



celebrating our

65<sup>th</sup> Anniversary

## 2005 ANNUAL REPORT

### CHAIRPERSON'S MESSAGE . . .

Dear Fellow Members:

Palisades Federal Credit Union (PFCU) goals have always been based on traditional values of service and a "member's first" attitude. Our community charter enables us to provide these same valued services to all those who live work, worship or attend school in Rockland County. As we continued to expand our membership into the Rockland County community, the need to update our logo and web site with a new look became evident.

Our new logo introduced this year helps us marry the traditional with the new. The logo's green color is the same color green found in the old logo. Its use is intended to honor our past while building towards our future. The color blue used in the logo is meant to convey security, trust and stability. The flowing graphic design brings together the strengths of Palisades Federal Credit Union by combining our mission and vision statement of better banking, better solutions with building valued relationships. The words Palisades Federal are all in capital letters to again reflect security and strength; while the words credit union are spread out to representative a spreading out into the Rockland County community.

Our new look has also yielded updated marketing materials and a brand new web site. This web site was designed to eliminate "click through." Allowing you the member to find what you need in a minimal number of "clicks." The site is set up like a filing cabinet and instead of big drop down menus there are areas of interest; set like file draws or cabinets, allowing you to drill down into our web content quickly. The site also comes with a site map and a search engine. This search engine only scans our site and does not take you to a third party web site. A nice touch that further enhances the member's experience and reinforces our commitment to keep our member's safe while on the internet.

We also have continued our efforts to reach out into our community. This past year saw us involved with the March of Dimes Walk-a-thon, the Nanuet Little League, Pearl River's Soap Box Derby competition,

United Way's Day of Caring, Credit Union Care for Kids, our college scholarship programs, and the Salvation Army's Angel Tree program. All worthy causes that make a difference for both members and non-members alike. I'm so proud of our community involvement and how much we really do get accomplished during the year.

I am also proud of what our management team and staff were able to accomplish this year. Besides implementing our new web site they added new systems and services that helped to fine tune operational delivery of financial products and services that provided value added benefits and cost savings for every member.

One such enhancement was the elimination of a usage fee for electronic bill payment services (**EPay**). **EPay** is the fast, efficient, and very interactive way to pay your bills online. It's convenient to set up and convenient to use. You can schedule payments in advance and now there is no monthly fee, when you use it every month. **EPay** can also save you money you would ordinarily pay for stamps, envelopes and the cost associated with the purchasing of checks.

Our members have also started to use our other online suite of convenient services like: **eStatements** (online notification that their Palisades Federal Credit Union statement is ready and available to view and download), and online banking. This suite of online services provides a safe, secure, private and convenient way to accomplish banking chores without having to visit one of our branches.

This year we worked diligently all year long on enhancing and maintaining all systems and processes that protect your personal information. We also informed you of the different pitfalls in today's virtual marketplace; phishing, pharming and computer viruses to name but a few. Palisades Federal Credit Union has strict security policies and we value each member's privacy. We are definitely pro-active when it comes to protecting you and your identity. Remember your personal information is never sold, given, or disclosed to other parties.

Now we're already looking ahead to 2006. It will be our 65th anniversary in a couple of months and this will be the year that we start providing business owners with a helping hand. Yes, we intend to commence commercial account activities for our members. We are excited about this opportunity and we hope that it will help our current and future member's business needs.

Our financial growth is steady and consistent. We increased deposits as well as total loans for this year. There are still opportunities to grow and I believe that the work that has been accomplished over the year will go along way in helping us achieve greater outcomes in the years ahead.

I am also very thankful for the commitment and contribution of my fellow Board members and volunteers. Without their hard work and dedication throughout the year we wouldn't achieve half as much as we do.

I also want to take this time to personally congratulate the staff for facing the challenges of 2005 and their dedication to the credit union membership.

Lastly I want to thank you our members. We so appreciate your continued business. On behalf of the Board, volunteers and staff we thank you for your support and encouraging comments.

However please continue to encourage family, friends, and neighbors to join with us in 2006.

Best regards,

Gerald J. Castellani, Chairperson  
Palisades Federal Credit Union

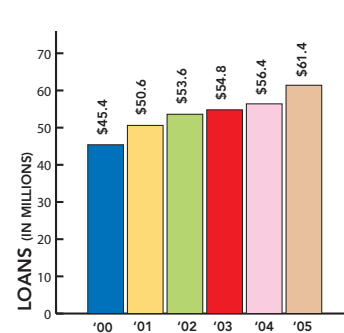
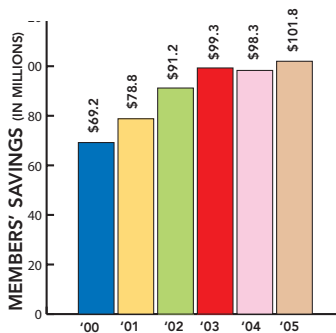
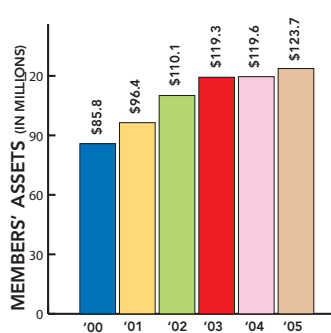
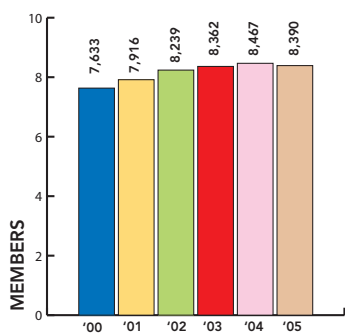
### OUR MEMBER PRODUCTS & SERVICES

- Savings Accounts
- Basic Checking Account
- Premium Checking
  - Holiday Club
  - Vacation Club
- Home Banking
  - **EPay**
- **eStatements**
- Term Certificates of Deposit
- Individual Retirement Accounts
  - Money Market Account
  - First Mortgages
- Home Equity Loans and Lines of Credit
  - No Equity Home Equity Loans
  - Adjustable Rate Mortgages
    - Auto Equity Loans
- Visa Classic, Gold, and Platinum Credit Cards
- Secured (Savings, Term Certificate, Stock) Loans
- New/Pre-Owned Vehicle Loans
  - Balloon Auto Loans
  - Personal Loans
- Overdraft and Personal Lines of Credit
- Federally Guaranteed Student Loans
  - Family Membership
  - Money Wiring Service
    - Savings Bonds
- Any Hour Loan by Phone Service
- **TAP** (Automated Telephone System)
- International and Nationwide ATM Access
- Allpoint No Surcharge ATM Network
  - Payroll Deduction
  - Direct Deposit
- Automatic Loan Transfers
  - Free Notary Service
  - Signature Guarantee
- Liberty Mutual Insurance Payment Plans
  - Loan Protection Insurance
  - Credit Disability Insurance
    - Money Orders
    - Certified Checks
    - Courtesy Pay
- American Express Travelers and Gift Checks
- The Negotiator's, Inc. Car Buyers' Helpline
  - Enterprise Car Sales
- Members Financial Services Program
  - Mechanical Repair Insurance
  - Guaranteed Asset Protection

## FINANCIAL HIGHLIGHTS

	Balance Sheet 12/31/05	Balance Sheet 12/31/04	Balance Sheet 12/31/05	Balance Sheet 12/31/04
<b>ASSETS</b>			<b>LIABILITIES &amp; CAPITAL</b>	
Loans to Members	\$61,368,299	\$56,378,659	Liabilities	239,775
Less Allowance-Loan Losses	(297,985)	(306,546)	Total Savings	101,763,835
Cash	576,543	664,659	Reserves	16,500,000
Investments	56,987,294	60,241,635	Undivided Earnings	5,238,200
Land/Building	424,073	453,127	Mkt. Securities*	(60,027)
Other Fixed Assets	128,181	108,382		
Other Assets	4,495,378	2,055,053		
<b>TOTAL ASSETS</b>	<b>\$123,681,783</b>	<b>\$119,594,969</b>	<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>\$123,681,783</b>

\*Unrealized Gain (loss) on Available for Sale Securities



## SUPERVISORY COMMITTEE

The Supervisory Committee is a group of dedicated volunteers who independently monitor the policies and actions of the Palisades Federal Credit Union. The committee's goal is to ensure that PFCU is in compliance with industry standards, the expectations of our valued members, and the federal regulations of the National Credit Union Administration. The committee focuses on ensuring compliance, security, and financial well being of the organization by reviewing policies against current standards and performing periodic audits of procedures, key financial records, and physical holdings.

The Committee contracted Nearman and Associates to perform the annual financial audit and to assist with internal audits the Committee performs throughout the year. The annual audit confirmed that the financial statements represented the financial position of Palisades Federal Credit Union and that the results of its operation and its cash flows conform to generally accepted accounting principles.

Respectfully Submitted,

Pamela Wiss, Chairperson

Committee Members: Pamela Wiss, Chairperson, Tammy Gamble, Mark Buchynski, Rich Musa and Newton Paul

## BOARD OF DIRECTOR'S NOMINATIONS

This year, the Palisades Federal Credit Union Nominating Committee has nominated the following members to the Board of Directors:

**Gerald Castellani** -- has been on the Board of Directors since 1972 and currently serves as Chairman of the Board. He has been involved with various committees over the years and is currently on the Executive Committee. Gerry was hired by Lederle in 1962 and continues his work at Wyeth. He graduated from the University of Pittsburgh with a Bachelor of Science degree in Chemical Engineering and obtained his MBA at Fairleigh Dickinson University.

**James Brandt** -- started as a member of the Supervisory Committee then became a member of the Board of Directors in 1983. He currently serves as Treasurer of the Board and sits on the Asset/Liability Committee. James retired early in 2004 from Wyeth. He is a graduate of Lebanon Valley College in Pennsylvania.

**Joe Vitanza** -- has been a board member since 2002. He has been employed at Pearl River since 1982, serving in various positions in Manufacturing, Engineering and Facility Operations. He is currently the Director, Manufacturing Support. He graduated from the U.S. Merchant Marine Academy in 1973, with a dual B.S. in Marine Engineering and Marine Transportation, and in 1982 from the University of Georgia, with a B. S. in Pharmacy. He is a Registered Pharmacist in the State of New Jersey.

Regular terms of office are three years. Please be advised that there will be no nominations from the floor at the Annual Meeting.

## Annual Membership Meeting

The Annual Membership Meeting has been set for Tuesday, May 9, 2005 @ 5:00 p.m. and this year we will be at the Comfort Inn on Route 59 in Nanuet, NY. The Comfort Inn is located off the east bound lanes of Route 59 adjacent to the south bound entrance of the Palisades Interstate Parkway. We look forward to seeing you there.