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 2013, 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 2013 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 Rutgers/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.

2013 Annual ReportPutting Members First Since 1936









www.njfcu.org | 973-785-9200

Totowa | Paterson | Newark | Garfield

Chairman's Message

Every year brings unique challenges to our credit union and 2013 was no different. For the year 2013, we were able to meet those challenges with positive accomplishments. We strive to honor our commitment to deliver to each and every one of you quality financial products and services. Looking ahead for the year 2014, we see opportunities to continue to do so.

As Chairman of your Board of Directors, I want to recognize that your loyalty, trust and continued membership are the greatest drivers of our continued success. We will continue to search for those financial products and services that will help you continue to choose North Jersey Federal as your primary financial institution.

Your credit union remains financially sound and secure. We continue to be well capitalized and ended the year growing. We are dedicated to upholding our core values by maintaining high service standards and offering solutions to members who find themselves in difficult financial times.

We are privileged with the opportunity to honor our commitment of enabling members to have financial freedom and empowering our communities to reach their goals. We also pledge to build and strengthen relationships with our members and employees by treating them with dignity and respect. We thank you for your continued membership and support.

Frank Migliaccio
Chairman of the Board

President's Report

North Jersey Federal Credit Union had a productive year in 2013. We maintained our offerings of sound financial products and service to our members. We stepped up our financial literacy activity in the communities we serve including giving educational classes at St. James AME Church, Eastwick College, St. Paul's Development Community, Berkeley College and more. We also offered new non-financial products such as Shop.com and Transparent Health to our members. Throughout the year, we also hosted many exciting community and business events to benefit our members and the communities we serve.

When 2013 began, the unemployment rate was 7.9%. The number of Americans working or actively seeking a job was at a 35-year low in September 2013. Economists also estimated that the government shutdown took \$24 billion from the economy and would slow down economic growth. Despite the market conditions of high unemployment and a sluggish economy, we still have a lot to be proud of in 2013. Our shares held steady at \$188,607,184. Our net loan portfolio decreased 7.8% to \$93,997,050. This reflects a nationwide trend of paying off loans and not creating new debt. Our net worth remains solid at 10.44%. Total assets were \$213.182.906. We have been able to remain financially sound despite the economic challenges. We started 2014 from a position of strength.

2013 brought us other exciting events:

- January We held our third annual seminar series on health & wellness introducing members to Shop.com and Transparent Health.
- February The formation of our Junior Board of Directors took place. This is a youth advisory panel consisting of six students from local high schools.
- March We hosted a lunch and learn session in Totowa for Human Resource professionals from our corporate partners. The topic was on Changes in Healthcare.
- April North Jersey Federal Credit Union opened

North Jersey Federal Credit Union

STATEMENTS OF PINANCIAL CONDITION 2013 ASSETS				
Cash and equivalents \$79,774,200 \$85,031,747 Securities available-for-saile 16,042,771 2,518,276 Loans receivable, net of allowance for loan losses 93,997,050 10,183,186 Actrued interest receivable 576,675 555,611 Other investments 783,733 400,000 Other rate estate owned 783,733 400,000 Property and equipment, net of accumulated depreciation 6,991,362 7,247,842 Other Assets 3,122,855 3,676,522 Spepski in the National Credit Union Share Insurance Fund 1,857,109 1,805,200 TOTAL ASSETS \$151,024,000 \$215,117,900 LABILITIES AND MEMBERS' EQUITY S18,807,144 \$189,080,336 Accounts payable and other liabilities 3,351,229 2,718,785 COMMITMENTS AND CONTINGENCIES \$191,958,475 191,799,621 MEMBERS' EQUITY \$2,296,545 2,296,545 Regulatory undivided earnings 19,119,982 19,898,765 Other undivided earnings 19,179,982 19,898,765 Other undivided earnings 19,179,982 2,296,545 <td>STATEMENTS OF FINANCIAL CONDITION</td> <td>2013</td> <td>2012</td>	STATEMENTS OF FINANCIAL CONDITION	2013	2012	
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Loss on sale of repossessed assets (56,124) (50,328) NON-INTEREST EXPENSES Compensation and benefits 4,140,429 4,209,307 Office operations 1,371,612 1,378,567 Loan servicing 145,125 166,168 Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	Securities and other deposits INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609	
NON-INTEREST EXPENSES Compensation and benefits 4,140,429 4,209,307 Office operations 1,371,612 1,378,567 Loan servicing 145,125 166,168 Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576	
NON-INTEREST EXPENSES Compensation and benefits 4,140,429 4,209,307 Office operations 1,371,612 1,378,567 Loan servicing 145,125 166,168 Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482)	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909	
Compensation and benefits 4,140,429 4,209,307 Office operations 1,371,612 1,378,567 Loan servicing 145,125 166,168 Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124)	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328)	
Office operations 1,371,612 1,378,567 Loan servicing 145,125 166,168 Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124)	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328)	
Loan servicing 145,125 166,168 Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124)	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328)	
Loan servicing 145,125 166,168 Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766	
Professional and other outside services 815,005 786,152 Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307	
Office occupancy 709,143 656,509 Education and promotion 186,143 413,113 NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits Office operations	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429 1,371,612	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307 1,378,567	
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NCUSIF premium 152,619 185,150 Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits Office operations Loan servicing Professional and other outside services	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429 1,371,612 145,125 815,005	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307 1,378,567 166,168 786,152	
Travel and conference 50,394 53,381 Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits Office operations Loan servicing Professional and other outside services Office occupancy	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429 1,371,612 145,125 815,005 709,143	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307 1,378,567 166,168 786,152 656,509	
Association dues 49,869 44,363 Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits Office operations Loan servicing Professional and other outside services Office occupancy Education and promotion	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429 1,371,612 145,125 815,005 709,143 186,143	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307 1,378,567 166,168 786,152 656,509 413,113	
Supervisory fees 48,226 44,324 Other 39,482 63,347 7,708,047 8,000,381	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits Office operations Loan servicing Professional and other outside services Office occupancy Education and promotion NCUSIF premium	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429 1,371,612 145,125 815,005 709,143 186,143 152,619	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307 1,378,567 166,168 786,152 656,509 413,113 185,150	
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	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits Office operations Loan servicing Professional and other outside services Office occupancy Education and promotion NCUSIF premium Travel and conference Association dues Supervisory fees	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429 1,371,612 145,125 815,005 709,143 186,143 152,619 50,394 49,869 48,226	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307 1,378,567 166,168 786,152 656,509 413,113 185,150 53,381 44,363 44,324	
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	INTEREST EXPENSE Members' share and savings accounts NET INTEREST INCOME PROVISION FOR LOAN LOSSES NON-INTEREST INCOME: Fees and charges Miscellaneous income Bargain purchase gain Loss on sale of repossessed assets NON-INTEREST EXPENSES Compensation and benefits Office operations Loan servicing Professional and other outside services Office occupancy Education and promotion NCUSIF premium Travel and conference Association dues Supervisory fees Other	978,764 7,205,846 819,060 6,386,786 824,700 5,562,086 1,696,462 625,007 (7,482) (56,124) 2,257,863 4,140,429 1,371,612 145,125 815,005 709,143 186,143 152,619 50,394 49,869 48,226 39,482 7,708,047	1,069,101 7,580,131 1,015,168 6,564,963 763,369 5,801,594 1,427,609 1,102,576 814,909 (50,328) 3,294,766 4,209,307 1,378,567 166,168 786,152 656,509 413,113 185,150 53,381 44,363 44,324 63,347 8,000,381	

its newest ATM on site at Middle Atlantic Partners in Fairfield, NJ, one of our busiest corporate partners.

Years ending September 30

- May We were one of the host sponsors of the Passaic County Teachers Recognition lunch. We also hosted a symposium for the Alumni of the Girl Scouts of Northern NJ.
- June NJFCU participated in the New Jersey Credit Union League Reality Check financial literacy at participating high schools.
- July The North Jersey Federal Credit Union Foundation hosted its 4th Annual Above and Beyond Golf Tournament raising \$16,000 for Autism Radio, Eva's Village in Paterson, the Marines Cares Organization, the Paterson Boys & Girls Club and the Girl Scouts of NJ.
- September- Our Third Annual Business Summit was held to promote business membership. The evening was a success with well over 90 local businesses participating in our networking event.
- October Our 2014 Strategic Planning meeting took place with the management team from North Jersey and the Board of Directors.
- December 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, The Boys and Girls Club of Paterson & Passaic and at Eva's Village in Paterson.

I am very proud of our staff for working hard to ensure that our members experience was one of outstanding service in 2013. I want to thank them for all of their dedication and member focus. To you, our members, I thank you for being a part of North Jersey Federal. Our mission remains to provide you with exceptional products, services and value. We look forward to continuing to serve you. Thank you.

Sincerely,

Lourdes Cortez

Lourdes Cortez President/CEO