

Supervisory Committee REPORT

JUNE 2018

In accordance with the Federal Credit Union Act and the by-laws of DC FCU (DC Credit Union), members of the Supervisory Committee are appointed by the Board of Directors and are tasked with ensuring that the financial condition of the Credit Union is accurately and fairly represented in its financial statements. The Committee is also charged with ensuring that management's practices and operational procedures are adequate to safeguard members' assets. To meet those responsibilities, the Committee performs various compliance reviews throughout the year. Those reviews are designed to confirm that the necessary controls are in place to ensure a safe and sound operation.

Last year, the Committee engaged the accounting firm of DeLeon & Stang, CPAs to perform an independent audit of DC Credit Union's financial statements. We are proud to announce that the audit results yielded an unqualified or *clean* opinion on the 2017 financial statements of your credit union.

On an ongoing basis, the Committee also looks into individual member concerns, providing independent oversight and review to ensure quality and accurate service is extended to the entire membership. To request assistance from the Committee, please e-mail sc@dccreditunion.coop or write to:

DC Credit Union Supervisory Committee
P.O. Box 73588
Washington, DC 20009

Committee members are firm in their resolve to uphold the safety and soundness of your Credit Union.

Sincerely,

Deborah Cunningham


Deborah Cunningham
Chairman



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2000 14th Street, NW, 2nd Floor
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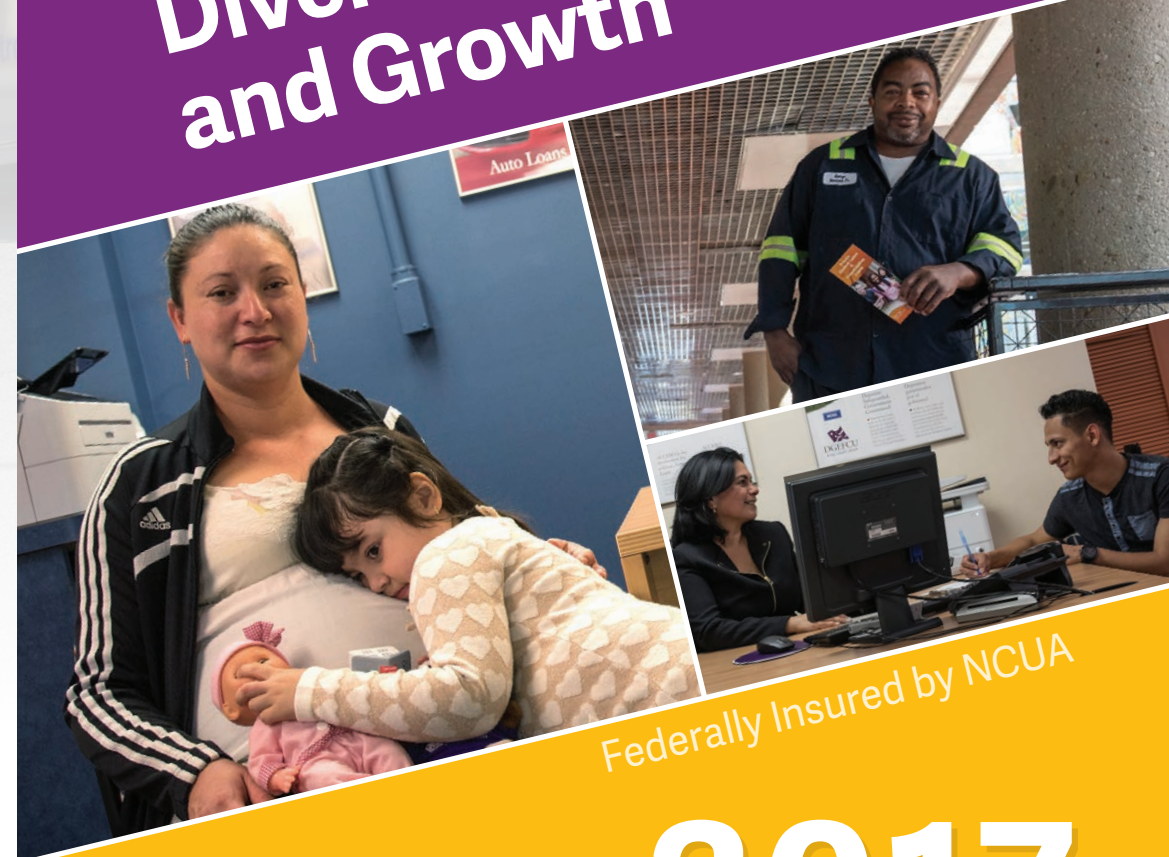
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Building a Stronger
Community Through
**Diversity, Inclusion
and Growth**



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2017
ANNUAL REPORT

Chairman's REPORT 2018

I am pleased to report that the past year has been one of tremendous growth and accomplishments at DC Credit Union. Assets, revenue and capital all grew as evidenced in the Treasurer's Report and Financial Statements contained in this Annual Report. Members also grew by approximately 10%, and as our member-owners are at the heart of our credit union, we are most proud to be serving more of our co-workers, family, friends and neighbors!

In fact, for our work in pursuing a mission of financial inclusion, the U.S. Treasury Department's Community Development Financial Institution (CDFI) Fund awarded us grants in 2017, and again in 2018! We have used that financial support to grow our capacity to extend credit. To that end, we have trained our staff to better serve you, our member-owners. One hundred percent of our staff has been trained as Community Development Financial Counselors so we can have more productive conversations with you across all financial transactions. Committed to service and with a new set of skills, our staff is fully prepared to execute on our mission to provide members increased access to productive credit. Credit creates opportunities to attain post-secondary education, reliable transportation, home ownership and home improvement, as well as capital to launch or grow a business. More specifically, access to credit enables us all to more fully participate in our local economy.

Recognizing our role as the 'fuel' to the local economy, we changed our name from DGEFCU to DC Credit Union. We remain thankful and proud of our origins, and continued partnership with DC's government. The new name enables us to celebrate our important link to the city and city employees, while being more inclusive of the many organizations and communities within the city that we now serve, and looking forward to a strong future of continued growth and service.

Looking forward is also why we have committed ourselves, since 2010, to bank the participants of the Mayor Marion S. Barry Summer Youth Employment Program (MBSYEP) so it is only apt that we shall theme this 64th Annual Membership Meeting "Building a Stronger Community through Diversity, Inclusion & Growth" and that we shall convene our members at DC's Department of Employment Services (DOES) Office of Youth Programs.

I invite you to celebrate a successful 2017 and our collective commitment to our city, DC government employees, and all who make up our co-operative family.

On behalf of the Board of Directors, Committee Members and Staff, I thank you for the opportunity to serve you.

Sincerely,

Charlotte Ducksworth

Charlotte Ducksworth
Chairman, Board of Directors

Treasurer's REPORT 2018

It is a pleasure to inform you, our fellow members that in 2017 DC Federal Credit Union (DC Credit Union) continued to be strong and successful. As a federally chartered credit union and a community development financial institution (CDFI) we have an obligation to serve low- to moderate-income families. We embrace our responsibility to be an involved and productive corporate citizen and have made great strides developing and delivering programs that meet the needs of all our diverse members. In fact, we measure success by how we impact our members' lives.

In 2017, members increased savings by 6.8%, reaching \$51.982 million in deposits. Members also leveraged savings with the use of credit. In fact, loans to members grew by 6.3% to \$40.753 million. That meant members were able to achieve a number of dreams – from paying for college to home ownership. Increased economic participation by our members, translated in growth of our financial co-operative. Total Assets increased \$4.785 million or 8.9% year-over-year to a new high of \$58.825 million. Also in 2017, the credit union received a grant from the U.S. Department of Treasury's CDFI Fund. The grant recognizes the important role your credit union has in generating economic growth and opportunity in our community and provides support for our lending and financial education activities. Accounting for the grant dollars, in 2017 the credit union realized an operating gain of \$1.590 million.

The gain fuels the credit union's capital - the Net Reserve to Asset Ratio - which is one of the primary indicators of a financial institution's strength, and a measure of its safety and soundness. Your credit union ended 2017 with capital of 10.7%. That is well above the regulatory requirement of 7% to be considered "well capitalized".

At 11,100 members strong, we're sure that our collective future is brighter than ever!

I sincerely appreciate your continued support and patronage, and take the opportunity to acknowledge the dedication of our Board of Directors, Supervisory Committee members, senior management, and credit union employees who dedicate themselves to create a positive impact for the benefit of our members, their families and community.

Thank you!

Respectfully submitted,

Joseph Goosby

Joseph Goosby
Treasurer

STATEMENTS OF FINANCIAL CONDITION

December 31, 2017 and 2016

ASSETS	2017	2016
Cash and cash equivalents	\$ 5,419,000	\$ 2,118,000
Deposits in Other Financial Institutions	\$ 593,000	\$ 593,000
Investments in securities		
Available-for-sale, at fair value	\$ 8,793,000	\$ 10,386,000
Other investments	\$ 556,000	\$ 567,000
Loan to members, net of allowance for loan losses	\$ 40,753,000	\$ 38,339,000
Accrued interest receivable	\$ 194,000	\$ 184,000
Grants receivable	\$ 630,000	\$ –
Prepaid expenses and other assets	\$ 1,201,000	\$ 1,134,000
Premises and equipment, net of accumulated depreciation and amortization	\$ 198,000	\$ 254,000
NCUSIF share insurance deposit	\$ 488,000	\$ 465,000
TOTAL ASSETS	\$ 58,825,000	\$ 54,040,000
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Members' share and savings accounts	\$ 51,982,000	\$ 48,664,000
Borrowed funds, secondary capital	\$ 500,000	\$ 500,000
Accounts payable and other liabilities	\$ 227,000	\$ 329,000
Total liabilities	\$ 52,709,000	\$ 49,493,000
Members' equity:		
Regular Reserves	\$ 458,000	\$ 458,000
Undivided Earnings	\$ 5,726,000	\$ 4,135,000
Accumulated Other Comprehensive Income	\$ (68,000)	\$ (46,000)
Total Members' Equity	\$ 6,116,000	\$ 4,547,000
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 58,825,000	\$ 54,040,000

STATEMENTS OF INCOME

For the Years Ending December 31, 2017 and 2016

	2017	2016
Interest Income:		
Member Loans	\$ 3,001,000	\$ 2,911,000
Investment Income	\$ 250,000	\$ 267,000
Total interest income	\$ 3,251,000	\$ 3,178,000
Interest Expense:		
Members' share and savings accounts	\$ 198,000	\$ 189,000
Borrowed funds	\$ 10,000	\$ 30,000
Total interest expense	\$ 208,000	\$ 219,000
Net interest income, before provision for loan loss	\$ 3,043,000	\$ 2,959,000
Less provision for loan losses	\$ (750,000)	\$ (831,000)
Net interest income, after provision for loan losses	\$ 2,293,000	\$ 2,128,000
Non-Interest Income:		
Fees and other income	\$ 1,196,000	\$ 1,338,000
Grant revenue	\$ 1,390,000	\$ –
Total non-interest income	\$ 2,586,000	\$ 1,338,000
Non-Interest Expense:		
Employee salaries and benefits	\$ 1,309,000	\$ 1,256,000
Office operations	\$ 1,414,000	\$ 1,288,000
Share Insurance Premium	\$ –	\$ –
Other Operating Expenses	\$ 416,000	\$ 513,000
Loss on Sale and Impairment of Assets	\$ 150,000	\$ 105,000
Total non-interest expenses	\$ 3,289,000	\$ 3,162,000
NET INCOME (LOSS)	\$ 1,590,000	\$ 304,000