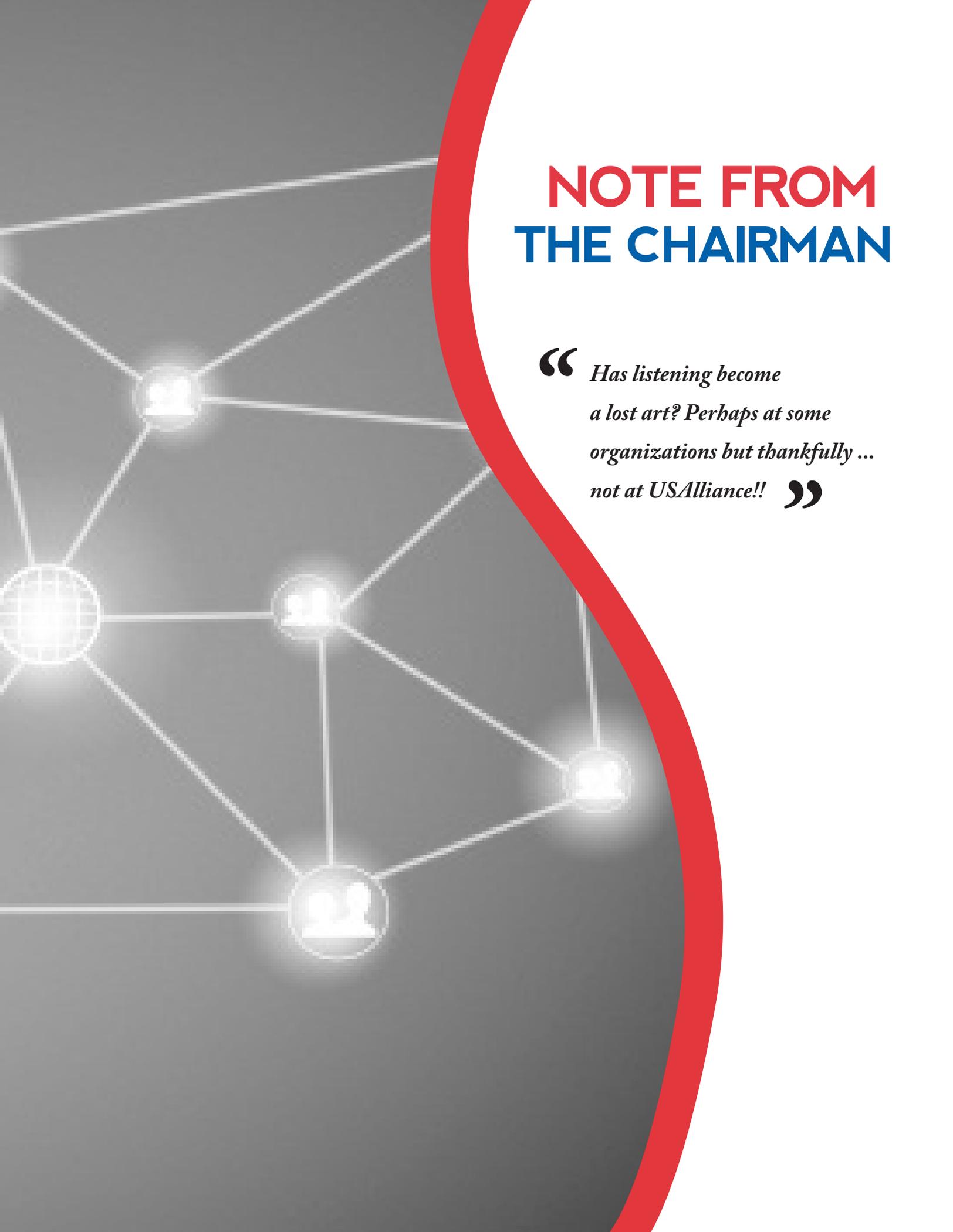


# 2013

# ANNUAL REPORT





# NOTE FROM THE CHAIRMAN

“ *Has listening become  
a lost art? Perhaps at some  
organizations but thankfully ...  
not at USAlliance!!* ”



Has listening become a lost art?

With the endless stream of conversations taking place nowadays, particularly with the explosion of social media outlets, it seems as though everyone is talking about talking. What about the other half of the equation? Communication is a two-way street. If someone talks, then presumably someone is listening. But are they?

Most companies would like you to think so. Whether it's through a mail survey, an online review or a telephone conversation, there's a frenzy swirling around collecting customer feedback. Did you like our product? Did it meet your expectations? How was our service? How are we doing? I believe reaching out to better understand what customers think is a good thing. However, what's not so good is the opportunity many of these companies miss simply because they're not listening. They're so focused on the "how good are we" that they're not paying any attention to the "how great can we be". A good organization hears what their customers have to say. But a smart organization listens to what customers are saying and actively seeks opportunities to enhance its product line and services, based on the customer's own words.

I'm proud to say that USAlliance is in the "listeners" category. Our staff, and that includes everyone from branch associate to the CEO, make it their goal to transform your words into actions. They're empowered to bring your recommendations, ideas and yes, even criticisms to the forefront to help create a better member experience. We've recently even injected the element of fun into the process. Some of our branches have "Happy or Not" Kiosks which are helping our managers better understand situational dynamics by isolating the 'happy' versus "not happy" times of the day. And in 2014, we will be introducing our new online review system where you will be invited to critique our products and branches. I encourage you to speak your mind openly. We want to hear it all – the good and the bad. Tell us what's working so we can keep at it. But it's equally as important to let us know what's not. Knowing will help make us a better credit union for today's as well as tomorrow's members.

Back to my original question – has listening become a lost art? Perhaps at some organizations but thankfully not at all. **And certainly not at USAlliance!!**

Thank you for being a valued member and your continued support of our Credit Union.

And remember, we're listening!!

**George L. Barto**  
Chairman



# NOTE FROM THE PRESIDENT

**“** *I'm honing in on the "buzz."  
I want to see that buzz become talk  
and the talk to become a shout  
and the shout to become a roar.* **”**



Have you ever accidentally eavesdropped on a conversation only to discover that you are the topic of conversation? The experience can be quite an eye opener. I know because recently I was an inadvertent eavesdropper. But what I heard wasn't actually about me per se. USAlliance was the subject matter. Let me tell you the story.

I was walking my dogs at the beach near my home when I came upon a group of fellow dog owners immersed in a deep conversation about, of all things – banks. The most vocal was a gentleman advocating the benefits of being – you guessed it – a USAlliance member. Seems he was frustrated with his bank when a friend suggested he try USAlliance. Our building was familiar to him (it's the fountains) but not what was inside. He described his first visit – the attentiveness of the branch staff, the ease of opening an account and the breadth of product offerings. Cooperative banking – this credit union thing, he said – was the real deal and USAlliance was the best way to experience it. “The only place I'll bank” is how he put it as he encouraged the others to do likewise. To truly appreciate the power of this man's words, you have to understand the story's backdrop. It's taking place in one of the most overbanked areas of the country, heavily populated by ‘big banks’ that spend tens of millions of dollars on marketing to bring in business. But, their big budgets and clever ads, pale in comparison to the power of “buzz”. The potential inherent in an endorsement from a source of deep personal trust – someone's mother, brother, teacher, boss, mentor or neighbor is – well, to borrow someone else's advertising phrase – priceless.

At USAlliance, we don't have television ads or major league stadiums bearing our name or millions of mail pieces floating around to build our business. But we have something those big guys really want. We have **buzz**. People are talking about USAlliance. And the people they're talking to – those folks are listening.

I'm not surprised. Over the past two years, we have been hard at work transforming our culture. What we have managed to accomplish in this relatively brief period of time is astonishing. We took a long hard look at ourselves, asked tough questions and made game-changing decisions to put us on the right track. Since 2011, loan volume has increased seven-fold while net organic member growth is up by more than a factor of ten. And that's only one part of the story. Behind the numbers are other achievements such as two more successful mergers, the implementation of new technologies and forward-thinking solutions. Add in the introduction of value-added services such as free monthly credit score, free Virtual Strongbox and PopMoney. It's the intangibles such as these that have set tongues wagging about USAlliance. Put simply, we have helped make our members' lives better. And that's something worth talking about.

2013 was a great year for USAlliance. But we did experience growing pains. Call center queue and loan processing times increased as our membership ranks swelled. We are working diligently on a variety of solutions to help alleviate these issues. I want to personally thank our members for their patience and support as we adapt to our new reality.

Where does our story go from here? Let's build that buzz. Grow it until it becomes talk and the talk becomes a shout and the shout becomes a roar. We want members emailing, Skyping, posting, talking, even dropping notes to others, repeating the words of that man on the beach – “USAlliance is the only place I'll bank.”

Music to my ears.

**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 17, 2014, confirmed the Credit Union's consolidated financial statements for 2013 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

## 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*

### Associate Directors

*Peter Kadra*

### Directors Emeritus

*James R. Collins*

*Thomas F. McCormick*

*John Murphy*

## SUPERVISORY COMMITTEE\*

### Chairman

*Scott J. Forbes*

### Secretary

*Allan Bednowitz*

### Members

*Paul Gravenese*

*Peter Kadra*

*Timothy J. Sugrue*

### Associate Member

*Darren Smith*

\*As of May 15, 2014

# VOLUNTEERS



# STATEMENT OF FINANCIAL CONDITION

As of December 31,

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash	\$98,206,800	\$110,941,587
Investments:		
Available-for-sale	86,747,445	74,390,041
Other	7,282,355	12,181,391
Loans to members, net allowance for loan losses	627,264,308	582,374,839
Accrued interest receivable:		
Investments	256,034	332,014
Loans	2,462,338	2,179,992
Prepaid and other assets	19,653,230	6,052,210
Property and equipment	6,551,321	7,629,034
NCUSIF deposit	7,170,293	7,057,148
<b>Total assets</b>	<b>\$855,594,124</b>	<b>\$803,138,256</b>

As of December 31,

<b>LIABILITIES AND MEMBERS' EQUITY</b>	<b>2013</b>	<b>2012</b>
Liabilities:		
Members' share and savings accounts	\$790,411,603	\$737,753,424
Accounts payable and other liabilities	6,403,714	8,300,981
<b>Total liabilities</b>	<b>796,815,317</b>	<b>746,054,405</b>
Commitments and contingent liabilities		
Member's Equity:		
Regular reserve	17,582,100	17,582,100
Undivided earnings	49,363,902	45,203,709
Accumulated other comprehensive loss	(8,167,195)	(5,701,958)
<b>Total retained earnings</b>	<b>58,778,807</b>	<b>57,083,851</b>
<b>Total liabilities and retained earnings</b>	<b>\$855,594,124</b>	<b>\$803,138,256</b>

# STATEMENT OF INCOME

For the years ended December 31,

2013

2012

	2013	2012
<b>Interest Income:</b>		
Loans to Members	\$30,712,242	\$28,706,333
Investments	1,498,685	1,789,074
<b>Total Interest Income</b>	<b>32,210,927</b>	<b>30,495,407</b>
<b>Interest Expense:</b>		
Members' share and savings accounts	4,338,083	4,901,726
<b>Net Interest Income</b>	<b>27,872,844</b>	<b>25,593,681</b>
<b>Prepaid and Other Provision for Loan Losses</b>	<b>3,350,000</b>	<b>4,325,000</b>
<b>Net interest income after provision for loan losses</b>	<b>24,522,844</b>	<b>21,268,681</b>
<b>Non-interest Income:</b>		
Fees and service charges	5,222,579	4,697,974
Gain on sale of loans	915,777	1,325,724
	6,138,356	6,023,698
<b>Net income before non-interest expense</b>	<b>30,661,200</b>	<b>27,292,379</b>
<b>Non-interest Expense:</b>		
Compensation and employee benefits	14,102,577	13,596,653
Office operating costs	5,899,093	5,092,185
Office occupancy expenses	2,643,227	2,626,745
Loan expenses	1,202,665	1,780,403
Other expenses	2,728,932	2,395,677
<b>Total non-interest expense</b>	<b>26,576,494</b>	<b>25,491,663</b>
<b>Net income</b>	<b>\$4,084,706</b>	<b>\$1,800,716</b>

# EXECUTIVE MANAGEMENT TEAM

**Kris P. VanBeek***President/CEO***James B. White***CFO/Senior Vice President***Chris J. Lazowy***Senior Vice President*

Sales &amp; Member Services

**Denise M. Enlund***Vice President*

Compliance &amp; Risk Management

**Jon W. Krumdick***Vice President*

Consumer Loans &amp; Business Development

**Kevin A. Randall***Vice President*

Electronic Systems &amp; Information Technology

**Regina Farley***Assistant Vice President*

Business Systems

**Felicia A. Hudson***Assistant Vice President*

EFT /Card Services, ATMs &amp; Imaging

**Darryl R. Jacobs***Assistant Vice President*

Consumer Loans

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

Marketing

**Kristi L. Kenworthy***Assistant Vice President*

E-Commerce

**Kimberly London***Assistant Vice President*

Real Estate Lending

**Susan T. Lowell***Assistant Vice President*

Real Estate Services

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

Staffing, Employee Relations &amp; Training

**Shireen Shen***Assistant Vice President*

Information Technology

**Raksha Shirali***Assistant Vice President*

Human Resources

\*As of May 15, 2014



# 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

**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

\*Restricted Access

## 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

## 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



**USAlliance**<sup>®</sup>  
FEDERAL CREDIT UNION

[USAlliance.org](http://USAlliance.org)