

2007 Annual Report

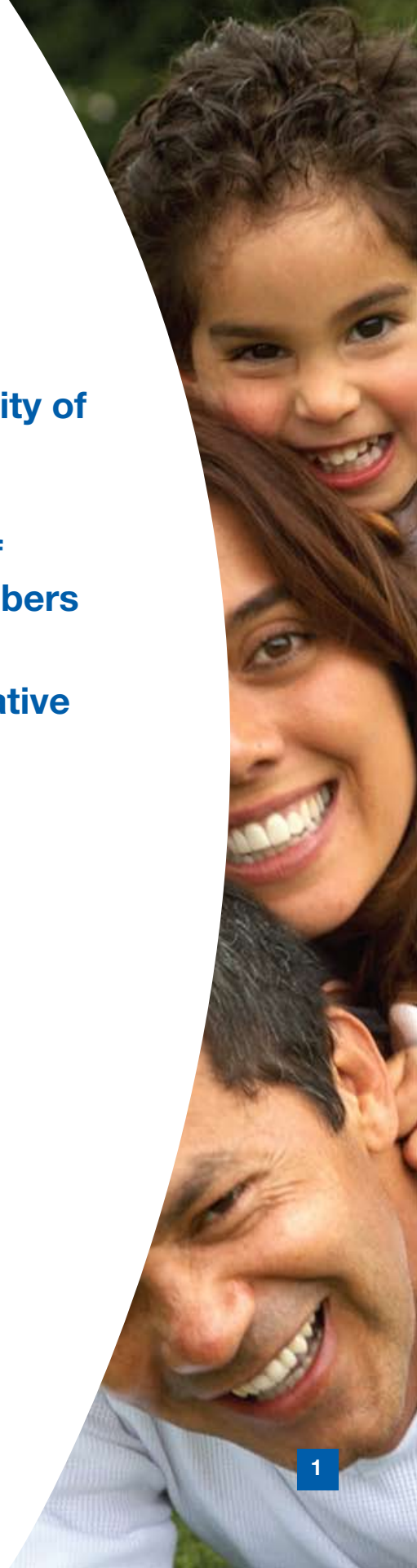


  
**USA ALLIANCE**<sup>®</sup>  
FEDERAL CREDIT UNION



# 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**



## NOTE FROM THE CHAIRMAN



It is an honor to serve our members as Chairman of the Board of Directors of USAlliance. As your Chairman, it is my goal to see that the Credit Union continues to evolve to meet the ever changing financial service needs of our members and to reach out to provide financial services to more families in our field of membership, especially families of modest means. To this end, I encourage you to share with us your perspectives, ideas and thoughts on how the Credit Union can best serve your interests.

I thank the staff, management and all the volunteers of USAlliance for their hard work and dedication in 2007. It was not an easy year for our industry. Our accomplishments in expanding our services, opening an additional branch office and bringing Credit Union services to more families are a testament to the efforts of all of them.

I also extend a special thank you to every one of our more than 38,000 members. USAlliance is the vital credit union it is today because of the trust you have placed in us. We will continue to focus our efforts in building on that trust.

A handwritten signature in black ink that reads "George L. Barto". The signature is written in a cursive, flowing style.

**George L. Barto**  
Chairman

## NOTE FROM THE PRESIDENT



I would like to echo the sentiments expressed by our Chairman in thanking all those individuals whose collective efforts resulted in a solid performance for USAlliance in 2007. This was no easy feat in a year marked by intense competition, disarray in the mortgage market and a deteriorating economic outlook. My sincere appreciation goes out to our staff, management and volunteers for their contributions.

Of course, our success ultimately traces back to one group – our members. In a world where consumers are inundated with offers from financial service providers too numerous to count, we are pleased that time and time again our members turn to us for the financial products they know they can trust and the personal service they deserve. Thank you for choosing USAlliance.

A handwritten signature in black ink, appearing to read 'Michael F. Ambrose', written in a cursive style.

**Michael F. Ambrose**  
President/CEO



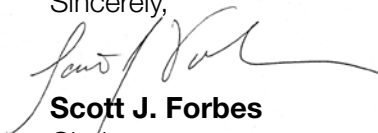
## REPORT OF THE SUPERVISORY COMMITTEE

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.

With oversight from the Supervisory Committee, internal and external auditors performed ongoing audits and reported their findings to the Supervisory Committee on a regular basis. The Supervisory Committee meets periodically and privately with the independent accountants, as well as the Board of Directors and Management, to review accounting issues including internal control procedures and regulatory compliance. The Committee also addresses member concerns.

For a complete copy of the independent audit report performed by Orth, Chakler, Murnane & Co., please call the Credit Union at 800-431-2754 or email your request to [emailbox@USAlliance.org](mailto:emailbox@USAlliance.org).

Sincerely,



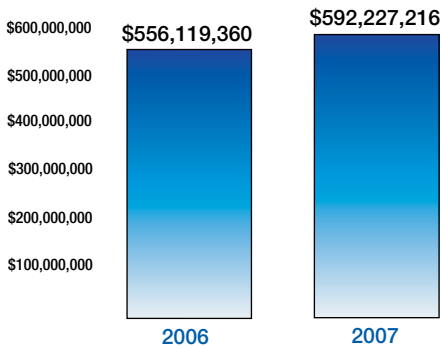
**Scott J. Forbes**

Chairman

Supervisory Committee

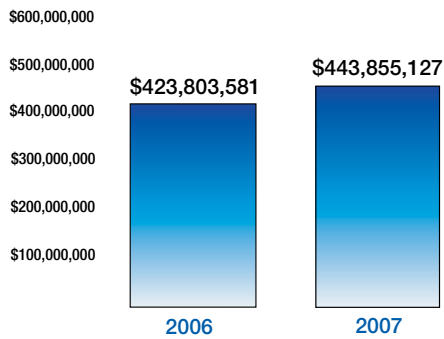
## 2007 HIGHLIGHTS

### ASSETS



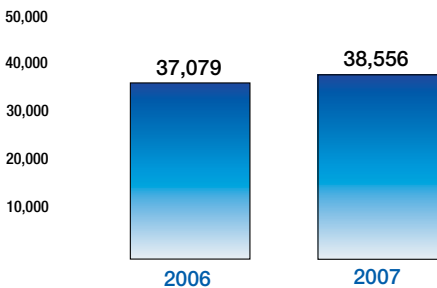
- Total assets increased 6.5% over fiscal year 2006

### LOANS



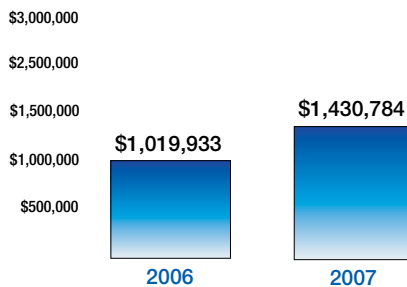
- A net loan growth rate of 4.7% was achieved

### MEMBERS



- Fiscal year 2007 ended with a membership base exceeding 38,000 for a net increase of 1,477 members

### NET INCOME



- Net income increased by 40.3% versus last fiscal year

## STATEMENTS OF FINANCIAL CONDITION

### ASSETS

	As of December 31,	
	2007	2006
Cash	\$16,960,555	\$7,865,308
Investments:		
Available-for-sale	33,106,929	52,770,724
Other	82,482,372	55,654,417
Loans to members, net of allowance for loan losses	443,855,127	423,803,581
Accrued interest receivable:		
Investments	1,102,128	837,414
Loans	2,173,039	2,220,093
Prepaid and other assets	1,807,075	3,477,306
Property and equipment	6,379,031	5,622,572
NCUSIF deposit	4,360,960	3,867,945
<b>Total assets</b>	<b>\$592,227,216</b>	<b>\$556,119,360</b>

### LIABILITIES AND MEMBERS' EQUITY

	As of December 31,	
	2007	2006
<b>LIABILITIES:</b>		
Members' share and savings accounts	\$535,236,639	\$501,286,293
Accounts payable and other liabilities	6,589,565	5,748,291
<b>Total liabilities</b>	<b>541,826,204</b>	<b>507,034,584</b>
Commitments and contingent liabilities	—	—
<b>MEMBERS' EQUITY:</b>		
Regular reserve	12,702,185	12,702,185
Undivided earnings	38,215,456	36,784,672
Accumulated other comprehensive loss	(516,629)	(402,081)
<b>Total members' equity</b>	<b>50,401,012</b>	<b>49,084,776</b>
<b>Total liabilities and members' equity</b>	<b>\$592,227,216</b>	<b>\$556,119,360</b>



## STATEMENTS OF INCOME

For the years ended December 31,  
2007 2006

INTEREST INCOME:		
Loans to members	\$28,751,154	\$26,238,024
Investments	6,545,826	4,587,239
Total interest income	35,296,980	30,825,263
INTEREST EXPENSE:		
Members' share and savings accounts	17,526,650	13,861,724
Interest on borrowed funds	—	203,487
Total interest expense	17,526,650	14,065,211
Net interest income	17,770,330	16,760,052
PROVISION FOR LOAN LOSSES	840,000	832,500
Net interest income after provision for loan losses	16,930,330	15,927,552
NON-INTEREST INCOME:		
Fees and service charges	3,448,143	3,073,484
Gain on sale of loans	44,937	115,986
Gain on disposition of property and equipment	99,625	96,479
	3,592,705	3,285,949
	20,523,035	19,213,501
NON-INTEREST EXPENSE:		
Compensation and employee benefits	11,488,118	10,418,680
Office operating costs	3,587,917	3,864,990
Other expenses	2,410,252	2,802,491
Office occupancy expenses	1,605,964	1,107,407
Total non-interest expense	19,092,251	18,193,568
Net income	\$1,430,784	\$1,019,933



## VOLUNTEERS

### Board of Directors

**Chairman**

George L. Barto

**Vice Chairman**

Peter H. Staley

**Secretary**

Judith A. Brandt

**Directors**

James R. Collins

Dean Hiller

William H. Lusk

John Murphy

Ferdinand S. Spucci

Alan L. Stuart

**Associate Directors**

Ellen Dulberger

Scott J. Forbes

**Directors Emeritus**

Joseph E. Hanson

Thomas F. McCormick

### Supervisory Committee

**Chairman**

Scott J. Forbes

**Secretary**

Allan Bednowitz

**Members**

Robert M. DiChiara

Thomas Eppinette

Arthur Leibowitz

**Associate Member**

Carmine Schiavello

## EXECUTIVE MANAGEMENT TEAM

**Michael F. Ambrose**  
President/CEO

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

**Bruce J. Simons**  
Senior Vice President  
CIO  
*Information Systems*

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

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

**Doreen Alfaro-Salvati**  
Assistant Vice President  
*Member Services*

**Janet Felix**  
Assistant Vice President  
*Information Systems*

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

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

**Chris J. Lazowy**  
Assistant Vice President  
*Branch Operations*

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

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

## BRANCH LOCATIONS

### Massachusetts

#### Cambridge

1960 Massachusetts Avenue

#### Danvers

Liberty Tree Mall  
100 Independence Way

#### Malden

Adams Plaza  
1032 Eastern Avenue

#### Medford

71 Station Landing

#### Waltham

159 Overland Road

### New Jersey

#### Jersey City

ISO\*  
545 Washington Boulevard

### New York

#### New York City

Lehman Brothers\*  
745 7th Avenue

AMEX\*  
World Financial Center  
200 Vesey Street

#### Rye

600 Midland Avenue

\* Restricted Access

