TOGETHER.**”

# 2018 by the Numbers

**States** with  
USALLIANCE  
members:

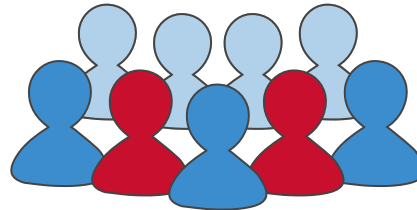


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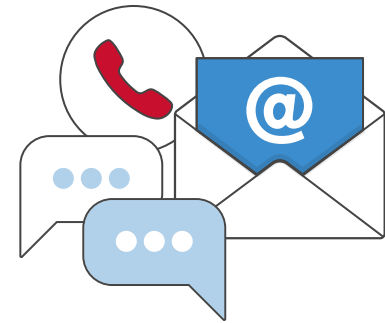


USALLIANCE  
**Debit** Cardholders:  
64,522

116,851  
**total members** served

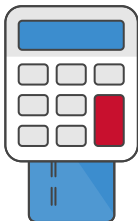


Total **call center** volume:  
246,692



Phone: 216,940  
Email: 10,572  
Live Chat: 19,180

Visa® Credit  
Cardholders:  
13,150



**Mobile** Banking users:  
34,382



Total **Branch**  
Locations: 18



#### PRODUCT HIGHLIGHT

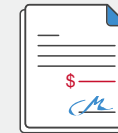
## High Dividend Savings

At the very end of 2018, we rolled out a brand-new savings product for our members: our **High Dividend Savings** account. The goal of this product is to give our members a great alternative to certificate accounts by offering an account with a high dividend at a very competitive, truly variable rate. There's no maintenance fees and a low withdrawal penalty, making it an exceedingly popular product in the market. The **High Dividend Savings** account is particularly useful for our members who are looking to save as much money as possible over time. It's based on the idea that they can build up their savings, brick by brick, no matter who they're saving for or what life stage they're currently in. With a **High Dividend Savings** account, our members earn high yields, with more withdrawal flexibility than a certificate account.

## Borrow with USALLIANCE

Whether it's getting a little extra cash for your dream wedding or vacation, consolidating debt or medical payments into a more affordable option, or finally getting the transportation you've always wanted, at **USALLIANCE**, we believe our members should have access to the funds they need, when they need them.

### TOTAL FUNDED PERSONAL LOANS



#### Personal Loans

**\$13,334,440**

Paying for unexpected home repairs, making a large purchase, or maybe finally taking that dream vacation—we helped our members afford life's necessities. Average funded Personal Loan: **\$7,211**



#### MyLife Ready Cash Loans

**\$1,013,492**

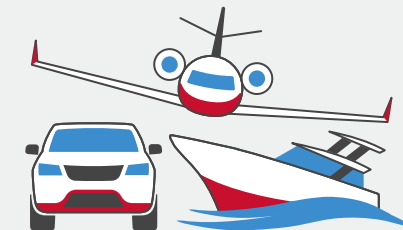
With MyLife Ready Cash, members receive a small dollar loan in as little as 60 seconds, right into their checking accounts. Average funded MyLife Ready Cash Loan: **\$759**

### TOTAL FUNDED TRANSPORTATION LOANS

#### Air, Land, & Sea

**\$224,162,464**

Our members have places to go. How they get there—well, that's up to them. Land, air, or sea—our transportation loans fund vessels of all sizes with amounts from the low **\$20,000s** to upwards of **\$1 million**.



The summary of loans funded in 2018 is unaudited. 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).



#### PRODUCT HIGHLIGHT

## Helping Our Members Find a Home

When we say we're here for our members every step of the way, we mean it. And when it comes to making those big life steps—buying a first home, expanding their “starter home” to fit their growing family, or even finding that perfect place to relax and maybe retire with a second property—we're there. Our members have really responded to our streamlined mortgage service platform. They have a direct line of communication to our staff, whenever they need it, in the form that works best for them. As we move forward into 2019, we'll continue to explore even more digital solutions in the home lending space, to keep up with our members' ever-changing needs.

## USALLIANCE Home Lending Center

Our online tools and knowledgeable staff help our members find the mortgage or home equity product that best meets their budget.



### Home Lending Product

Number of states with members who have a USALLIANCE Home Lending Product

**35**

## TOTAL HOME LOANS FUNDED IN 2018



### Mortgage Loans

First-Time Homebuyer, Fixed or Adjustable Rate, and even Jumbo Loans and Construction to Permanent Loans—USALLIANCE offers a variety of mortgage solutions for our members.

Total Mortgage Loans funded

**\$214,676,699**



### HELOC/Home Equity

From making simple home renovations or costly home repairs to paying for college expenses or consolidating debt, Home Equity Lines of Credit (HELOC) are a very useful resource for our members.

Total loans funded in 2018

**\$87,368,245**

The summary of home loans funded in 2018 is unaudited. 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).



## 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 15, 2019, confirmed the Credit Union's consolidated financial statements for 2018 were materially correct, and presented in conformity with Generally Accepted Accounting Principles.



**Nancy R. Rossi**

Chairperson, Supervisory Committee



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).

## USALLIANCE FEDERAL CREDIT UNION | STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$104,967,805	\$101,200,972
ACH receivable	10,057,987	8,880,790
Interest bearing deposits	4,826,440	1,501,403
Available-for-sale investments	38,637,173	16,348,376
Federal Home Loan Bank (FHLB) stock	15,155,000	10,992,500
Central Liquidity Fund (CLF) stock	3,039,222	2,593,532
Loans to members, net of allowance for loan losses	1,467,970,102	1,187,720,232
Accrued interest receivable	5,670,114	4,292,384
Prepaid and other assets	19,594,521	17,174,653
Split-dollar life insurance (SDLI)	7,646,595	7,745,802
Credit union owned life insurance (COLI)	7,405,222	7,245,425
Property and equipment	6,422,233	3,776,606
NCUSIF deposit	9,908,061	8,639,018
<b>TOTAL ASSETS</b>	<b>\$1,701,300,475</b>	<b>\$1,378,111,693</b>

### LIABILITIES AND MEMBERS' EQUITY

#### Liabilities

Member and non-member shares and deposits	\$1,230,984,292	\$1,016,829,787
Borrowings	315,000,000	225,000,000
Uninsured secondary capital	16,600,000	7,000,000
Accrued expenses and other liabilities	19,699,075	23,770,365
<b>TOTAL LIABILITIES</b>	<b>\$1,582,283,367</b>	<b>\$1,272,600,152</b>

#### Members' equity

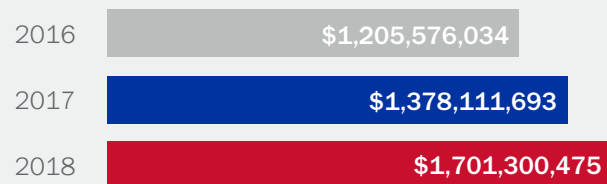
Regular reserve	17,582,100	17,582,100
Undivided earnings	105,927,967	92,752,048
Accumulated other comprehensive loss	(4,492,959)	(4,822,607)
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$119,017,108</b>	<b>\$105,511,541</b>

<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$1,701,300,475</b>	<b>\$1,378,111,693</b>
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### TOTAL MEMBERS



### TOTAL ASSETS



### NET INCOME



The graphs accompanying the Statements of Income are unaudited. 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).

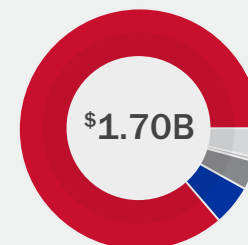
## USALLIANCE FEDERAL CREDIT UNION | STATEMENTS OF INCOME

Years Ended December 31, 2018 and 2017

	2018	2017
<b>INTEREST INCOME</b>		
Loans to members	\$65,881,842	\$53,237,430
Investments and interest bearing deposits	3,353,716	1,562,461
<b>TOTAL INTEREST INCOME</b>	<b>\$69,235,558</b>	<b>\$54,799,891</b>
<b>INTEREST EXPENSE</b>		
Members' shares and savings accounts	\$12,790,027	\$7,941,587
Borrowings	5,812,435	2,626,725
<b>TOTAL INTEREST EXPENSE</b>	<b>\$18,602,462</b>	<b>\$10,568,312</b>
<b>NET INTEREST INCOME</b>	<b>\$50,633,096</b>	<b>\$44,231,579</b>
Provision for loan losses	7,000,000	5,450,000
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$43,633,096</b>	<b>\$38,781,579</b>
<b>NON-INTEREST INCOME</b>		
Fees and charges	\$6,515,954	\$5,804,743
Interchange income	3,000,169	2,479,310
Other income	1,648,387	470,247
Gain on sale of loans	280,070	515,392
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$11,444,580</b>	<b>\$9,269,692</b>
<b>NON-INTEREST EXPENSES</b>		
Compensation and benefits	\$23,702,461	\$21,114,078
Office operations	8,918,756	7,806,538
Office occupancy	3,027,610	2,761,947
Loan servicing	2,693,974	1,939,209
Other expense	2,587,042	1,594,582
Advertising costs	971,914	1,246,792
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>\$41,901,757</b>	<b>\$36,463,146</b>
<b>NET INCOME</b>	<b>\$13,175,919</b>	<b>\$11,588,125</b>

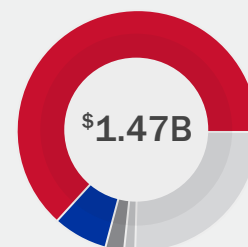
## ASSETS

\$1,467,970,102	Loans
\$104,967,805	Cash
\$61,657,835	Investments
\$6,422,233	Property & Equipment
\$60,282,500	Other



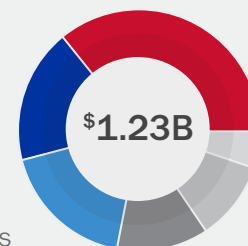
## LOANS TO MEMBERS

\$928,324,901	Real Estate
\$112,637,350	Vehicle
\$35,391,537	Credit Cards
\$17,874,243	Commercial
\$373,742,071	Other



## MEMBER SAVINGS

\$440,415,230	Certificates
\$220,235,568	Shares
\$219,390,295	Checking
\$151,159,284	Money Market
\$127,388,995	Non-Member Deposits
\$72,394,922	Retirement



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2018 ANNUAL REPORT

## Volunteers & Management Team

“Credit Unions go above and beyond what other financial institutions do. They take the time to know their members, know what matters to them, and work toward helping them achieve their financial goals, because by achieving their financial goals, they’re achieving the goals of the organization as a whole. People helping people, families helping families. **USALLIANCE** really embodies this idea. That’s what motivates me to stay dedicated as a volunteer.”

- **George L. Barto**  
Chairman of the Board





## 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  
William H. Lusk  
Ronald M. Quagliani  
Darren E. Smith  
Simon R. Walton

**Associate Director**

Nancy R. Rossi

**Directors Emeritus**

James R. Collins  
Thomas F. McCormick  
John Murphy  
Alan L. Stuart

### Supervisory Committee

**Chairperson**

Nancy R. Rossi

**Members**

Paul J. Gravenese  
Darren Smith

## MANAGEMENT TEAM

**President/CEO**

Kris P. VanBeek

**COO/Executive Vice President**

James B. White

**CFO/Senior Vice President**

Brett J. Wheeler

**CIO/Senior Vice President**

Kevin A. Randall

### Vice Presidents

**Branch Services & Operations**

Doreen M. Bjorkman

**Call Center Operations**

Deanna Rasco

**Compliance & Risk Management**

Denise M. Enlund

**Human Resources**

Raksha Shirali

**Real Estate Lending**

Kimberly London

### Assistant Vice Presidents

**Branch Services & Operations**

Lisett Ovalle

**Consumer Lending**

Terri Rath-Massey

**E-Commerce**

Kristi L. Kenworthy

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

Felecia A. Hudson

**Fraud & Risk**

Joseph Pugliese

**Human Resources**

Marion T. Murphy

**Information Technology**

Shireen Shen

**Marketing**

John Billings

## Branch Locations

### CONNECTICUT

**West Haven, VA Hospital**  
950 Campbell Avenue, Building 5

**West Haven**  
1 Atwood Place

### MASSACHUSETTS

**Cambridge**  
1960 Massachusetts Avenue

**Malden**  
1032 Eastern Avenue

**Medford**  
71 Station Landing

### NEW JERSEY

**Wayne**  
1 Corporate Drive

### NEW YORK

**Bronx**  
20 East 179th Street

**Hopewell Junction**  
2531 Route 52

**Liberty**  
25 Sullivan Avenue

**Napanoch, Walmart**  
7500 Route 209

**New York City, AMEX**  
200 Vesey Street\*

**New York City**  
350 West 31st Street

**Port Chester**  
555 Boston Post Road

**Purchase, PEPSICO**  
700 Anderson Hill Road\*

**Wallkill**  
1296 Route 208

**Woodbourne**  
390 Route 52



## THE FREEDOM TO BANK WHEREVER YOU GO, WHENEVER YOU NEED TO

### Online Banking

Check your balance, view transaction history, transfer funds, pay bills, and more—all with the click of a button. Enroll today at [usalliance.org](https://usalliance.org).

### Mobile Banking

Our Mobile App has been recognized as one of the top banking apps in the industry, giving you access to all of our Online Banking features on the go—directly from your mobile device. Download the **USALLIANCE** app from the Apple® App Store® or on Google Play™.<sup>1</sup>

### Find an ATM or Shared Branch

You never know where life may take you. As a member of **USALLIANCE**, you have access to more than **30,000** surcharge-free ATMs, as well as more than **6,000** shared branch facilities nationwide. Find an ATM near you: [www.usalliance.org/about-us/atm-branch-locator](https://www.usalliance.org/about-us/atm-branch-locator).

\*Restricted Access

<sup>1</sup> Apple is a trademark of Apple Inc., registered in the U.S. and other countries and regions. App Store is a service mark of Apple Inc. Google Play and Android are trademarks of Google LLC.





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### CONTACT US AT:

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