



2015 ANNUAL REPORT



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HISTORY

USSFCU was founded on **October 8, 1935** by nine individuals who decided to pool their resources and charter a new financial cooperative designed to exclusively serve Senate employees and their families. Since then, we have championed many changes and experienced significant growth. Today, USSFCU's membership has grown to over 33,000 members and our dedication to helping our members reach financial success remains steadfast.

1935
Year Established



1984

United States Senate Employees Federal Credit Union moved to a new home in the Hart Senate Office Building.



1990

The name of the credit union was officially changed to United States Senate Federal Credit Union (USSFCU).

THREE
Branch Locations



1993

To meet expanding growth, an Operations Center opened in Alexandria, Virginia.



1992

USSFCU merged with GAOFCU, offering a second full-service branch in the Government Accountability Office (GAO).

33,000+
Total Membership



2002

A third branch was opened on Eisenhower Avenue in Alexandria, Virginia.



2005

A Call Center was opened in Staunton, Virginia to better assist members and serve as a business continuity site in the event of an emergency.



Today

USSFCU remains dedicated to providing quality service and helping our members achieve their financial goals.



2015

USSFCU celebrates its 80th Anniversary of providing financial services in a stable and growing environment.

Let Us Show You WHY!



EXECUTIVE REPORT

It has been over 80 years since nine forward thinking people applied to the Governor of the Farm Credit Administration to form the Senate Employees Federal Credit Union for the purpose of "making more available to the people of small means credit for provident purposes."

A lot has changed over these many years but our commitment to our members remains firm. Whether it be a loan to fit member needs and budgets, a safe and secure place to grow savings or a convenient and efficient means to transact business, our focus is on the financial well-being of the Senate community and our members.

2015 was an exceptional financial year for the Credit Union. We emphasized understanding member needs by asking questions and listening as well as continuing our drive for portfolio diversification through member business loan participations to yield overall loan growth of over \$40 million, an \$8 million increase over 2014. Managing costs while maximizing income potential yielded a contribution of 76 basis points, or \$4.4 million, in net income to capital, resulting in total capital of over \$66 million or 11.24%. This was accomplished while positioning our asset portfolio for potential upward market rate changes. We invite you to review our financial summary here and in detail at ussfcu.org/financials.

The Credit Union continued its focus on risk assessment and mitigation in critical areas such as information technology and compliance working with the Supervisory Committee and our internal audit firms to examine processes and address weaknesses to better secure Credit Union data. We moved into our second year of our conversion to the more secure chip credit cards and will expand this project into our debit cards in 2016. Other initiatives for 2015 focused on automation and continuity of critical member account functions.

We are grateful for the opportunity to serve the Senate community for over 80 years and are expressing our gratitude by serving others in our 80 Days of Service project, as well as other events throughout the year. We invite you to share the celebration with us!

On behalf of the Board of Directors, Management and Staff, we thank you, our membership, for your continued support of the Credit Union.

Susan R. Enis
President/CEO



TREASURER'S REPORT

USSFCU Celebrates 80 YEARS!



UNITED STATES
SENATE FEDERAL
CREDIT UNION

Celebrating 80 Years

SINCE 1935

October 8, 2015 marked USSFCU's 80th Anniversary and we wanted to thank our members in a big way!

During the month of October, all three branches held an open house inviting members to join us in the celebration. We provided special 80th Anniversary cupcakes and gave away USSFCU branded tumblers. We had special promotions which included giving away

\$80 a day throughout the month of October and eight tablets (one for each decade) to randomly selected members.

Giving back also means paying it forward. With that in mind, we put into place a Day of Service where USSFCU employees were encouraged to volunteer their time at a non-profit organization that is important to them. We also donated \$21,600 to two vital

organizations, the Capital Area Food Bank and the Blue Ridge Area Food Bank, in an effort to fight hunger in our community.

USSFCU takes pride in our member services and loyalty. Thank you for your loyal patronage and helping us to celebrate USSFCU's 80th Anniversary. We look forward to serving you and your families for many more years to come.

I am pleased to report that the financial performance of United States Senate Federal Credit Union continues to be very strong.

As of December 31, 2015, total assets were \$588.8 million. Our net loan portfolio ended the year at \$317.6 million and \$97.8 million in loans were approved. This was an approved loan increase of \$3 million, over 2014. Our loan delinquency and charge-offs have remained low during this reporting period and lending continues to remain as a high-level strategic goal.

Management's calculation of the Credit Union's allowance for loan loss was reviewed by our internal and external audit firms, in addition to the NCUA. They have all indicated that our loan loss reserves continue to be conservatively adequate to meet potential loan losses as of December 31, 2015.

During 2015, deposits ended the year at \$517.6 million. Your Board has continued to measure the strength of your financial institution by means of total capital. USSFCU completed the year with a very strong capital position of 11.24% of assets or \$66.1 million. The Credit Union continues to be well capitalized.

To maintain financial soundness, the Asset Liability Management Committee (ALCO), Management and the Board monitor financial activities on a monthly basis. The Committee uses both external and independent models to assess balance

“Management remains dedicated to the accuracy and integrity of our financial statements and accompanying footnotes. Our financials are prepared in conformity with U.S. generally accepted accounting principles.”

sheet risk, return and volatility over various rate cycles. Our balance sheet risk is currently considered “Low,” as calculated by a third party, as well as our regulatory agency, the NCUA.

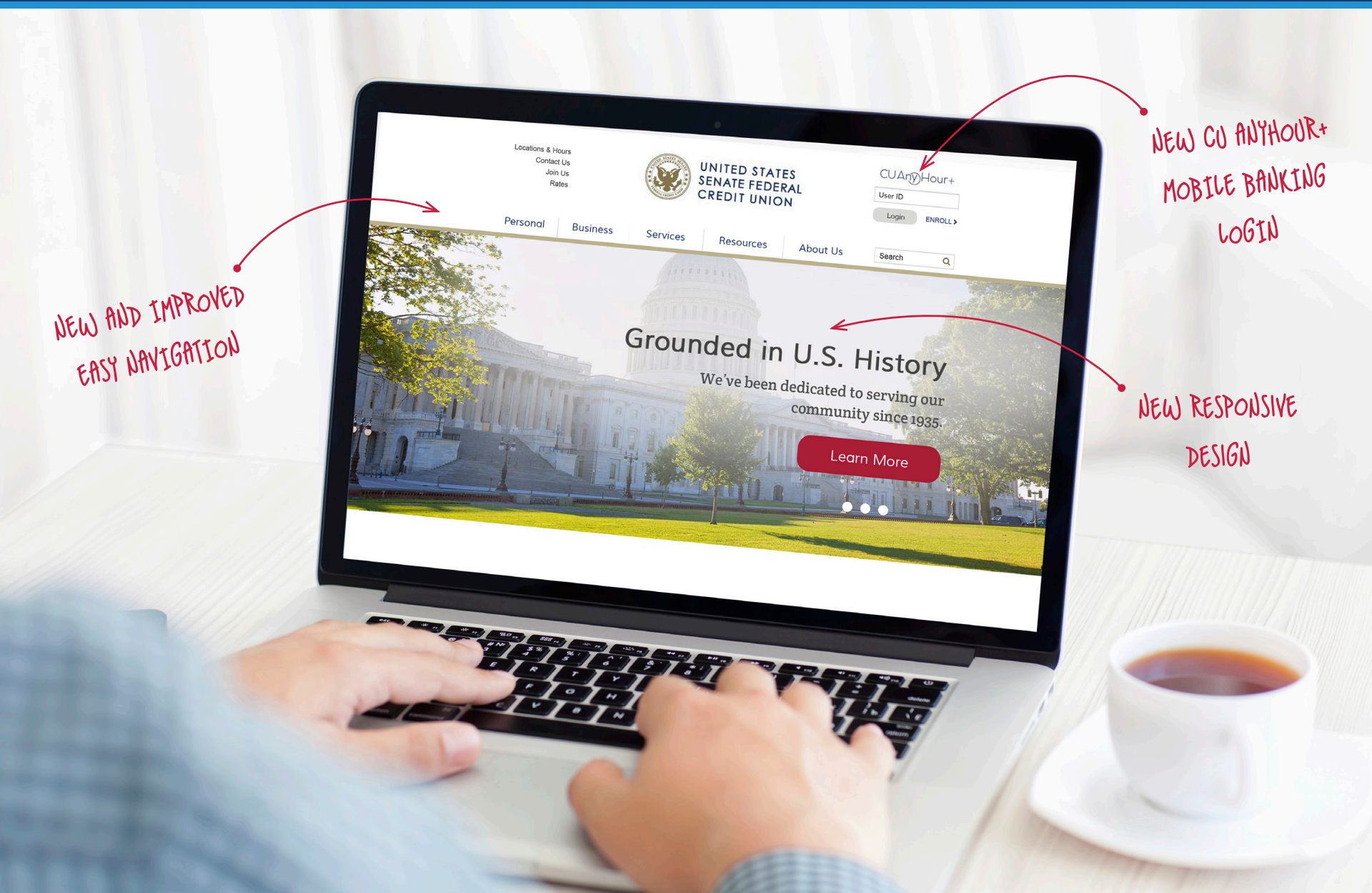
Management remains dedicated to the accuracy and integrity of our financial statements and accompanying footnotes. Our financials are prepared in conformity with U.S. generally accepted accounting principles. USSFCU's independent auditor, Orth, Chakler, Murnane & Company, CPAs, has completed the 2015 audit and has again issued a favorable opinion. Audited 2015 financial statements are available at ussfcu.org/financials.

We continue to extend our thanks to USSFCU members for placing their trust in the safety and soundness of USSFCU.

Ileana Garcia

Ileana Garcia
Secretary/Treasurer

NEW WEBSITE COMING SUMMER 2016



NEW AND IMPROVED
EASY NAVIGATION

NEW CU ANYHOUR+
MOBILE BANKING
LOGIN

NEW RESPONSIVE
DESIGN

List of Features Looking Ahead:

New and Improved Navigation
Featured Rates on the Home Page
Online Bill Pay

Convenient Product Links
Responsive Design
Impactful Banner Images



SUPERVISORY COMMITTEE REPORT

During 2015, the United States Senate Federal Credit Union Supervisory Committee consisted of four volunteers appointed by the Board of Directors. In accordance with the Federal Credit Union Act and USSFCU Bylaws, the Supervisory Committee engaged internal and external auditors to ensure that USSFCU's audited financial statements accurately represented its financial condition. Notably, USSFCU complied with all applicable laws, regulations and policies; members' deposits and privacy were safeguarded.

The Supervisory Committee engaged the independent accounting firm Orth, Chakler, Murnane & Company to render an opinion about the presentation of USSFCU's 2015 financial condition. The resulting unqualified opinion independently attests that USSFCU's financial statements fairly represent in all material respects its financial position for the year ended December 31, 2015.

Further, the Supervisory Committee also engaged the accounting firm Crowe Horwath LLP to ensure that USSFCU complied with applicable requirements, and management maintained an effective system of internal controls designed to provide reasonable assurance that assets were safeguarded against loss or unauthorized use. The accounting firm's directive was to conduct agreed upon internal control and procedural reviews. During 2015, Crowe Horwath LLP made various control and procedural recommendations but it did not identify significant concerns about USSFCU's compliance or management effectiveness. Specifically, in quarterly reports and meetings with the Supervisory Committee and USSFCU Management, Crowe Horwath LLP

discussed its in-depth reviews and recommended various updates, corrections, or changes to improve the design and effectiveness of USSFCU's internal control system or procedural program. USSFCU management has already satisfactorily addressed or is working to address all Crowe Horwath LLP recommendations for which the committee agreed to as prudent or required.

The Supervisory Committee and Management also engaged Orth, Chakler, Murnane & Company, CPAs to conduct a risk audit that was directly focused on the Credit Union's IT operations. The Board and Management agree that data security is a high-level strategic directive to ensure membership data safeguards. The risk audit provided the Credit Union with various recommendations that will continue to help strengthen data security and IT operations overall, as USSFCU's technology team continues to guard against data threats.

On behalf of the Supervisory Committee, I thank the USSFCU Board of Directors and Staff for supporting the committee's work to assure fiscal soundness for the benefit of the members. Our committee members are proud to volunteer our time to serve the USSFCU's members.

Deborah Yarborough

Deborah Yarborough
Chair

FINANCIAL REPORTS

USSFCU CONDENSED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of United States Senate Federal Credit Union and its subsidiaries, which comprise the consolidated statement of financial condition as of December 31, 2015, and the related consolidated statements of income, comprehensive income, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United States Senate Federal Credit Union and its subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The consolidated financial statements as of December 31, 2014, were audited by Orth, Chakler, Murnane and Company, whose report dated March 13, 2015, expressed an unmodified opinion on those statements.

OCM & Co., CPAs and Advisors OCM & Co.,
CPAs and Advisors A DoerenMayhew Firm, Miami, FL

Condensed Statements of Financial Condition

Years Ended December 31,	2015	2014
Cash and Cash Equivalents	\$10,170,959	\$9,812,585
Loans and Leases to Members, Net	\$317,586,311	\$278,895,762
Investments	\$246,082,664	\$280,078,944
Property and Equipment, Net	\$3,517,733	\$3,066,644
National Credit Union Share Insurance Fund Deposit	\$4,500,887	\$4,489,427
Other Assets	\$6,931,482	\$5,559,933
Total Assets	\$588,790,036	\$581,903,295

Liabilities and Members' Equity

Years Ended December 31,	2015	2014
Members' Share Accounts	\$517,580,572	\$515,179,993
Accrued Dividends and Other Liabilities	\$5,125,718	\$4,871,717
Total Liabilities	\$522,706,290	\$520,051,710
Total Members' Equity	\$66,083,746	\$61,851,585
Total Liabilities and Members' Equity	\$588,790,036	\$581,903,295

Condensed Statements of Income

Years Ended December 31,	2015	2014
Interest Income		
Interest on Loans	\$16,775,846	\$14,468,367
Interest on Investments	\$1,288,452	\$2,200,163
	\$18,064,298	\$16,668,530
Interest Expense	\$2,081,927	\$2,429,139
Provision for Loan and Lease Losses	\$1,756,965	\$880,526
Net Interest Income after Provision Expense	\$14,225,406	\$13,358,865
Non-Interest Income	\$5,684,390	\$5,537,732
Non-Interest Expense		
Compensation and Benefits	\$8,358,252	\$8,104,389
Office Operations	\$3,680,664	\$3,525,994
Other	\$3,400,230	\$3,239,351
Total Non-Interest Expenses	\$15,439,146	\$14,869,734
Net Income	\$4,470,650	\$4,026,863

These condensed financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of cash flows and changes in members' equity, and notes to financial statements, are available at the Credit Union office during normal hours of operation or through our website at ussfcu.org/financials.



NOMINATING COMMITTEE REPORT



Ileana Garcia, CPA (Incumbent)
Secretary/Treasurer

A USSFCU member since 1997 and past chair of the USSFCU Supervisory Committee (2003-2006). Ileana Garcia has been a USSFCU Board member since 2006 and is the current Treasurer. She is also the Financial Clerk for the U.S. Senate and a Certified Public Accountant with a B.S. in Business Administration.



Denis P. O'Donovan (Incumbent)
Director

A USSFCU member since 1970 with 35 years on Capitol Hill. Denis O'Donovan has served as Chief Clerk of the Senate HELP Committee and has also served with the Senate Commerce Committee, Senate Rules Committee and the Office of the Secretary of the Senate. He is the former chairman of the USSFCU Board of Directors and he is a current member of the Compensation Committee and current Chairman of the Business Development Committee. He is a Certified Fraud Examiner with a B.S. in Technology Management from the University of Maryland.



Margaret "Margo" P. Rushing (Incumbent)
Vice Chair

A USSFCU member since 1973 with 33 years on Capitol Hill. Margo Rushing is the Deputy Chief of Staff for Senator Conrad Burns and is responsible for managing and coordinating the Senate Republican Administrative Managers/Directors and Chief Clerks. She is the chair of the Joint Meetings of Administrative Directors and Senate Steering Committee. She has an A.S. in Business Administration and is a Georgetown Senior Executive Leadership Graduate.

As of May 2016, three (3) seats on the USSFCU Board of Directors were due to expire. Pursuant to Article V of the USSFCU Bylaws, a Nominating Committee was appointed by the Board Chairman. This committee is annually charged with an obligation to find three qualified candidates to fill any existing or pending Board vacancies. The appointed committee consisted of: Tony Zagami, Christopher Dey and Judy Rainey.

The following candidates were found to be highly qualified and willing to serve on the Board and were therefore nominated by the committee to fill the three expiring seats:

- Ileana Garcia, CPA (Incumbent)
- Denis P. O'Donovan (Incumbent)
- Margaret "Margo" P. Rushing (Incumbent)

Nominations for vacancies could have also been made through a signed petition by obtaining 1% of the members—or 331 members. Petitions were to be received by the Nominating Committee no later than Monday, April 11, 2016. As of close of business on April 11, 2016, there were no petitions submitted. As a result, no election was conducted by ballot and there are no nominations from the floor when the number of nominees equals the number of vacancies to be filled.

The three nominations therefore will be elected by acclamation and will each serve three year terms. Please join me in congratulating them as they volunteer their personal time working to serve you, our members.

Anthony J. Zagami

Anthony "Tony" J. Zagami
Director



Every Donation Makes
A DIFFERENCE



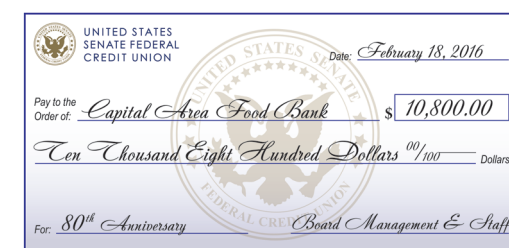
Together we can solve hunger™

The Capital Area Food Bank helps 540,000 people—men, women and children—fight hunger right here in our community each year. This year, USSFCU was pleased to present a total of \$10,800 to the Capital Area Food Bank. Every \$1 donated to the Capital Area Food Bank provides three meals to those struggling with hunger.

people in need
in our community **540k**

\$10,800
presented to CAFB by USSFCU

\$1 = 3 meals



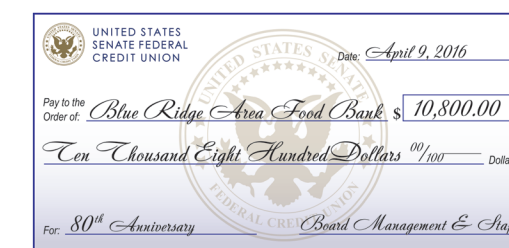
\$21,600
Given to Fight Hunger
in our Community

The Blue Ridge Area Food Bank is an emergency food assistance program that distributes 20.6 million meals to hungry families across the Blue Ridge area. USSFCU was pleased to make a \$10,800 contribution to the Blue Ridge Area Food Bank. Our contribution helped provide over 43,200 meals to families in need.

20.6 million meals provided to families in need

\$10,800
presented to BRAFB by USSFCU

43,200 meals made possible by USSFCU's donation



DAY OF SERVICE



Board of Directors

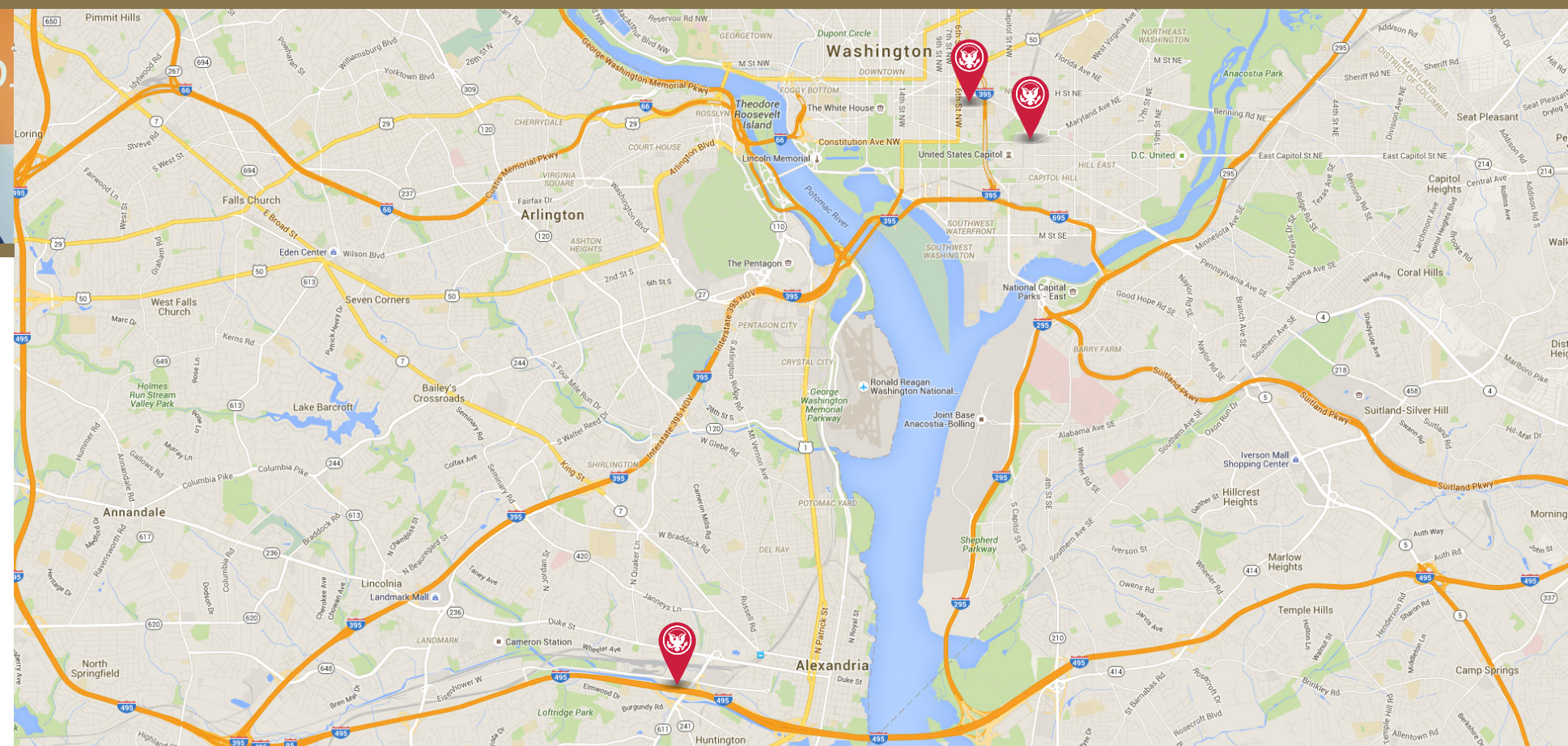
Christopher D. Shunk, Chairman
 Margaret "Margo" P. Rushing, Vice Chair
 Ileana Garcia, CPA, Secretary/Treasurer
 Timothy Anderson, Director
 Bertie Bowman, Director
 Christopher C. Dey, Director
 Denis P. O'Donovan, Director
 Judy Kimmitt Rainey, Director
 Anthony "Tony" J. Zagami, Director
 Penelope A. Gross, Recording Secretary

Supervisory Committee

Deborah Yarborough, Chair
 Stephanie Magnell
 Jay Moore
 Christopher D. Shunk

Management

Susan R. Enis, President/CEO
 Dennis R. Will, EVP
 Angela Collier, VP Lending
 Libby Fike, VP Operational Support
 Douglas "DJ" Haines, VP IT
 Denise Hayden, VP Accounting & Finance
 James Ruley, VP Sales & Service
 Chantel Evans, Director of Marketing
 Stefanie Mortenson, Director of HR
 Roxane Rowe, Director of Operations
 Michaelina Busco, Collections Manager

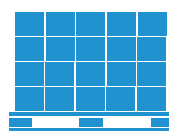


In celebration of our 80th Anniversary, we wanted to give back to the community. We created a "Day of Service," which allowed all of our staff members the opportunity to spend a day outside of the office volunteering at a non-profit organization of their choice. Many staff members decided to do just that, while others participated in our company-wide Day of Service at the Capital Area Food Bank in Washington, DC.

On Tuesday, April 5, 2016, several employees came together to participate in a Day of Service. Our staff spent eight hours at the food bank sorting, stocking and packaging food for members of the community. It was a great experience coming together as an organization and packaging over 15,000 pounds of food for DC area families in need.



40 boxes



13 pallets



15,000 lbs of food



Eisenhower Branch

2111 Eisenhower Avenue, Suite 100
 Alexandria, VA 22314

Senate Hart Branch

Senate Hart Building, Room SH-118
 Washington, DC 20510

GAO Branch

441 G Street, NW, Room 1100
 Washington, DC 20548

