

Supervisory Committee Report

The Supervisory Committee is a group of volunteer Members who ensure the annual audit of North Jersey Federal. Appointed by the Board of Directors, they oversee the Credit Union's regulatory compliance.

In 2012, we retained The Curchin Group LLC, who performed a certified audit of our records as of September 30th. Their audit concluded the soundness of North Jersey Federal's financial condition and determined that our financial statements were prepared in accordance with generally accepted accounting practices. The audit also concluded our compliance with the Federal Credit Union Act, its bylaws, rules and regulations.

The Supervisory Committee agrees that North Jersey Federal continues to operate with fiscal and operational prudence in the best interest of our membership. The financial statements in the 2012 Annual Report are a true reflection of the financial condition of your Credit Union.

Frank Valenzano
Chairman of the Supervisory Committee

Core Value Propositions

- Exceed expectations through excellent member service
- Embrace and drive change
- Be adventurous, creative and open minded
- Pursue growth and learning
- Build relationships by communicating openly with our members and staff
- Build a positive team and family spirit
- Be resourceful and cost efficient
- Be passionate, determined and focused
- Believe in ourselves, our members and this organization

Branch Locations

Totowa (Main Office)
711 Union Boulevard,
Totowa, NJ 07512
973.785.9200

Paterson
126 Market Street
Paterson, NJ 07505

Newark at UMDNJ
1102 Administration Complex
30 Bergen Street
Newark, NJ 07107

St. James AME Church
588 Martin Luther King Blvd.
Newark, NJ 07102

Garfield – Formerly South Bergen FCU
61-63 Morris Ave.
Garfield, NJ 07026

Mission

Our goal is to enable our members to have financial freedom and to empower our communities to attain their goals. We pledge to build and strengthen relationships with our members and staff by treating them with dignity and respect.

Vision

We will provide service to all Members beyond their expectations and create a "WOW Experience" for each of them. We will be convenient, efficient and effective in serving our Members throughout the community.

2012 Annual Report Focusing on Members



www.njfcu.org | 888-786-5328

Totowa | Paterson | Newark | Garfield

Chairman's Message

The first credit unions began in Europe in the 1850s. These credit unions would be recognizable today, since they were based on the values of self-help, democracy and equality. In the tradition of our founders, we believe in the ethical values of honesty, social responsibility and caring for others. Although North Jersey Federal Credit Union utilizes modern technologies, we still pride ourselves on our old-fashioned values. We, the Board of Directors and the staff, all feel it is an honor to serve our members. We vow to maintain high standards in member service and to provide quality products and services. We want to thank you, our members, for your trust and support in providing us with the opportunity to serve your financial needs and goals. We look forward to maintaining high service standards and providing solutions to members going ahead in 2013 and beyond.

We persevered in 2012 despite the continued challenges created by the economic climate and the challenges that resulted from Hurricane Sandy. With the help of the Green Machine, our mobile branch, we were able to serve our members when there was no power at the affected branches. I congratulate our staff and management for their dedication in serving our members under such trying circumstances. Our newly renovated Garfield branch opened in 2012. We look forward to growing our membership in Bergen County. Our assets grew in 2012 and we continue to be well capitalized and ready to take advantage of any opportunities that might lie ahead. The outlook for 2013 remains positive.

On behalf of the Board of Directors, I would like to thank our President/CEO, Lourdes Cortez, for her inspired leadership. I would like to thank our management team and our entire staff for their commitment, member focus and dedication to the credit union. Our continued growth and stability are based on the support and loyalty from our members. We thank you for your membership and your patronage.

Frank Migliaccio

Frank Migliaccio
Chairman of the Board

President’s Report

North Jersey Federal Credit Union had an exciting and productive year in 2012. One of our biggest achievements was the smooth integration of South Bergen Federal Credit Union’s members into our organization. Our broad range of products and services offers these members a greater choice than ever before. We also continued to grow our St. James AME Church branch in Newark. Despite facing power outage hurdles due to Sandy, all of our branches had a solid year of providing quality member service. Our main branch in Totowa hosted many exciting community and business events to benefit our members and the communities we serve.

The United States economy was marked by sluggish activity, high unemployment and decreased borrowing. Despite those challenges, we still have a lot to be proud of in 2012. Our shares were up by 3.04% by December 31, 2012 to \$190,791,359, our loan portfolio managed to grow by 0.85% to \$100,740,873. Our net worth remains solid at 10.33%. Total assets were \$214,623,279. We have been able to remain financially sound despite the economic challenges and we are starting 2013 from a position of strength.

2012 brought us other exciting events:

- We had our second annual seminar series on health & wellness; as well as, seminars by New England Financial on retirement and investing.
- We conducted financial literacy classes at the Boys & Girls Club for elementary and high school students, as well as special seminars for their parents.
- We had the launch of our partnership with Balance. Balance is a counseling and educational service. It aims to provide our members with the most comprehensive and professional assistance with all aspects of personal finance. Live counselors are available 6 days a week in both Spanish and English to advise and assist our members.
- The New Jersey Credit Union League, in recognition of the difference we make in our member’s financial lives, recognized North Jersey Federal Credit Union as the winner of the

North Jersey Federal Credit Union

Years ending September 30

STATEMENTS OF FINANCIAL CONDITION	2012	2011
ASSETS		
Cash and equivalents	\$85,031,747	\$82,622,713
Securities available-for-sale	2,616,276	3,388,054
Loans receivable, net of allowance for loan losses	101,983,186	97,959,622
Accrued interest receivable	555,051	538,967
Other Investments	9,802,136	4,291,458
Other real estate owned	400,000	-
Property and equipment, net of accumulated depreciation	7,247,842	7,263,480
Other Assets	3,676,522	580,298
Deposit in the National Credit Union Share Insurance Fund	1,805,220	1,712,375
TOTAL ASSETS	\$213,117,980	\$198,356,967
LIABILITIES AND MEMBERS' EQUITY		
Members' share and savings accounts	\$189,080,836	\$175,594,732
Accounts payable and other liabilities	2,718,785	1,728,040
	191,799,621	177,322,772
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY		
Regular reserves	2,296,545	2,201,003
Undivided earnings	19,589,765	18,818,764
Other undivided earnings	229,436	-
Accumulated other comprehensive loss	(797,387)	14,428
	21,318,359	21,034,195
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$213,117,980	\$198,356,967
STATEMENT OF INTEREST AND EXPENSES	2012	2011
INTEREST INCOME		
Loans receivable	\$6,511,030	\$6,926,024
Securities and other deposits	1,069,101	1,248,731
	7,580,131	8,174,755
INTEREST EXPENSE		
Members' share and savings accounts	1,015,168	1,147,977
NET INTEREST INCOME	6,564,963	7,026,778
PROVISION FOR LOAN LOSSES	763,369	918,000
	5,801,594	6,108,778
NON-INTEREST INCOME:		
Fees and charges	1,427,609	1,493,270
Miscellaneous income	1,102,576	758,627
Bargain purchase gain	814,909	-
Loss on sale of repossessed assets	(50,328)	(40,538)
	3,294,766	2,211,359
NON-INTEREST EXPENSES		
Compensation and benefits	4,209,307	4,353,472
Office operations	1,378,567	1,203,976
Loan servicing	166,168	181,533
Professional and other outside services	786,152	769,607
Office occupancy	656,509	642,095
Education and promotion	413,113	434,951
NCUSIF premium	185,150	428,094
Travel and conference	53,381	70,778
Association dues	44,363	58,265
Supervisory fees	44,324	43,025
Other	63,347	12,928
	8,000,381	8,198,724
NET INCOME	\$1,095,979	\$121,413

“Banking You Can Trust” award.

- We held our ribbon cutting ceremony for our remodeled Garfield branch (Formerly South Bergen Federal Credit Union).
- In celebration of our heritage in serving the educators of Passaic County for 77 years, we participated in the annual Passaic County Teachers Awards ceremony.
- The North Jersey Federal Credit Union Foundation hosted its 3rd Annual Above and Beyond Golf Tournament raising \$10,000 for the Marines Cares Organization.
- The Second Annual Business Summit was held to promote business membership. The day was a success with well over 100 local businesses participating in our networking event. The Business Summit was one of the factors that led to an increase of new business accounts by over 20% in 2012.
- Hurricane Sandy caused massive blackouts. North Jersey Federal staff rallied to serve our members with the help of our mobile branch. We quickly developed and began offering Recovery Loans at special rates and terms to assist those in need.
- Once again, our members and staff generously donated toys for our annual toy drive. We were able to distribute toys to children at La Casa De Don Pedro in Newark and at Eva’s Village in Paterson.

I am proud of the many accomplishments North Jersey Federal Credit Union had in 2012. I am proud of our dedicated staff for their commitment to serve our members even in the face of such adversity. To you, our members, our focus remains to provide you with exceptional products, services and value. We look forward to continuing to serve you. Thank you.

Sincerely,



Lourdes Cortez
President/CEO