

2022 ANNUAL REPORT



FIRST HARVEST FEDERAL CREDIT UNION

BOARD OF DIRECTORS

Loretta Winters	Chairperson
Lisa Morina	Vice-Chairperson
Ronda Abbruzzese	Secretary
Michele Hewitt	Treasurer
Michael McKiernan	Director
Dr. Anthony DiFabio	Director
John Bettis	Director
Ana Fernandez	Director
William Gruccio	Director
Kenneth Luehmann	Director
James Puderbach	Director

SUPERVISORY COMMITTEE

Gary M. Rauch	Chairperson
Michael McKiernan	Liaison to Board
David Dailey	Member
Dennis King	Member
Joseph Brigandi	Member
Sharon Haas	Member

LEADERSHIP TEAM

Michael Dinneen	President/CEO
Daniel Sulpizio	EVP/COO
Kathleen Heid	SVP/Chief Talent Officer
Kenneth Barnshaw	SVP/External Relations
James Hartmann	SVP/Lending
David McDevitt	SVP/ IT
Camille Gadsden	VP/Controller
Kimberly Hicks-Finnerty	VP/Regional Srvc. Leader
Veronica Paige	VP/ Deposit Operations
Erik Young	VP/Regional Sales
Veronica Cowley	AVP/Lending
Claire Davis	AVP/Loan Operations
Daniel Murphy	AVP/Security & Facilities

MINUTES OF THE 82rd ANNUAL MEETING

August 23, 2022

The Annual Meeting and Membership was held at First Harvest Credit Union in Deptford, New Jersey.

CEO, Ernest Huggard, welcomed those present and explained the procedure for the meeting.

Chairperson Dr. Anthony DiFabio called the meeting to order at 5:00PM. Dr. DiFabio noted it was an unprecedented year and thanked the credit union leadership for their hard work. He then asked Secretary, Ms. Ronda Abbruzzese to conduct roll call. All Directors were present. Dr. DiFabio determined that a quorum of members were present. Dr. DiFabio referred to the minutes of the 2021 Annual Meeting as presented in the 2022 Annual Report. Mr. Bettis made a motion to approve the minutes, seconded by Mr. Luehmann. The minutes were unanimously approved as printed.

Dr. DiFabio noted that the materials were distributed to the attendees of the meeting and then referred to the Chairperson's, Treasurer's and Supervisory Committee reports as presented in the 2021 Annual Report. A motion was made by Mr. McKiernan and seconded by Mr. Puderbach to accept all the reports as printed in the 2021 Annual Report. The motion was carried unanimously.

Mr. Gruccio, Chairman of the Nominating Committee, presented the report of the Nominating Committee, recommending four candidates for three-year terms serving as the Board of Directors. He announced the candidates for the ballot: Mr. Bettis, Dr. DiFabio, Mr. Gruccio, and Mr. McKiernan. Mr. Bettis moved to confirm these nominees as elected Board Members. Ms. Abbruzzese seconded the motion. The motion carried unanimously.

There being no unfinished business or new business, Mr. Luehmann made a motion to adjourn the 2022 Annual Meeting of the First Harvest Credit Union, seconded by Mr. Puderbach. Dr. DiFabio called the meeting adjourned.

Respectfully submitted,

Ronda Abbruzzese, Secretary

REPORT OF THE CHAIRPERSON & PRESIDENT

During 2022, we continued enhancing our digital platform, notably, completed the conversion of our core processing system, which has allowed us to enhance digital banking offerings, provide smoother and quicker branch transactions, and providing easier access to account information. This was on the heels of our 2021 brand name change from South Jersey Federal Credit Union to First Harvest Credit Union. As we strive to be a premiere financial services institution, these steps will allow us to grow while providing a better banking experience for members. As we transitioned from 2022 to 2023, we have undertaken several additional steps to fortify our credit union:

- We have bolstered our liquidity and reserves to ensure that we are surpassing the safety and soundness guidelines established by our regulatory agencies.
- We finished 2022 with a net worth ratio of 8.35%, well above the 7.00% definition of “Well-capitalized”. Against the backdrop of several national institutions that failed, our members can be assured that their funds are safe, secured, and insured up to NCUA limits.
- We introduced several leadership changes at the credit union. In 2022, Loretta Winters was elected Chairperson, and in June 2023, the Board selected Mike Dinneen as President & CEO.

First Harvest continues to be a leader in community outreach, economic financial literacy and economic development. When our credit union was founded in 1940 in Camden, a small group of founding members pledged to support one another and their community through affordable financial solutions and support. More than ever, First Harvest embraces this duty. In 2022, we contributed more than \$175,000 to organizations across healthcare, education, economic development and other key areas of community need.

As we look to the future, we are excited about the prospects ahead. First Harvest will continue to invest in its membership and its communities. This fall, we will be introducing MasterCard debit cards and credit cards to our members, providing more buying power, network benefits and payment options.

We encourage you to invite your friends and family to join First Harvest Credit Union. Whether you are looking for more spending power, better savings options for retirement or a special occasion, or are seeking to purchase a home or vehicle, or simply consolidate debt, First Harvest is here to help you and your family with affordable solutions.

We are deeply appreciative of our dedicated employees, who selflessly serve our members and treat them with dignity every day. We are also grateful for the time and energy that our all-volunteer Board of Directors and Supervisory Committee dedicate to our credit union. Finally, we thank our members for choosing First Harvest Credit Union for their financial needs. On behalf of our Board and employees, it is our honor to serve you.

Sincerely,

Loretta Winters, Chairperson
Mike Dinneen, President & Chief Executive Officer

REPORT OF THE TREASURER

Assets:

The Statement of Financial Condition - total assets decreased 5% or \$24.5 million to \$473,779,731 from \$498,271,199 in 2021. For the year ended 12/31/2022, loans increased 7% or \$17.7 million to \$279,910,831 from \$262,156,129 at year end 2021. Total available for sale investments decreased 18% or \$13.5 million to \$63,179,208 from \$77,318,285 at year end 2021. Securities Held to Maturity increased 8% or \$5.5 million to \$73,957,319 at 12/31/2022 from \$68,488,357 as of 12/31/2021. Total cash on hand and due from banks decrease 61% or (\$33 million) to \$21,086,238 from \$54,049,405 at 12/31/2021. Allowance for loan losses had a decrease of 17% or \$330 thousand to (\$1,670,308.79) from (\$2,000,496.66)

Liabilities:

Total deposits of members' accounts decreased 10% or \$41.4 million to \$393,496,876.05 from \$434,940,136 at 12/31/2021. Member's share decrease of 9% or 36.5 million to \$347,980,829 from 384,538,268 at 12/31/2021. Member Certificates decreased 10% or \$4.9 million to \$45,516,046.55 to \$50,401,867.30 at 12/31/2021. Borrowed funds increased 82% or \$20.5 million to \$45,478,814.68 from \$25,013,720.78 at 12/31/2021.

Members Equity decreased 27% or (\$9.5 million) to \$25,948,166.40 from \$35,423,554.12 at 12/31/2021

Total Operating Income increased 3% or \$699 thousand to \$24,862,285.63 from \$24,163,282.46 as of 12/31/2021. Main components are as follows: Interest Income on Loans decreased .36% or \$108 thousand to \$12,408,341, from \$12,516,025 as of 12/31/2021. Interest on Investments increased 58% or \$696 thousand to \$1,903,556.31 from \$1,206,745.01 as of 12/31/2021. Other fees and charges increased 1% or \$110 thousand million to \$10,550,388 from \$10,440,513 at 12/31/2021.

Total Operating Expenses increased 6% or \$1.3 million to \$22,397,860 from \$21,120,943 at 12/31/2021. Most significant categories were: Compensation increased 3% or \$261 thousand to \$8,104,350 as of 12/31/2022. Travel and conferences increased 22% or \$54 thousand to \$294,485 from \$240,581 at 12/31/2021. Provision for loan and Lease Loss increased 318% or \$965 thousand to \$1,269,219 from \$303,890 at 12/31/2021. Office Operations decreased 12% or \$338 thousand to \$2,441,280 from \$2,779,265 at 12/31/2021.

Respectfully submitted,

Michele Hewitt, Treasurer

COMPARATIVE STATEMENT OF CONDITION - BALANCE SHEET

	December 31, 2022	December 31, 2021	December 31, 2020
ASSETS			
Loans	\$279,910,831	\$262,156,129	\$256,070,535
Allowance for credit losses	\$(1,670,309)	\$(2,000,497)	\$(2,403,275)
Real estate owned	\$162,617	\$0	\$750,000
Repossessed automobiles	\$293,188	\$142,564	\$276,794
Securities held to maturity	\$73,957,319	\$70,401,291	\$52,605,186
Securities available for sale	\$63,179,207	\$77,318,285	\$59,716,741
Cash	\$21,086,238	\$54,053,631	\$46,460,399
Property and equipment	\$14,663,727	\$16,016,454	\$16,520,634
Other receivables	\$422,431	\$3,149,885	\$9,326,401
Other assets	<u>\$21,774,481</u>	<u>\$17,033,458</u>	<u>\$12,673,556</u>
TOTAL ASSETS	<u>\$473,779,731</u>	<u>\$498,271,200</u>	<u>\$451,996,970</u>
LIABILITIES			
Deposits			
Members shares	\$347,980,830	\$384,538,269	\$327,598,292
Members certificates	<u>\$45,516,047</u>	<u>\$50,401,867</u>	<u>\$57,179,916</u>
	<u>\$393,496,876</u>	<u>\$434,940,135</u>	<u>\$384,778,208</u>
Other			
Borrowings	\$45,478,815	\$25,013,721	\$33,515,377
Accounts payable	\$2,005,696	\$411,449	\$419,493
Other Liabilities	<u>\$6,850,177</u>	<u>\$2,482,340</u>	<u>\$2,155,187</u>
	<u>\$54,334,689</u>	<u>\$27,907,509</u>	<u>\$36,090,058</u>
EQUITY			
Reserves	\$1,302,899	\$1,302,899	\$1,302,899
Undivided earnings	\$38,132,352	\$36,231,000	\$34,020,564
Other comprehensive income (Loss)	<u>\$(13,487,086)</u>	<u>\$(2,110,345)</u>	<u>\$(4,194,759)</u>
	<u>\$25,948,166</u>	<u>\$35,423,555</u>	<u>\$31,128,704</u>
TOTAL LIABILITES & EQUITY	<u>\$473,779,731</u>	<u>\$498,271,200</u>	<u>\$451,996,970</u>

COMPARATIVE STATEMENT OF CONDITION - INCOME STATEMENT

OPERATING INCOME	December 31, 2022	December 31, 2021	December 31, 2020
Income from Loans	\$12,408,341	\$12,516,025	\$13,833,617
Investment Income	\$1,903,556	\$1,206,745	\$1,257,707
Other Non Interest Income	<u>\$10,550,388</u>	<u>\$10,440,512</u>	<u>\$7,546,843</u>
Total Operating Income	\$24,862,286	\$24,163,282	\$22,638,167
OPERATING EXPENSES			
Compensation	\$8,104,350	\$7,843,124	\$7,256,891
Employees Benefits	\$2,428,926	\$2,262,034	\$2,206,736
Employee Rewards	\$58,080	\$98,332	\$73,945
Travel and Conference	\$294,485	\$240,581	\$125,593
Association Dues	\$75,123	\$87,403	\$95,883
Office Occupancy	\$1,866,971	\$1,890,544	\$2,143,932
Office Operations	\$2,441,280	\$2,779,265	\$2,247,270
Education and Promotion	\$205,920	\$153,846	\$93,774
Marketing/Advertising	\$476,988	\$409,144	\$378,590
Loan Servicing Expenses	\$2,266,463	\$1,154,044	\$830,893
Professional Services	\$2,854,314	\$3,869,391	\$3,507,036
Provision for Loan Loss	\$1,269,219	\$303,890	\$981,069
Excess Share Insurance	\$13,071	\$10,075	\$10,202
Federal Operating Fee	\$83,428	\$95,547	\$102,106
Cash Over and Short	\$38,363	\$13,866	\$22,500
Interest on Borrowed Money	\$726,931	\$556,374	\$623,326
Misc. Operating Expense	<u>\$(806,052)</u>	<u>\$(646,516)</u>	<u>\$(324,876)</u>
Total Operating Expense	\$22,397,860	\$21,120,943	\$20,374,872
Income from Operations	\$2,464,425	\$3,042,339	\$2,263,295
Non-Operating Income (Loss)	<u>\$24,427</u>	<u>\$157,990</u>	<u>\$5,397</u>
Income before Dividends	\$2,488,853	\$3,200,329	\$2,268,691
Dividends	<u>\$(1,030,863)</u>	<u>(964,674)</u>	<u>\$(1,541,304)</u>
Net Income	<u>\$1,457,990</u>	<u>\$2,235,655</u>	<u>\$727,387</u>

REPORT OF THE SUPERVISORY COMMITTEE

In accordance with the by-laws and regulations of the National Credit Union Administration, the Supervisory Committee is required to perform a comprehensive audit annually. The Supervisory Committee engaged Curchin Group LLP, Certified Public Accountants, to perform the annual audit for the period of October 1, 2021, through September 30, 2022. The results of the audit reveal that the credit union is financially sound.

The Supervisory Committee also hired external firms to conduct several regulatory and financial audits in 2022, continuing through 2023. In addition, our internal Quality Control and Compliance Departments routinely review new accounts and new loan files to ensure that underwriting and regulatory standards are maintained.

Respectfully submitted,

Gary M. Rauch
Chairperson

REPORT OF THE NOMINATING COMMITTEE

February 28, 2023

To: Ms. Ronda Abbruzzese, Secretary – First Harvest Credit Union Board of Directors

Re: Nominations for seats on First Harvest Credit Union Board of Directors

The Nominating Committee has placed the following names into considerations as candidates to fill the four available seats on the Board of Directors for First Harvest Credit Union:

- Loretta Winters
- William Gruccio
- Ronda Abbruzzese
- Jim Puderbach

Please accept this on behalf of the Nominating Committee of First Harvest Credit Union.

Respectfully submitted,

Ana Fernandez, Chairperson – Nominating Committee

CREDIT UNION HEADQUARTERS:

1617 Hurffville Road
Deptford, NJ 08096

CREDIT UNION BRANCH LOCATIONS:

Deptford

1615 Hurffville Road
Deptford, NJ 08096

Camden

227 Market Street
Camden, NJ 08102

Glassboro

202 Rowan Boulevard
Glassboro, NJ 08028

Mount Laurel

East Gate Shopping Center
1180 Nixon Drive
Mount Laurel, NJ 08054

Pennsauken

7512 Maple Avenue
Pennsauken, NJ 08109

Pleasantville

15 W. West Jersey Avenue
Pleasantville, NJ 08232

Vineland

818 East Landis Avenue
Vineland, NJ 08360

Voorhees

Eagle Plaza
700 Haddonfield-Berlin Road
Voorhees, NJ 08043

Williamsport

Loyal Plaza
1935 East Third Street, Unit 14
Williamsport, PA 17701

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