



# First Harvest

CREDIT UNION

A Better Place to Grow



ANNUAL REPORT  
2023

# FIRST HARVEST CREDIT UNION

## BOARD OF DIRECTORS

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

## SUPERVISORY COMMITTEE

Gary M. Rauch	Chairperson
Ronda Abbruzzese	Liaison to Board
Joseph Brigandi	Member
Sharon Haas	Member
Sheama Holmes-Walker	Member
Dennis King	Member

## LEADERSHIP TEAM

Michael Dinneen	President & CEO
Robyn Oresto	EVP, Chief Financial & Compliance Officer
Justin Hendrickson	EVP, Chief Member Experience Officer
Lisa Noreski	SVP, Chief Human Resources Officer
Fawn Martin	SVP, Chief Administrative Officer
Camille Gadsden	SVP, Controller & Asset Recovery
James Hartmann	SVP, Direct Lending
David McDevitt	SVP, Information Technology
Kimberly Montgomery	SVP, Retail Banking
Erik Young	SVP, Direct Banking

# **2023 ANNUAL REPORT**

## **84<sup>th</sup> ANNUAL MEETING AGENDA August 27, 2024**

- **Welcome**
- **Call the Meeting to Order** – Loretta Winters
- **Roll Call of Directors** – Ronda Abbruzzese
- **Determination of Quorum** – Ronda Abbruzzese
- **Minutes of 2023 Annual Meeting** – Loretta Winters
- **Reports:**
  - **Report of the Chairperson & the President** – Loretta Winters, Mike Dinneen
  - **Report of the Treasurer** – Michele Hewitt
  - **Report of the Supervisory Committee** – Ronda Abbruzzese
  - **Report of the Nominating Committee** – Michael McKiernan
- **Election Results** – Loretta Winters
- **Unfinished Business** – Loretta Winters
- **New Business** – Loretta Winters
- **Adjournment** – Loretta Winters

# MINUTES OF THE 83<sup>rd</sup> ANNUAL MEETING

August 22, 2023

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

President, Michael Dinneen gave a warm welcome to those in attendance. Mr. Dinneen explained the procedure of the meeting, concluding with an introduction of the Board of Directors Chairperson, Loretta Winters.

Chairperson Winters called the 83<sup>rd</sup> Annual Meeting to order at 5:04 PM. Mr. Dinneen and Ms. Winters welcomed those members who were present and expressed their appreciation of the members' time and commitment to the credit union. Roll call was conducted by Secretary, Ronda Abbruzzese. All Directors were present with the exception of Dr. Anthony DiFabio and Michael McKiernan; both of whom were excused. Ms. Winters determined a quorum was present.

Ms. Winters referred to the minutes of the 2022 Annual Meeting as exhibited in the current Annual Report. Mr. Bettis made a motion to approve the minutes, seconded by Mr. Luehmann. Motion carried; minutes were unanimously approved.

Ms. Winters presented the Chairperson and President's Report as exhibited in the Annual Report. A motion was made by Ms. Fernandez and seconded by Ms. Morina to accept the report as printed; the motion carried unanimously.

Ms. Winters referred to the Treasurer's and Supervisory Committee Reports as exhibited in the Annual Report. A motion was made by Mr. Bettis and seconded by Mr. Luehmann to accept the reports as printed; the motion carried unanimously.

Ms. Fernandez presented the report of the Nominating Committee, recommending the following candidates for the four available seats on the Board of Directors: Loretta Winters, William Gruccio, Ronda Abbruzzese and James Puderbach. Ms. Fernandez motioned for approval, seconded by Ms. Morina. The motion carried unanimously. Mr. Bettis declared for the record that those nominated were nominated and elected fairly.

There being no unfinished or new business, Ms. Winters made a motion to adjourn the 2023 Annual Meeting of the First Harvest Credit Union, seconded by Mr. Luehmann. The meeting was adjourned at 5:10 PM.

Respectfully submitted,

**Ronda Abbruzzese**

Member

Board Secretary

## REPORT OF THE CHAIRPERSON

First Harvest continues to be a leader in community outreach, financial literacy, and economic development. When our credit union was founded in 1940 in Camden, our founding members pledged to support one another and their community through affordable financial solutions and collaboration. More than ever, First Harvest is proud to embrace this duty.

The First Harvest Scholarship Program awarded college scholarships to dozens of students across Southern New Jersey in 2023. Our staff embraces our mission of giving back through both their volunteer hours as well as their donations. Throughout the year, our employees' Charitable Journey program supported the Leukemia & Lymphoma Society, the Voorhees Animal Orphanage, the Arc of Cumberland County, and a major toy drive for the Volunteers of America Delaware Valley.

In December, our employees also led a holiday food drive, contributing food and funds to the following organizations: Rowan University Food Bank, Community Food Bank of Egg Harbor Township, Cherry Hill Food Bank, Jewish Family and Children's Services of South Jersey, Samaritan House, Family Promise of Williamsport, Your Food Shelf of Camden, First Baptist Church of Jericho food kitchen.

In addition to the above, in 2023, our credit union supported dozens of additional local organizations through donations or volunteer hours, including:

- Acenda Health
- Battleship of New Jersey
- Bernie Friedenbergl World War II Memorial Fund
- Blackhorse Regional Board of Education
- Boys & Girls Club of Gloucester County
- Burn Foundation
- Camden Business Association
- City of Camden School District
- Cooper Foundation
- Crisis Response Canines
- Deptford Township High School
- Glassboro Memorial Day Parade
- Glassboro "Boro in Lights" Celebration
- Gloucester County Habitat for Humanity
- Gloucester County NAACP
- Gloucester County Police Chiefs Association
- Gloucester Township Economic Development
- Jefferson Health
- Kroc Center
- New Jersey Hispanic Leadership Association
- Osborn Family Health Center
- Parada San Juan Bautista
- Rowan College of South Jersey
- Rowan University
- Stockton University
- Township of Deptford
- Urban Promise



*Team Members wear pink and raise funds for The Cooper Foundation during Breast Cancer Awareness Month.*

In terms of advocacy for the greater Credit Union Movement, we worked with the New Jersey CrossState Credit Union Association and the Credit Union National Association, advocating to our local and national elected leadership to ensure credit unions protect their not-for-profit status, which helps ensure that we continue to offer our members better rates and lower fees.

Against the backdrop of government discussions regarding fee reform, you can be assured that First Harvest has one of the fairest and lowest fee structures of any financial institution in New Jersey. We are proud that we offer fair and inclusive banking products and services, which increase accessibility to financial services to those who need it the most.

We are deeply appreciative of our dedicated employees, who selflessly serve our members and are working hard to ensure that we remain the premiere financial services organization in New Jersey. 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**

Member

Chairperson



*Deptford Branch team members celebrate Independence Day.*

## REPORT OF THE PRESIDENT

The year 2023 proved to be a transformational year for First Harvest Credit Union. When I assumed the leadership role at First Harvest in July 2023, I promised our members, employees, Board of Directors, and regulatory agencies that our credit union would strive every day to achieve excellence in our member experience, operational experience, and regulatory posture. With so much uncertainty in our economic environment, we strive to operate from a position of safety, soundness and strength, so that we can best invest in our employees and members.

I am pleased to report on the progress that our credit union made in 2023, especially against the backdrop of rising interest rates, inflation, and a rapidly-changing regulatory environment. Although we made many difficult decisions, all were made with the ultimate goal of ensuring that First Harvest would be the best member-owned financial institution in the region.

The credit union took on several initiatives in recent years, including a rebrand, a core conversion, and a card conversion. Those initiatives contributed to elevated labor and operational costs into 2023, however we committed to completing them in 2023 so we could better position ourselves for the future. In 2023, the Board and Management took swift action to bolster our member contact center, rationalize our balance sheet and liquidity, improve our asset quality, fortify our safety and soundness, and begin to build a foundation to support sustained member growth and experience. As we strive to be a premier financial services institution, these steps will allow us to grow while providing a better banking experience for members. Some of the achievements of 2023 include:

### **Member Experience:**

- We terminated an agreement with an outsourced member service center, and invested in a local in-house service center, named First Harvest Direct. This area now handles all inbound service inquiries, outbound welcome calls, internet deposits and loans, and video appointments. In addition to creating over 20 new Southern New Jersey jobs, our member satisfaction scores, answer times, and problem resolution have all improved, while significantly reducing expenses compared to the outsourced arrangement.

***“First Harvest makes it really easy to do business. Everyone is kind and understanding. Everyone is also very helpful. The entire process couldn’t have been easier!”***

**-First Harvest Direct Contact Center Member**

- We have renewed our focus on Select Employer Groups (SEGs), adding five new SEG partners so far in 2024, to join our 700+ legacy SEGs. Credit unions work best when they have community partners, and we are proud to have brought our SEG program back as a key part of our strategy.

- We introduced several new products and services in 2023, including online deposit accounts, a high-yield Growth Savings account, and Certificate and IRA programs.
- We launched First Harvest Investment Solutions, an affordable investment and retirement program that allows our members to supplement their First Harvest Credit Union savings strategies.
- The credit union has implemented several new consumer lending programs, and is preparing to launch point-of-sale auto financing at multiple local car dealerships. Since I joined the credit union, our loans to members have grown by over \$8 million, reiterating our commitment to provide lending to our Southern New Jersey membership and community partners.
- The credit union agreed to a spin-off arrangement with Members 1st Federal Credit Union of Pennsylvania in 2023, in which our Williamsport, Pennsylvania branch, its membership, and staff would transfer into Members 1st. This transaction was completed on August 2, 2024, providing a more localized banking solution for our Williamsport-based membership. We deeply appreciate the Williamsport staff for their partnership and long tenure with First Harvest – our friends at Members 1st will be outstanding stewards of the Williamsport membership and team for many years to come.
- In 2023, we enjoyed our first net membership growth in several years, achieving 46,545 members at year-end. In addition, we were able to reduce employee turnover, and we experienced improvements in membership satisfaction scores.



*Employees gather for Townhall discussions.*



## Safety and Soundness:

- We finished 2023 with a net worth ratio of 7.99%, well above the 7.00% regulatory definition of “well-capitalized”. Our members can be assured that their funds are safe, secured, and insured up to NCUA limits.
- The credit union’s legacy borrowing position carried annualized expenses of over \$1.5 million. In 2023, we bolstered our liquidity, allowing the credit union to reduce its borrowings by 27.5% during the year.
- In 2020 and 2021, the credit union had purchased a large pool of 30-year fixed mortgage participations during a historically-low interest rate period. This portfolio’s duration hampers the credit union’s ability to generate market-driven interest income and overall earnings. During 2023, we focused on reducing our overall long term interest rate risk, executing one mortgage loan sale and reducing our mortgage participations by over \$10 million. We are committed to originating local, member-generating, shorter-duration loans that help New Jersey families save money, purchase vehicles, and improve their homes in 2024 and beyond.

## Asset Quality:

- Through the course of 2023, we reduced our delinquency rate from 1.32% to 1.00%, while our peer credit unions across the nation were seeing increases in this metric. The rate has continued to further decrease through the first half of 2024, thanks to the diligent but benevolent work of our Asset Recovery team.
- First Harvest enacted its Current Expected Credit Losses (CECL) accounting at the end of 2023, increasing our allowance for credit losses to \$2.55 million as of December 2023, compared to \$1.67 million at the end of December 2022.



Employees take part in the Adopt-A-Family holiday giving program with gift and bike donations.

## Employee Experience:

- We recognize that we are a people-first business. In 2023, we made several investments in our staff to ensure that our members have a well-trained and tenured team to meet their banking needs:
  - Expanded and enhanced employee training and development.
  - Restructured employee benefits and retirement plan vesting.
  - Implemented service standards for branches and First Harvest Direct.
- We made several enhancements to our Management team, welcoming several new leaders who have deep, local, member-focused credit union leadership experience. In addition, we promoted several long-tenured leaders who have demonstrated a long-term commitment to our membership. Collectively, our leadership team are also members, and are fully committed to the philosophy of the member-focused credit union movement.

***“What I like best about my job is the ability to work independently & with my team. It’s great to work with people who care about their jobs and their peers. We have a great team that all works together perfectly and jumps in to help each other, other teams, and our members as needed.”***

**-First Harvest Finance Team Member**

The above changes to improve the credit union’s regulatory, asset quality, and member experience posture were not without a financial and labor cost. Our management team and Board are not satisfied with the quantity or quality of our earnings, however we recognize that we had to take material steps to fundamentally address our long-term balance sheet and asset quality while investing in the member experience. In addition, we paid over \$2.5 million in dividends to our members in 2023. Through the first half of 2024, we have reduced our operational expenses by \$1.1 million, and our net income before dividends has increased by over 314% year over year. Despite an unpredictable and elevated rate environment, we are committed to operating your credit union in a safe, sound, and fiscally responsible manner.

For over 84 years, First Harvest has invested in its members and communities, as credit unions are inherently about people helping people. As we look to the future, we are excited about the prospects ahead, and we encourage you to invite your friends and family to join our First Harvest Credit Union family. I am deeply appreciative of the hard work of our staff, and the countless hours invested by, and overall support of, our volunteer Supervisory Committee and Board of Directors. Thank you for trusting us to be your financial services provider.

Sincerely,

**Mike Dinneen**

Member

President & Chief Executive Officer

## **REPORT OF THE TREASURER**

### **Assets:**

The Statement of Financial Condition - total assets decreased 4.5% or \$21.3 million to \$452,402,954 from \$473,779,731 in 2022. For the year ending on 12/31/2023, loans decreased 3% or \$7.5 million to \$272,340,645 from \$279,910,831 at year end 2022. Total available for sale investments decreased 8% or \$5.0 million to \$58,092,870 from \$63,179,208 at year end 2022. Securities Held to Maturity decreased 8% or \$5.5 million to \$65,933,585 from \$73,957,319 as of 12/31/2022. Total cash on hand and due from banks decreased 6.5% or \$1.3 million to \$19,707,284 from \$21,086,238 at 12/31/2022. Allowance for credit losses had an increase of 52% or \$879 thousand to (\$2,550,191) from (\$1,670,309).

### **Liabilities:**

Total deposits of members' accounts decreased 3% or \$12.9 million to \$380,529,886 from \$393,496,876 at 12/31/2022. Member's share decreased 12% or \$41.7 million to \$306,250,089 from \$347,980,829 at 12/31/2022. Member Certificates increased 63% or \$28.7 million to \$74,279,796 from \$45,516,046 at 12/31/2022. Borrowed funds decreased 16% or \$7.4 million to \$38,000,000 from \$45,478,814 at 12/31/2022.

Members Equity decreased 6% or \$1.6 million to \$24,333,353 from \$25,948,166 at 12/31/2022.

Total Operating Income increased 1% or \$219 thousand to \$25,081,681 from \$24,862,285 as of 12/31/2022. Main components are as follows: Interest Income on Loans increased 11% or \$1.2 million to \$13,676,249, from \$12,408,341 as of 12/31/2022. Interest on Investments increased 23% or \$452 thousand to \$2,356,043 from \$1,903,556 as of 12/31/2022. Other non-operating income decreased 16% or \$1.5 million to \$9,049,389 from \$10,550,388 at 12/31/2022.

Total Operating Expenses increased 14% or \$3.1 million to \$25,593,091 from \$22,937,860 at 12/31/2022. Most significant categories were: Compensation increased 12% or \$972 thousand to \$9,076,522 from \$8,104,349 as of 12/31/2022. Professional services increased 57% or \$1.6 million to \$1,457,252 as of 12/31/2023. Credit Loss increased 15% or \$188 thousand to \$1,457,252 from \$1,269,219 at 12/31/2022. Office Occupancy decreased 11% or \$210 thousand to \$1,656,538 from \$1,866,971 at 12/31/2022.

Respectfully submitted,

**Michele Hewitt**

Member  
Treasurer

# FINANCIAL STATEMENTS

## COMPARATIVE STATEMENT OF CONDITION - BALANCE SHEET

	December 31, 2023	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
Loans	\$272,340,646	\$279,910,831	\$262,156,129
Allowance for credit losses	\$(2,550,191)	\$(1,670,309)	\$(2,000,497)
Real estate owned	\$0	\$162,617	\$0
Repossessed automobiles	\$100,042	\$293,188	\$142,564
Securities held to maturity	\$65,933,585	\$73,957,319	\$70,401,291
Securities available for sale	\$58,092,870	\$63,179,207	\$77,318,285
Cash	\$19,707,284	\$21,086,238	\$54,053,631
Property and equipment	\$13,885,227	\$14,663,727	\$16,016,454
Other receivables	\$618,324	\$422,431	\$3,149,885
Other assets	<u>\$24,275,167</u>	<u>\$21,774,481</u>	<u>\$17,033,458</u>
<b>TOTAL ASSETS</b>	<b><u>\$452,402,954</u></b>	<b><u>\$473,779,731</u></b>	<b><u>\$498,271,200</u></b>
<b>LIABILITIES</b>			
<b>Deposits</b>			
Members shares	\$306,250,089	\$347,980,830	\$384,538,269
Members certificates	<u>\$74,279,797</u>	<u>\$45,516,047</u>	<u>\$50,401,867</u>
	<b>\$380,529,886</b>	<b>\$393,496,876</b>	<b>\$434,940,135</b>
<b>Other</b>			
Borrowings	\$38,000,000	\$45,478,815	\$25,013,721
Accounts payable	\$2,259,128	\$2,005,696	\$411,449
Other Liabilities	<u>\$7,280,586</u>	<u>\$6,850,177</u>	<u>\$2,482,340</u>
	<b>\$47,539,714</b>	<b>\$54,334,689</b>	<b>\$27,907,509</b>
<b>EQUITY</b>			
Reserves	\$1,302,899	\$1,302,899	\$1,302,899
Undivided earnings	\$37,159,926	\$38,132,352	\$36,231,000
Other comprehensive income (Loss)	<u>\$(14,129,472)</u>	<u>\$(13,487,086)</u>	<u>\$(2,110,345)</u>
	<b>\$24,333,353</b>	<b>\$25,948,166</b>	<b>\$35,423,555</b>
<b>TOTAL LIABILITES &amp; EQUITY</b>	<b><u>\$452,402,954</u></b>	<b><u>\$473,779,731</u></b>	<b><u>\$498,271,200</u></b>

# FINANCIAL STATEMENTS

## COMPARATIVE STATEMENT OF CONDITION - INCOME STATEMENT

<b>OPERATING INCOME</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Income from Loans	\$13,676,249	\$12,408,341	\$12,516,025
Investment Income	\$2,356,044	\$1,903,556	\$1,206,745
Other Non-Interest Income	<u>\$9,049,389</u>	<u>\$10,550,388</u>	<u>\$10,440,512</u>
<b>Total Operating Income</b>	<b>\$25,081,681</b>	<b>\$24,862,286</b>	<b>\$24,163,282</b>
<b>OPERATING EXPENSES</b>			
Compensation	\$9,076,522	\$8,104,350	\$7,843,124
Employees Benefits	\$2,368,900	\$2,428,926	\$2,262,034
Employee Rewards	\$58,703	\$58,080	\$98,332
Travel and Conference	\$254,508	\$281,251	\$240,581
Association Dues	\$41,489	\$75,123	\$87,403
Office Occupancy	\$1,656,538	\$1,866,971	\$1,890,544
Office Operations	\$2,496,414	\$2,441,280	\$2,779,265
Education and Promotion	\$187,425	\$205,920	\$153,846
Marketing/Advertising	\$435,986	\$476,988	\$409,144
Loan Servicing Expenses	\$2,029,297	\$2,266,463	\$1,154,044
Professional Services	\$4,505,768	\$2,854,314	\$3,869,391
Credit Loss	\$1,457,252	\$1,269,219	\$303,890
Excess Share Insurance	\$11,975	\$13,071	\$10,075
Federal Operating Fee	\$81,060	\$83,428	\$95,547
Cash Over and Short	\$7,430	\$38,363	\$13,866
Interest on Borrowed Money	\$1,404,626	\$726,931	\$556,374
Misc. Operating Expense	<u>\$(480,804)</u>	<u>\$(792,717)</u>	<u>\$(646,516)</u>
<b>Total Operating Expense</b>	<b>\$25,593,092</b>	<b>\$22,397,860</b>	<b>\$21,120,943</b>
Income from Operations	\$(511,410)	\$2,464,425	\$3,042,339
Non-Operating Income (Loss)	<u>\$88,342</u>	<u>\$24,427</u>	<u>\$157,990</u>
Income before Dividends	\$(599,753)	\$2,488,853	\$3,200,329
Dividends	<u>\$2,539,959</u>	<u>\$1,030,863</u>	<u>\$964,674</u>
<b>Net Income</b>	<b><u>\$(3,139,712)</u></b>	<b><u>\$1,457,990</u></b>	<b><u>\$2,235,655</u></b>

## 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, 2022, through September 30, 2023. 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 2023, continuing through 2024. 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.

I wish to thank our volunteer Supervisory Committee members for their time and diligence in reviewing the credit union's internal controls, ensuring that we remain a safe and sound institution.

Respectfully submitted,

**Gary M. Rauch**

Member

Chairperson, Supervisory Committee



*First Harvest team members taking part in local community initiatives.*

# REPORT OF THE NOMINATING COMMITTEE

May 28, 2024

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

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

There are four terms expiring on the Board of Directors. The following four members have been nominated by the Nominating Committee for election to a full three-year term:

Ana Fernandez: 2024 – 2027 term

Michele Hewitt: 2024 – 2027 term

Kenneth Luehmann: 2024 – 2027 term

Lisa Morina: 2024 – 2027 term

The following member has been nominated by the Nominating Committee for election to fill the balance of an unexpired three-year term:

David Daily: 2024 – 2026 term

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

Respectfully submitted,

**Michael McKiernan**

Member

Chairperson, Nominating Committee

# FIRST HARVEST CREDIT UNION OFFICE & BRANCH LOCATIONS

## Corporate Office

1617 Hurffville Road  
Deptford, NJ 08096

## Deptford

1615 Hurffville Road  
Deptford, NJ 08096

## Pleasantville

15 W. West Jersey Avenue  
Pleasantville, NJ 08232

## Mount Laurel

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

## Camden

227 Market Street  
Camden, NJ 08102

## Glassboro

202 Rowan Boulevard  
Glassboro, NJ 08028

## Vineland

818 East Landis Avenue  
Vineland, NJ 08360

## Voorhees

Eagle Plaza  
700 Haddonfield-Berlin Road  
Suite 34, Voorhees, NJ 08043

## ATM-Only Locations:

Camden City Hall, Camden, NJ  
Cumberland Mall, Vineland, NJ



## Virtual Branch

Connect Almost Anywhere







# First Harvest

CREDIT UNION

A Better Place to Grow



 [FirstHarvestCU.com](https://www.FirstHarvestCU.com)

 800.582.7640

 [Info@FirstHarvestCU.com](mailto:Info@FirstHarvestCU.com)

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