

## Chairman's Message

North Jersey Federal Credit Union is member-focused and proud to play an important financial role in the lives of our members. This year, NJFCU celebrates its 70<sup>th</sup> anniversary.

In keeping with global changes and local competition, we at NJFCU continue to evolve our product offerings by developing more customized solutions and a more diverse range of products and services to meet your financial needs.

Looking back at 2005, NJFCU continues to offer new and improved products and services, as well as offer expanded locations and delivery options to better assist you and your families. NJFCU recognizes that you handle your finances to live and do not live to handle your finances, and therefore we are dedicated to providing you with the most convenient services possible while maintaining the highest level of security.

As we move into 2006, we will continue to make progress that will help you choose NJFCU as your primary financial institution. Your accounts remain easily accessed via the web, branch locations, and telephone. We share your visions and dreams for the future and we are committed to providing you with the necessary financial tools to help you realize those dreams. NJFCU is here to serve you!

We thank you for sharing in our continuous growth. Please invite all of your family members and friends to join NJFCU and together we can all look forward to reaching greater success in the future.

**Frank Migliaccio**  
Chairman of the Board

## Supervisory Committee Report

As a committee of volunteer members appointed by the Board of Directors, the Supervisory Committee meets periodically and ensures that an annual audit of NJFCU is done each year. Also, we oversee the credit union's regulatory compliance.

To fulfill our obligations we retained The Curchin Group, LLC, Certified Public Accountants, who performed a certified annual audit as of September 30, 2005. Their audit stated that NJFCU is in sound financial condition and that the financial statements were prepared in accordance with generally accepted accounting principals. Additionally, NJFCU is in compliance with the Federal Credit Union Act, the bylaws and the rules and regulations.

It is the belief of the Supervisory Committee that NJFCU continues to be operated soundly and safely. The financial statements in the 2005 Annual Report fairly reflect the financial condition of your credit union.

**John Kuca**  
Chairman of the Supervisory Committee



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### 2005-2006 BOARD OF DIRECTORS

Chairman	Frank Migliaccio
Vice Chairperson	Helen Wienke-Mault
Financial & Recording Directors	Lourdes Garcia, President/CEO
	George Hampton
	Lorraine Kroll
	John Kirk
	Charles Miller
	Eli M. Burgos
	Jose A. Perez

# 2005 Annual Report



**Main Office:**  
711 Union Boulevard  
Totowa, NJ 07512

**Celebrating 70 Years of  
Excellent Service**

# North Jersey Federal Credit Union – Year Ending September 30, 2005

## President's Report

### Statement of Financial Condition

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and equivalents	23,489,745	31,697,907
Securities available-for-sale	287,216	281,280
Securities held-to-maturity	42,049,406	30,567,463
Loans held-for-sale	1,423,500	9,184,732
Loans receivable, less allowance for loan losses	90,414,965	79,046,994
Accrued interest receivable	671,400	517,270
Investments - other	1,391,661	1,326,338
Property and equipment, net	8,790,111	7,904,271
National Credit Union Share Insurance Fund deposit	1,433,288	1,382,234
Other assets	802,713	823,443
<b>TOTAL</b>	<b>170,754,005</b>	<b>162,731,932</b>

### Liabilities and Members' Equity

<b>Liabilities</b>		
Members' share and savings accounts	152,230,313	146,277,807
Accounts payable and accrued expenses	824,102	660,980
	<u>153,054,415</u>	<u>146,938,787</u>

### Commitments and Contingencies

#### Members' Equity

Regular reserves	2,139,020	2,139,020
Undivided earnings	15,567,613	13,656,147
Accumulated other comprehensive income	(7,043)	(2,022)
	<u>17,699,590</u>	<u>15,793,145</u>
<b>TOTAL</b>	<b>170,754,005</b>	<b>162,731,932</b>

### Statement of Income and Expenses

#### Interest Income

Loans receivable	5,845,314	5,903,380
Securities and other deposits	<u>1,820,402</u>	<u>1,420,176</u>
	7,665,716	7,323,556

#### Interest Expense

Members' share and savings accounts	<u>1,727,986</u>	<u>1,484,272</u>
Net Interest Income	5,937,730	5,839,284
Provision for Loan Losses	<u>93,400</u>	<u>198,865</u>
Net Interest Income After Provision for Loan Losses	<u>5,844,330</u>	<u>5,640,419</u>
<b>Non-Interest Income</b>		
Fees and charges	1,175,240	1,137,699
Miscellaneous income	606,416	519,649
Gain on sale of visa portfolio	1,004,464	—
<b>TOTAL</b>	<b>2,786,120</b>	<b>1,657,348</b>

#### Non-Interest Expenses

Compensation and benefits	3,541,802	3,391,892
Office operations and occupancy	1,764,745	1,607,372
Education and promotion	398,535	274,717
Loan servicing	209,535	380,344
Professional and other outside services	561,406	655,776
Supervisory fees	29,511	33,689
Travel and conference	76,940	51,317
Other	136,510	116,423
<b>TOTAL</b>	<b>6,718,984</b>	<b>6,511,530</b>
<b>NET INCOME</b>	<b>1,911,466</b>	<b>786,237</b>

This is my first annual report to you. As North Jersey Federal Credit Union celebrates our 70<sup>th</sup> anniversary, I am proud to state that the credit union is well-capitalized and showing loan growth.

NJFCU is in a secure financial position as we move into 2006. Our positive growth is reflected by the increase in shares of 3.5% and a loan increase of 12%.

When measuring our growth rate against our credit union peers, NJFCU is at 32.83%! All of our competitors showed negative growth rates as of September 2005. Why is this so? At NJFCU, we put our members' needs first. We want to be your primary financial institution offering you the flexibility and service that area banks do not provide. You are a member not just a number at NJFCU!

#### Highlights of 2005 included:

- The grand opening of our third branch at 126 Market Street in Paterson
- The redesign and grand re-opening of our Newark branch on the campus of the University of Medicine and Dentistry
- Merger with the Paterson Firemen Federal Credit Union
- Upgraded the security systems in all branches
- Launched NJFCU's first off-site ATMs – Floyd Hall Arena and Yogi Berra Stadium in Little Falls
- Sponsorship of the New Jersey Jackals Kids Club
- Revised our Member Business Program by offering loans to small to mid-size businesses, e-Merchant card processing and revamped business account offerings.
- Introduced NJFCU's redesigned website that offers better functionality
- Streamlined ACH deposit procedures to ensure faster electronic deposits for our members
- Developed a Summer Step-Up Term Share Certificate program to drive deposits
- NJFCU embraced the "people helping people" philosophy by working with the following local organizations: American Red Cross, La Casa de Don Pedro, Eva's Village and more! The development of bilingual marketing materials to support our growing Hispanic market base
- Strengthening the senior management team in the areas of accounting and operations.

NJFCU is well-positioned and very solvent. We maintain a consistent high rating from the National Credit Union Administration (NCUA). NJFCU is committed to providing the best in member service excellence.

**Lourdes Garcia**  
President/CEO