

The cover features a blue background on the left side, transitioning into a white and grey checkerboard pattern on the right. A large, stylized graphic of three overlapping curved bands in blue, grey, and white sweeps across the top and left. The text is centered in the checkerboard area.

USX  
FEDERAL  
CREDIT UNION®

**2017**

**Annual  
Report**

*"Driven by VALUES... Empowered by MEMBERS"*

## CHAIRMAN'S AND PRESIDENT'S REPORT

As we closed the books and concluded business for 2017 we moved forward into a new year and continue to maintain our loyalty to the credit union movement's philosophy of "People Helping People". As a team we work very hard to achieve the common goals of our strategic plan and to remain relevant to our members. We have a sincere desire to help all members by providing them with financial advantages through using our products and services which are in tune with their needs. As we enter our 80th year of service to our members I am pleased to say we remain a safe, sound and secure financial cooperative.

2017 was an especially challenging year for U\$X Federal Credit Union. We worked diligently to serve our members and took steps to improve their financial lives. Unfortunately, due to an unexpected turn of events our credit union's bottom line was in the red suffering a loss for the first time in almost 80 years.

We have always taken pride in helping members fulfill their financial dreams and improve their future. During the last few years we extended credit to a small number of members who rather than embracing the credit union philosophy have shirked their financial obligations and failed to repay their loans causing the credit union a \$4.3 million loss.

When the Executive Staff and the Board of Directors perceived this growing risk, the necessary steps were taken to minimize the risk while maintaining service to our members. Our underwriting standards have been tightened and collection procedures have been strengthened to preclude a reoccurrence of this magnitude. We are also designing plans and strategies as well as strengthening a foundation of products, services, staff and sponsors necessary to support future growth and financial strength.

### **The following are the results of our operations for 2017:**

Assets grew from \$220,934,697 to \$222,713,586, an increase of \$1,778,889 (0.81%).

Loans grew from \$156,723,338 to \$161,651,525 an increase of \$4,928,187 (3.14%).

Investments available for sale grew from \$44,046,388 to \$48,178,331, an increase of \$4,131,943 (9.38%).

Revenue grew from \$12,909,233 to \$13,944,306, an increase of \$1,035,073 (8.02%)

Expenses grew from \$10,758,220 to \$11,536,343, an increase of \$778,123 (7.23%).

Dividends grew from \$526,031 to \$574,168, an increase of \$48,137 (9.15%)

Net Worth (Capital) remains significantly strong at a year-end ratio of 12.54%

Membership growth – added 58 new sponsor companies and increased members by 708 (2.7%)

Financial Planning Services – We continue our relationship with CUNA Mutual Group offering the services of our financial advisor to assist members with alternative investment choices, retirement planning, wealth management and much more.

Because of the risk and challenges associated with granting credit to some members, our loan delinquencies grew from \$3.6 million to \$4.8 million an increase of \$1.2 million (34.4%) which resulted in a much greater than anticipated increase of loan losses and Charge Offs. To our great disappointment we were unable to pay a member loyalty reward for 2017.

The Board of Directors, Management team and staff are working diligently to put the problems we faced in 2017 behind us, add good new members, continue to build capital and most importantly deliver world-class service to our members. A review of preliminary data indicate we are on the right path.

The Board of Directors serve as the members representatives and are committed to always act in good faith and prudently in overseeing and protecting the financial integrity of the credit union. We will always remain true to our mission of improving the financial lives of our members' with the confidence of financial security.

We are honored and privileged to serve you and to be a part of an outstanding team of professionals. My sincere thanks to all of our employees for their efforts to help and serve our members during 2017. We look forward with optimism for a successful 2018 and our thanks to all of our loyal members' for your trust and continued support of U\$X Federal Union.

Sincerely,

John E. (Jack) Toth, Chairman

David R. Ackerman, President/CEO

## SUPERVISORY COMMITTEE REPORT

U\$X Federal Credit Union has assets of \$222.7 million and serves over 26,841 members. The credit union has nine offices operating in Pennsylvania and two offices operating in Ohio.

The Supervisory Committee audits many aspects of Credit Union operations to ensure: Accounting reports and records are prepared promptly and accurately, internal controls are in place to monitor activities policies and procedures and operations are in compliance with state and federal regulations.

The Supervisory Committee retains the accounting firm S.R. Snodgrass to perform a complete financial statement audit each year and the accounting firm Cottrill, Arbutina and Associates to perform various internal control tests as well as internal audits.

The National Credit Union Administration (NCUA) also conducts an annual examination of the credit union.

Each of these organizations review our loan portfolio, deposit accounts, credit card portfolio, operations, data processing, as well as policies and procedures in order to ensure that records are correct and that U\$X Federal Credit Union complies with current laws, regulations and accounting standards.

U\$X Federal Credit Union continues to receive positive reports about its effective operations and proactive management executed by volunteers and employees.

Your Supervisory Committee is pleased to report that the affairs for the Credit Union during 2017 were concluded in accordance with all rules and regulation.

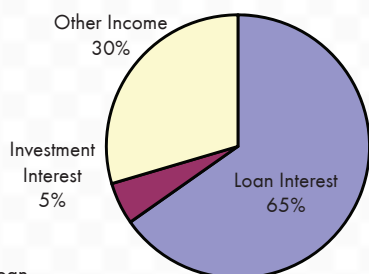
A copy of the audited financial statement is available for review at our administrative office in Cranberry Township, PA.

Richard C. Nichols  
Supervisory Committee Chairman

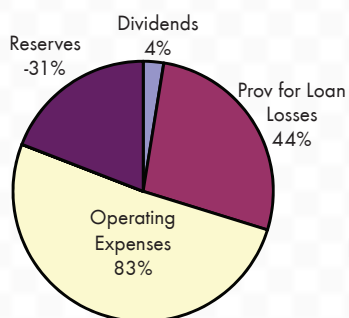
	12/31/17	
<b>INCOME</b>		
Loan Interest	\$9,099,728	65.3%
Investment Interest	721,812	5.2%
Other Income	<u>4,123,629</u>	29.6%
	13,945,169	

<b>EXPENSES</b>		
Dividends	574,168	4.1%
Prov for Loan Losses	6,151,389	44.1%
Operating Expenses	11,536,343	82.7%
Reserves	<u>(4,316,731)</u>	-31.0%
	13,945,169	

### SOURCES OF INCOME



### DISTRIBUTION OF INCOME



## FINANCIAL REPORT

	12/31/17	12/31/16
<b>ASSETS</b>		
Loans, net	\$156,163,338	\$155,521,844
Cash & Equivalents	10,139,359	12,978,219
Investments	48,178,331	44,046,412
Other	<u>8,232,558</u>	<u>8,388,222</u>
Total Assets	<u>\$222,713,586</u>	<u>\$220,934,697</u>
<b>LIABILITIES &amp; EQUITY</b>		
Accounts Payable	\$657,009	\$741,053
Certificate Dividends Payable	15,706	11,094
Total Liabilities	<u>672,715</u>	<u>752,147</u>
Regular Shares	95,279,064	94,939,688
IMMA Shares	46,545,728	41,002,782
Checking Accounts	22,005,234	19,375,906
Certificates	29,325,966	32,326,113
IRA Shares	<u>1,399,475</u>	<u>567,088</u>
Total Shares	194,555,467	188,211,577
Members' Equity	<u>27,485,404</u>	<u>31,970,973</u>
Total Liabilities & Equity	<u>\$222,713,586</u>	<u>\$220,934,697</u>
<b>INCOME</b>		
Interest:		
Loans	\$9,099,728	\$8,753,699
Investments	<u>721,812</u>	<u>663,480</u>
Total Interest	9,821,540	9,417,179
Non-Interest		
Gain on Sale of Investments	864	58,343
Fees	1,847,801	1,414,464
Miscellaneous	<u>2,274,964</u>	<u>2,077,590</u>
Total Income	13,945,169	12,967,576
<b>EXPENSES</b>		
Dividends:		
Regular Shares	103,579	99,806
IMMA Shares	154,321	119,843
Certificates	315,267	290,131
IRA Shares	<u>1,031</u>	<u>602</u>
Total Dividends	574,198	510,382
Provision for Loan Losses	6,151,389	1,281,130
Operating Expenses	<u>11,536,343</u>	<u>10,758,224</u>
Total Expenses	18,261,930	12,549,736
Income Before Loyalty Dividend	(4,316,761)	417,840
Loyalty Dividend	-	227,423
Net Income	<u>\$(4,316,761)</u>	<u>\$190,417</u>

### BOARD OF DIRECTORS

John E. Toth, Chairman  
Richard C. Nichols  
Albert J. Flynn, Jr., Vice Chairman  
Christopher D. Panian  
Mashawn A. Lorenz, Secretary  
James D. Settlermaier  
Thomas M. White, Treasurer  
Jose A. Quinones - Associate  
Sachin Patel - Associate

### SUPERVISORY COMMITTEE

Richard C. Nichols, Chairman  
Jose A. Quinones  
Sachin Patel  
Cottrill, Arbutina & Associates, P.C. - Internal Audit Firm  
S. R. Snodgrass Certified Public Accountants and Consultants - External Audit Firm

### MANAGEMENT

David R. Ackerman, President / CEO  
Mark A. Volponi, Executive Vice President - Chief Financial Officer  
Valerie J. Stumpf, Vice President - Operations  
Timothy C. Wojtaszek, Vice President - Marketing / Business Development  
David C. Chapkis, Vice President - Lending

## US\$ FCU PRODUCTS AND SERVICES

### MEMBERSHIP

- Preferred Partner Groups
- Family Memberships
- Once a Member, Always a Member

### SAVINGS PRODUCTS

- Share Savings Accounts
- Christmas Club Accounts
- Youth Club Savings Accounts
- Designated Share Savings Accounts
- Share Certificates
- Insured Money Management Account

Deposits insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000

### TAX ADVANTAGED PRODUCTS

- Individual Retirement Accounts (IRAs)
- Roth IRAs
- Coverdell Educational Savings Accounts

Deposits insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000

### US\$ FINANCIAL GROUP

- Financial Planning and Retirement Services

### CONSUMER LOANS

- New Vehicle Loans
- Used Vehicle Loans
- Motorcycle Loans
- Boat Loans
- Motor Home Loans
- Signature Loans
- Stock / Share Pledged Loans
- Better Choice Loan Program
- Private Student Loan Program

### VISA® PRODUCTS

- VISA Platinum Credit Card
- VISA Blue Credit Card

### REAL ESTATE LOANS

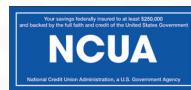
- Home Equity Loans
- Home Equity Lines-of-Credit
- Mortgages (Terms up to 30 Years)

### MEMBER TRANSACTION PRODUCTS

- Free Online Account Access with NETBRANCH
- Free Electronic BILLPAY
- Free Mobile Banking
- Free Remote Check Deposit
- Free Personal Financial Management Tools
- VISA Debit Card
- Free Checking Account / Overdraft Protection
- Member Plus Checking with Interest / Overdraft Protection
- Over 97,000 Free ATM Machines & No Surcharge Networks
- Direct Deposit
- Payroll Deduction
- Toll Free Phone Access
- Wire Transfer Service
- Money Orders

**1-888-219-3159**

**[www.usxfcu.org](http://www.usxfcu.org)**



## US\$ FEDERAL CREDIT UNION LOCATIONS

### CRANBERRY/ADMINISTRATIVE OFFICES

1293 Freedom Rd PO Box 1728  
Cranberry Twp PA 16066

Toll Free Number: 1-888-219-3159

Fax (724) 779-4656

Toll Free Phone Access 1-800-590-0207  
NETBRANCH [www.usxfcu.org](http://www.usxfcu.org)

### CRANBERRY EAST OFFICE

1694 Route 228 Ste 102  
Cranberry Twp PA 16066

### PITTSBURGH OFFICE

600 Grant St Concourse Level  
Pittsburgh PA 15219

### NEW STANTON OFFICE

100 Bair Blvd PO Box 657  
New Stanton PA 15672

### SARVER OFFICE

479 N Pike Rd  
Sarver PA 16055

### MARATHON OFFICE

539 S Main St Rm 1024  
Findlay OH 45840

### FINDLAY OFFICE

1038 Interstate Court  
Findlay OH 45840

### JEFFERSON OFFICE

575 Coal Valley Rd  
Jefferson Hills PA 15025

### GREENSBURG OFFICE

55 S. Washington Ave  
Greensburg PA 15601

### MONACA OFFICE

400 Frankfort Rd  
Monaca PA 15061

### PETROLIA OFFICE

200 Main Hill Rd  
Petrolia PA 16050