

Welcome to DC Credit Union's 69th Annual Membership Meeting



2022-23 Impact Report

69th Annual Membership Meeting Agenda

Wednesday, October 25, 2023 - 12:00 p.m. – Hybrid (Reeves Ctr/Zoom)

- Call to Order & Quorum
- Introductions
- Minutes of the 2022 Annual Membership Meeting
- Officers' & Supervisory Committee Reports
- Old & New Business Items
- Elections Results
- Q&A Session – Open Discussion
- Survey - Raffle of \$100 prizes (to be credited to Member's CU accounts)
- Adjournment



2022 Annual Membership Meeting Minutes

DC Federal Credit Union
2000 14th Street, NW, Washington, DC 20009

MINUTES OF THE 68th VIRTUAL ANNUAL MEMBERSHIP MEETING June 30, 2022

Call to Order

The 68th Annual Membership Meeting of DC Credit Union was held on June 30, 2022 as a virtual meeting on the Zoom platform.

After logistical meeting information was provided by Credit Union staff and Quorum was confirmed, Ms. Charlotte Ducksworth, DC Credit Union's Board Chairman, called the meeting to order at 12:00 p.m.

The Chairman introduced Directors Leroy Proctor, Joseph Goosby, Delvia Lewis, Priscilla Hackney, Michael Beall, Anthony Stevens, Josué Salmerón and Jamaine Taylor. The Chairman then introduced Supervisory Committee Chairman Deborah Cunningham, and Members Delvia Lewis, Wilma McDowell, Leslie Fogg-Bowie (who was unable to participate) and Gertrude Thompson (who was unable to participate). The Chairman acknowledged the staff present led by Sybil Bogans, Interim CEO.

Approval of Last Year's Minutes

Ms. Ducksworth directed members' attention to the Minutes of the 67th Annual Membership Meeting held in 2021. On motion by Leroy Proctor, the membership approved that Meeting's Minutes as presented.

Officers' Reports

Ms. Ducksworth referred to the 2021 Annual Impact Presentation containing written reports by the Supervisory Committee and Board Treasurer, including audited financial statements for the year ending December 31, 2021. The Chairman introduced Supervisory Committee Chair Deborah Cunningham and Board Treasurer Joseph Goosby and they proceeded to share remarks with the Membership. The Chairman then delivered her report, also included in the 2021 Annual Impact Presentation reflecting on this year's meeting theme "Expanding Our Digital & Operational Synergies".

Keynote Speaker:

Mrs. Bogans introduced Sybongile Cook, Director of Business Development and Strategy in the Office of the Deputy Mayor for Planning & Economic Development (DMPED). Ms. Cook delivered greetings to the Credit Union Officials and Membership. She spoke of her and her Department's role in providing financial tools and resources to enable DC residents to reach their financial goals. She also acknowledged the partnership between DMPED and DC Credit Union to build those opportunities for all residents.

Old Business

There was no Old Business brought forth.

New Business and Q&A Session

The Governance Committee extended the terms of Vice Chair, Jamaine Taylor and Board Treasurer Joseph Goosby. Members took the opportunity to ask about electronic services.

Raffle Prizes & Adjournment

The meeting ended with a raffle of five cash prizes in the amount of \$100 each. The winners were selected randomly from those members in attendance. The winners were congratulated and informed that at the closing of the meeting, the funds would be deposited into their regular share accounts.

Without further discussion, Ms. Ducksworth accepted a motion by Leroy Proctor and the 68th Annual Membership Meeting was adjourned at 1.00 p.m.

Charlotte Ducksworth

Charlotte Ducksworth, Chair
DC Credit Union Board of Directors

Delvia Lewis

Delvia Lewis, Secretary
DC Credit Union Board of Directors



Supervisory Committee Report

The DC Credit Union Supervisory Committee is appointed by the Board of Directors and serves in accordance with the Federal Credit Union Act, and the Credit Union's by-laws.

Specifically, the Supervisory Committee is responsible for ensuring that the financial condition of the Credit Union is accurately and fairly represented in its financial statements, that management's practices and operating procedures are adequate to safeguard members' assets, and that the necessary controls are in place to ensure a safe and sound operation.

I am pleased to report that the audit of financial statements as of December 31, 2022, which was conducted by the accounting firm of DeLeon & Stang, CPAs and Advisors resulted in an "unmodified" or clean opinion of our financial statements.

Besides audits and compliance reviews, the Supervisory Committee is also a resource to members. We investigate individual member claims to ensure that accurate and complete service is extended to all members. The Supervisory Committee can be reached by e-mailing sc@dccreditunion.cop or writing to:

DC FCU Supervisory Committee
P.O. Box 73588
Washington, DC 20009

Sincerely,

Deborah Cunningham

Deborah Cunningham
Chairperson



Independent Auditor's Report



To the Supervisory Committee of DC Federal Credit Union

We have audited, in accordance with auditing standards generally accepted in the United States of America the statements of financial condition of DC Federal Credit Union as of December 31, 2022 and 2021, and the related statements of comprehensive income (loss), changes in members' equity, and cash flows for the years then ended; and in our report dated April 21, 2023, we expressed an unmodified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors
Gaithersburg, Maryland
April 21, 2023



Treasurer's Report

As a financial services institution whose mission is to continue to carry forth the Credit Union mantra of "People Helping People", it is important that DC Credit Union's financial condition remains viable. The Credit Union did remain viable even with the impact of the post-pandemic wave of increasing interest rates and economic spending.

In 2022, Member deposits remained steady at \$72 million year over year compared to the 8.5% increase in deposits 2021 over 2020 primarily due to stimulus funding and the pandemic. Though household spending began to increase after the pandemic restrictions were lifted in 2022, there was noticeable reservation among consumers to fully resume pre-pandemic financial activity.

The Federal Reserve increased interest rates in 2022 by 4% in an effort to try to manage the economy and hedge inflation which began to rise sharply towards the latter part of the year. Though interest rates began to increase, the Credit Union helped many of you who were negatively impacted by the pandemic in the form of consumer and real estate loans – both up 16% over 2021. This resulted in a significant net increase in the Credit Union's loan portfolio to \$52 million in 2022 from \$47 million in 2021. That represents an 11% increase and a loan-to-share ratio of 74% which was higher than our industry peers at 61%. This was considered strong performance overall according to the advisors at DeLeon & Stang.

This loan growth coupled with the increase in interest rates contributed to an increase in interest income by 9%. This increase was offset by a 4% increase in labor and operating costs due to the competitive marketplace.

The credit union ended 2022 well capitalized per NCUA guidelines with a net worth ratio of 14.50%. Net worth is fueled by earnings and in 2022, the credit union's combined earnings and funding resulted in \$1.7 million in net income which contributed to the retained earnings. These retained earnings remain important for business continuity, member and community development, provision of financial education and empowerment programs with our DC Government partners, expansion our product and service delivery channels, and evolving technological advancement.

Our financial performance in 2022 was strong amidst the backdrop of uncertainties from the emergence of the COVID-19 pandemic and the resulting economic and social impacts. DC Credit Union continues to be financially sound and is poised for expansion and growth.

Respectfully submitted,

Joseph Goosby

Joseph Goosby, Treasurer



Statements of Financial Condition

DC FEDERAL CREDIT UNION
Statements of Financial Condition
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 6,013,422	\$ 7,372,828
Investments:		
Available-for-sale, at fair value	21,381,608	25,949,479
Other investments, at cost	582,246	582,246
Loans to members, net of allowance for loan losses	51,992,818	46,843,532
Accrued interest receivable:		
Loans	207,366	175,276
Investments	64,989	64,317
Grants receivable	-	78,074
Prepaid and other assets	117,205	814,294
Premises and equipment, net	16,308	43,392
Operating lease right-of-use assets	173,023	-
NCUSIF deposit	709,154	702,147
TOTAL ASSETS	\$ 81,258,139	\$ 82,625,585
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Members' share and savings accounts	\$ 71,857,368	\$ 71,795,802
Accounts payable and other accrued liabilities	1,423,025	1,014,173
Unearned revenue	-	1,226,265
Operating lease liabilities	175,711	-
Borrowed funds, secondary capital	1,422,000	500,000
Total liabilities	74,878,104	74,536,240
Members' Equity:		
Regular reserve	458,299	458,299
Undivided earnings	9,899,608	8,206,520
Accumulated other comprehensive loss	(3,977,872)	(575,474)
Total members' equity	6,380,035	8,089,345
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 81,258,139	\$ 82,625,585



These condensed financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of changes in members' equity, cash flows and the notes to the financial statements are available at the Credit Union office during normal hours of operations.



Statements of Financial Condition

DC FEDERAL CREDIT UNION
Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
INTEREST INCOME		
Loans to members	\$ 2,929,865	\$ 2,785,576
Investments	447,765	304,048
Total interest income	3,377,630	3,089,624
INTEREST EXPENSE		
Members' shares and savings accounts	115,339	137,115
Borrowed funds	45,000	45,000
Total interest expense	160,339	182,115
Net interest income	3,217,291	2,907,509
LESS PROVISION FOR LOAN LOSSES	143,202	375,000
Net interest income, after provision for loan losses	3,074,089	2,532,509
NON-INTEREST INCOME		
Service charges and fees	1,004,555	1,013,484
Grant revenue	1,226,265	617,433
Gain on sale of assets	4,298	-
Total non-interest income	2,235,118	1,630,917
NON-INTEREST EXPENSE		
Compensation and employee benefits	1,371,333	1,310,017
Office operating expenses	1,609,091	1,593,514
Office occupancy and operations	627,443	571,963
Loss on sale of secondary capital	-	2,600
Other	8,252	7,436
Total non-interest expense	3,616,119	3,485,530
Net income	1,693,088	677,896
OTHER COMPREHENSIVE LOSS		
Net unrealized losses on investments classified as available-for-sale	(3,402,398)	(589,395)
Comprehensive (loss) income	\$(1,709,310)	\$ 88,501



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Chairperson's Report

I would like to commend our members, the DC Credit Union staff, as well as my fellow volunteer Board and Committee members on your resilience and dedication. 2022 was a year of transition, not just due to the challenges of the pandemic and its vicissitudes, but also for the Credit Union and its leadership team. Here are some highlights of how the Credit Union has managed through this transition since our last Annual Membership Meeting:

During the 3rd and 4th quarters of 2022, the Board completed its executive search for President and Chief Executive Officer (CEO) and selected the Credit Union's Vice President and Chief Financial Officer (CFO) to officially serve in the role. With this selection came a focus on restructuring the organization to focus on member service through the primary functional areas of human resource training and development, information technology controls and risk management, and financial security and stabilization. In addition, due to the scheduled redevelopment of the Reeves Center of Municipal Affairs, the current site of our main branch and administrative offices, the team has been focused on relocation and branching strategies and began to partner with the commercial resources necessary to proceed with this phase of our transition.

In the 1st quarter of 2023, the Credit Union resumed tax preparation services with the Volunteer Income Tax Assistance (VITA) program our participation in which had been suspended since 2020 due to the pandemic. VITA is designed to provide free tax preparation service for those who need it most. Once again, I would like to highlight our partnership with the Family Security Plan team who provide a variety of insurance products for your estate planning and family's welfare. In the 1st and 2nd quarters of this year, we enrolled over 320 members due to our combined outreach efforts with DC Government agencies – double the number of members enrolled over the same periods for the last three years combined. We continue to engage in financial literacy initiatives with DISB's Bank on DC and DOES' project empowerment programs. For additional information about our community development programs and how you may benefit and get involved, you may visit our website ([Our Community Partners - DC Credit Union](#)), contact our manager over community relations, or email us at info@dccreditunion.coop.

As our Treasurer mentioned, I would like to reiterate that last year in the midst of the COVID-19 pandemic recovery, DC Credit Union's assets remained over \$80 million (20% growth over pre-pandemic). Our loan

portfolio growth of over 13% sustained a period of significant decrease in consumer loan demand while helping members like yourselves take advantage of purchasing and refinancing your homes due to the unprecedented decline in interest rates.

As we focus our attention on the next few years, we are continuing to leverage our position as a Community Development Financial Institution (CDFI) to identify grant and funding opportunities as we implement our long-standing plan to expand "east of the river" and to other areas of the District of Columbia and its neighboring communities. Critical focus areas for the credit union will continue to be risk management and information security to safeguard your assets for overall financial stability. I would be remiss not to acknowledge the challenges DC Credit Union and our industry peers have faced in 2023 including liquidity and interest rate risk management. In the wake of news headlines highlighting several bank failures and the reduced excess liquidity due to the expenditure of the stimulus funding and increased cost of goods due to inflation, the credit union and NCUA put forth a stability statement indicating that we remain well capitalized because of your dedication to keeping your shares with DC Credit Union. As we implement our branching strategies, you will see some branch closures and openings, expansion and changes which are all part of the strategic plan that has been in place over the last several years as exemplified with our NW DC expansion to Mount Pleasant with our ACCESO community branch.

This credit union was established 69 years ago to help the underserved in the District get access to credit and improve financial stability. Together, we grew the Credit Union to its current 10,000 members with \$80M in Assets. We appreciate your dedicated membership and will continue to work innovatively and synergistically to serve you as DC's Credit Union.

Sincerely,

Charlotte Ducksworth

Charlotte Ducksworth
Chairperson of the Board of Directors



2023 Annual Membership Meeting

Old & New Business

DC Credit Union:





DC Credit Union Outreach Impact

- DC Credit Union participated in the Marion Barry's Summer Youth Employment Program (MBSYEP) – March Madness to promote financial literacy and attract young members.



2023 Annual Membership Meeting

Board Member Election Results



2023 Annual Membership Meeting



Questions & Answers – Open Discussion



2023 Annual Membership Meeting



Survey & Raffle

**Winners receive \$100 in your
DC Credit Union regular
share/savings account**



Adjournment & Thank You!



DC
Credit Union

Reeves Center Main Office

2000 14th Street, NW, 2nd Floor

Municipal Center Branch Office

3000 Indiana Avenue, NW, Room 1128

ACCESO Branch Office

3059 Mount Pleasant Street, NW

www.dccreditunion.coop

877-784-5551



Federally Insured by NCUA