

## Chairman's Message

North Jersey Federal Credit Union is a member-owned, not-for-profit financial cooperative. We share the visions and dreams of our members for the future. Accordingly, we are committed to providing the necessary financial tools to help you to realize your dreams.

Global changes and local competition are the driving force in the evolution of products and services at NJFCU. As a result, we continue to offer customized solutions and a more diverse range of products and services to meet all of your financial needs.

In 2006, NJFCU introduced new and improved products and services, as well as more locations and delivery options to better assist you and your families. We will continue to search for innovative financial products and services that will help you to choose NJFCU as your primary financial institution.

Our members have made the stable growth of NJFCU a reality. We want to thank you for your trust and confidence that has enabled the continuous growth of our credit union. Please invite all your friends and family to become members and to share the credit union experience. Together, we all can look forward to reaching greater success in the future.

**Frank Migliaccio**  
Chairman of the Board



Newark (UMDNJ) Branch:  
1102 Administration Complex  
30 Bergen Street

## North Jersey Federal Credit Union – Year Ending September 30, 2006

<u>STATEMENT OF FINANCIAL CONDITION</u>	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 17,835,120	\$ 23,489,745
Securities available-for-sale	296,633	287,216
Securities held-to-maturity	40,012,448	42,049,406
Loans held-for-sale	—	1,423,500
Loans receivable, less allowance for loan losses	94,816,611	90,414,965
Accrued interest receivable	915,283	671,400
Investments - other	1,459,852	1,391,661
Property and equipment, net	8,528,049	8,790,111
National Credit Union Share Insurance Fund deposit	1,492,353	1,433,288
Other assets	775,995	802,713
<b>TOTAL ASSETS</b>	<b>\$ 166,132,344</b>	<b>\$ 170,754,005</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Members' share and savings accounts	\$ 145,851,448	\$ 152,230,313
Accounts payable and accrued expenses	1,277,969	824,102
	<u>147,129,417</u>	<u>153,054,415</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>MEMBERS' EQUITY:</b>		
Regular reserves	2,201,003	2,139,020
Undivided earnings	16,813,962	15,567,613
Accumulated other comprehensive income	(12,038)	(7,043)
	<u>19,002,927</u>	<u>17,699,590</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 166,132,344</b>	<b>\$ 170,754,005</b>
<b>STATEMENT OF INCOME AND EXPENSES</b>		
<b>INTEREST INCOME:</b>		
Loans receivable	\$ 6,921,312	\$ 5,845,314
Securities and other deposits	2,241,782	1,820,402
	<u>9,163,094</u>	<u>7,665,716</u>
<b>INTEREST EXPENSE:</b>		
Members' share and savings accounts	2,526,345	1,727,986
Borrowed Funds	11,803	—
	<u>2,538,148</u>	<u>1,727,986</u>
<b>NET INTEREST INCOME</b>	<b>6,624,946</b>	<b>5,937,730</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>363,750</b>	<b>93,400</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>6,261,196</b>	<b>5,844,330</b>
<b>NON-INTEREST INCOME:</b>		
Fees and charges	1,502,180	1,175,240
Miscellaneous income	613,723	606,416
Gain on sale of VISA® portfolio	—	1,004,464
	<u>2,115,903</u>	<u>2,786,120</u>
<b>NON-INTEREST EXPENSES:</b>		
Compensation and benefits	4,055,604	3,541,802
Office operations	1,322,642	1,227,999
Loan servicing	172,338	209,535
Professional and other outside services	587,671	561,407
Office Occupancy	651,168	536,746
Education and promotion	324,422	398,535
Travel and conference	72,117	76,940
Association dues	47,516	37,656
Supervisory fees	35,898	29,511
Other	91,220	98,984
	<u>7,360,596</u>	<u>6,718,984</u>
<b>NET INCOME</b>	<b>\$ 1,016,503</b>	<b>\$ 1,911,466</b>

## 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, 2006. 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 2006 Annual Report fairly reflect the financial condition of your credit union.

**John Kuca**  
Chairman of the Supervisory Committee



Newark (Broadway) Branch:  
39 Broadway

## President's Report

As North Jersey Federal Credit Union moves into its 71<sup>st</sup> year, I am proud to state that the credit union is well-capitalized and showing growth.

NJFCU is in a secure financial position as we move into 2007. In 2006, NJFCU had a total loan balance increase of 3.24% in comparison to 2005. NJFCU also experienced a net income growth rate increase of 9.66%, excluding the one time gain on the Visa® portfolio sale, over 2005.

At NJFCU, our goal is to be your primary financial institution. We offer you the flexibility and service that area banks do not provide. You are a member, not just a number at NJFCU!

We are proud of our 2006 accomplishments and I would like to share some of them with you:

- Eliminated fees on home banking, online bill pay and debit cards
- Initiated e-Statements and instant ATM and debit card issuance
- Reduced or removed approximately \$54,000 in operating costs
- Offered a Spanish website and Spanish/English newsletter
- Joined the CUNA HLP (Home Loan Payment Relief) Mortgage loan program
- Introduced the NJFCU Kids Kash Club for children ages birth to 17
- Added Googleplex™ and Guides to Independence™ to our website to help children and young adults learn about saving and financial management
- Provided Microsoft and Front Line Sales training to employees
- Modified job descriptions to focus on sales and services
- Outfitted our front line staff with uniforms
- Expanded the community charter to include Bergen County
- Purchased the former La Casa Federal Credit Union branch, giving NJFCU our fourth branch and approximately 500 new members
- Launched NJFCU Loyalty Rewards™

In addition to the achievements listed above, NJFCU continues to embrace the "people helping people" philosophy shared by all credit unions. In 2006, we formed a team to support the March of Dimes Walk America effort and bi-weekly, NJFCU employees assisted at the Eva's Village Kitchen by setting up and serving lunch. Also, we reached out to La Casa de Don Pedro and helped with their annual Holiday Toy Drive by collecting, donating, sorting and distributing toys. This is only a sample of what NJFCU and our employees do to make the communities we serve better.

In closing, I am proud to say once again that NJFCU is well-positioned and very solvent. We maintain a consistent high rating from the National Credit Union Administration (NCUA).

Members are the cornerstone of success for NJFCU. We appreciate your business and it is our pleasure to serve you. Please make NJFCU your primary financial institution.

**Lourdes Garcia**  
President/CEO

## NJFCU "People Helping People"



Eva's  
Kitchen-  
September  
2006



La Casa de Don Pedro Day Care Toy Drive-  
December 2006



March  
of Dimes  
Walk-  
April 2006

### 2006-2007 BOARD OF DIRECTORS

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



**888-78-NJFCU njfcu.org**

Totowa • Newark • Paterson

# 2006 Annual Report



**Totowa Branch:**  
711 Union Boulevard



**888-78-NJFCU njfcu.org**

Totowa • Newark • Paterson

**Celebrating Over 70 Years  
of Excellent Service**



**Paterson Branch:**  
126 Market Street