

RISING TOGETHER



2020 IMPACT REPORT



DC
Credit Union



HARNESSING THE
COOPERATIVE SPIRIT

CHAIRMAN'S REPORT

"Unprecedented" and "2020" may well be synonyms by now. The global pandemic created a year unlike any other, it challenged us, it rocked us to the core. Getting to this day, being healthy and planning this membership meeting is, thus, reason for celebration. With that objective of a collective well-being, we have selected "Rising Together" as the theme of this year's Annual Membership Meeting because it speaks to upward mobility and positive development, and the way in which we do business, from a collective base that binds us as people and as community.

In this Annual Report, you find financial statements that look very different from past years. Unprecedented, even. But my greatest take-a-way from the financials is the fact that for all challenges and disruptions of 2020 we, collectively, adapted, and endured.

With an intent focus on the well-being of our staff and members, we remained OPEN for business, adapting service on a by-appointment basis for in person interaction. We communicated ways to bank remotely, from the safety of your homes. What we could, we automated and allowed you to self-serve.

Our bottom line may have been about break even, but more importantly, during 2020 we managed to serve you, to attend to your financial well-being, and respond to your financial needs. Some of our Member Impact Stories are also included in this Report as small reminders of our caring efforts and the way, we endured.

Now, mid-2021, economies are re-opening everywhere in our country. We are visiting family and friends, going out for meals and meeting in public venues, we are doing all those things that we yearned to do... just more carefully, more cautiously.

The same holds true for the Credit Union. Our Board has picked up the plans that the pandemic delayed. We have returned to consider best branch locations, to continue to build our digital presence, to assess the adequacy of our product and service offerings, to develop our staff so you can be served better.

But we are also cautious and concerned to operate in a manner that helps heal the inequities, particularly the financial inequities that the pandemic further illuminated. For that reason, our Board and Staff embarked on a journey resulting on a Diversity, Equity and Inclusion (DEI) resolution "affirming our Credit Union's commitment to economic justice through the work that we do every day. Demonstrating our vision of Financial Equity as a Right not a Privilege."

Continued next page

Chairman's Report continued

In that same resolution we identified strategic areas where we can make actionable commitments to diversity, fairness, equity, and inclusion. Participating in community partnerships, collaboratives and our own internal commitments remains top of our list – mostly, because we know that the challenges, we, and our families face run deep, and that to thrive, we will need to Rise Together!

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

Sincerely,

Charlotte Ducksworth

Charlotte Ducksworth
Chairman of the Board of Directors

Total Deferred Personal Loan Payments:

\$256K+



Total Deferred Mortgage Payments:

\$142K+





THROUGH COOPERATION
AND COMMUNITY

FEATURED SPEAKER



MICHELLE
HAMMONDS

Michelle Hammonds is the inaugural Director of Financial Empowerment and Education at the Department of Insurance, Securities and Banking. In her current role, she works diligently to provide financial empowerment programs and financial education resources to the residents of the District of Columbia from ages 9 to 99. When she joined District Government in 2016, she managed the Bank on DC Program, working with financial intuitions and non-profit organizations to provide access to safe and affordable financial services and products for unbanked and underbanked households in the District of Columbia.

Previously, Ms. Hammonds was the Youth Empowerment Program Manager for non-profit Operation HOPE Inc., Mid-Atlantic Market. There she was responsible for managing program operations and implementation for youth in grades 4 through 12. Additionally, Ms. Hammonds worked extensively in financial services for over 10 years, holding positions with BB&T Bank and Northwestern Mutual. Educating and guiding people through the maze of financial services has always been near and dear to Ms. Hammonds' heart.

Born and raised in Washington DC, she is a graduate of James Madison University (Harrisonburg VA), School of Business, with degrees in International Business and Finance.

Total
Skip-A-Pay
Fees Waived:

486



Total Shared
Branch Usage
Fees Waived:

3,300



Mary lost her job in hospitality in April 2020. It had been a good paying job and, as a single woman in her mid-thirties living in DC, she had incurred debts to support an active lifestyle based on income that was no longer. But she, like most of us, thought that the health emergency would last a few months only, so for the first couple months she set her debts on skip-a-payment mode, including her personal loan with the Credit Union.

A few months later, though, we all knew better. Mary would not find a job soon enough. Tough decisions had to be made. She moved in with family, decreased all discretionary spending, and modified her debts. When she shared with us the changes she had made, we were impressed by her responsible actions, and had no problem restructuring her loan to reduce her monthly payments to \$100 per month, a third of what they had been.

Today, Mary is back at work. She is hopeful and cautiously optimistic as business and travel pick up. Her immediate plans include moving out from her childhood home, applying the budgeting tools she learned the tough way, and for all her optimism, building up her savings to do better in a next crisis.

MARY REDUCED HER LOAN PAYMENT BY A THIRD



RISING TOGETHER

TREASURER'S REPORT

Financial statements tell a lot about an entity's priorities. As a financial cooperative owned, led and operating for the benefit of our Members, your experience informs and impacts the Credit Union's financial condition. The last year was no exception.

In 2020, Member deposits (in shares and savings) increased significantly, from \$55.9 million in 2019 to \$66.1 million in 2020. The shutdown resulted in decreased spending which, along with economic stimulus payments, accounted for an influx of cash.

In a typical year, Member deposits are loaned out to (other) Members with credit needs. But in 2020, while Member deposits increased, Member demand for loans decreased. This can be attributed to market reasons. There was much uncertainty in the jobs market, particularly in hospitality and service industries, both significant industries in our Capital City.

In a low interest rate environment, some Members also opted to pay off debt instead of keeping low yielding deposits or investments.

Members' shifting priorities resulted in a decline in the loan portfolio to \$41M in 2020 from \$45.3M in 2019. Cash that could not be loaned out was invested. The investment portfolio grew to \$23.8M from \$8.6M in 2019. Assets, in turn, grew 16 percent year over year, from \$65M in 2019 to 75.6M in 2020.

It is worth noting that while we experienced a record increase in Assets, our Capital (or Net Worth) position remained strong.

Net worth is fueled by Earnings. In 2020, the Credit Union generated \$72,000 in Net Income which contributed to Reserves, generating a year-end Net Worth ratio of 11.23%.

Net Income was lower than in previous years. That is attributed to reduced interest (from less loans and a lower rate environment) and reduced service charge income (from less Member transactions and waived fees) AND a higher loan loss provision expense (to account for actual and projected credit losses).

In summary, our financial statements reflect the unprecedented nature of 2020.

But in the end, we are thankful that our Credit Union remained OPEN for BUSINESS for your benefit and use, and we look forward to a recovery that rebuilds on a demonstrated and collective resilience.

Respectfully submitted,

A handwritten signature in teal ink that reads "Joseph Goosby".

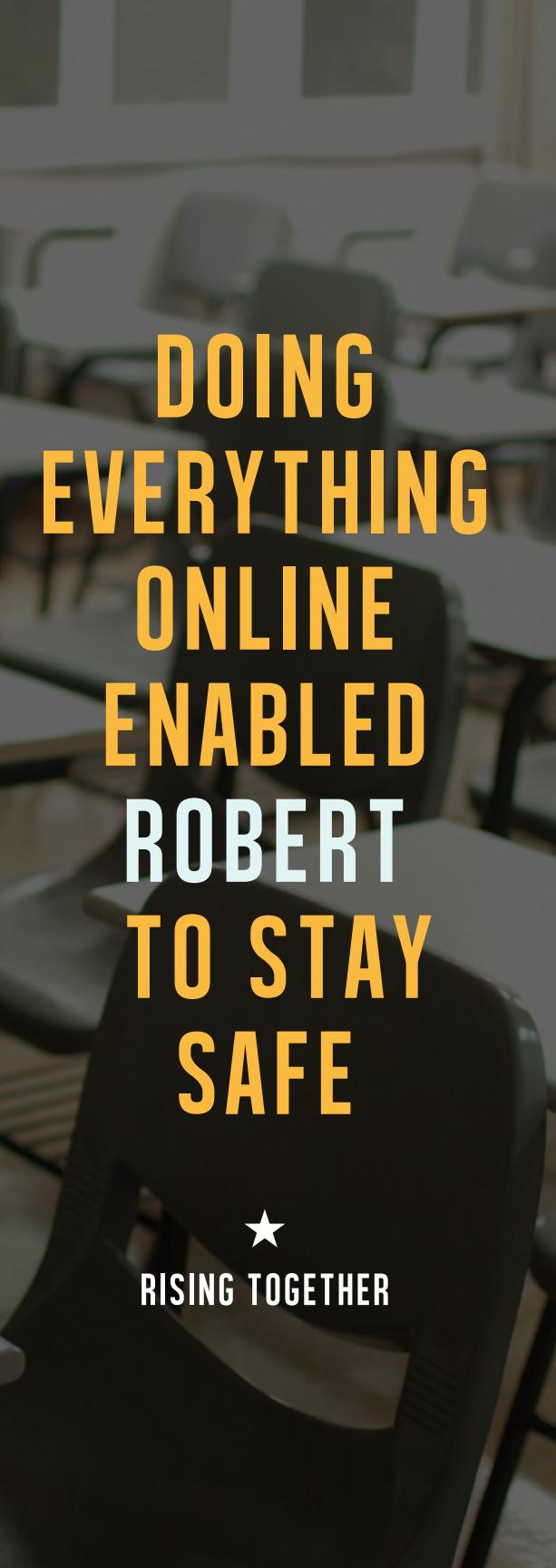
Joseph Goosby, Treasurer

Robert is a public-school teacher. Virtual classes meant a full work schedule not only delivering curriculum to students, but administrative meetings and staying in touch with parents in ways he had never experienced before.

Robert is immunocompromised so he strictly adhered to stay at home practices. Even when he lives two blocks from our ACCESO branch in Mount Pleasant, he did not make one trip to the Credit Union. He checked his direct deposit, used his debit card for online purchases and paid bills online.

When Robert decided to refinance his mortgage with the Credit Union to take advantage of low interest rates, he did everything online, too. Even his closing was online.

Like Robert, we at DC FCU, went to school on everything digital as a way of keeping our members and staff healthy and safe!

A dark, slightly blurred photograph of a classroom interior. In the foreground, a stack of books is visible on a shelf. In the background, rows of desks and chairs are arranged in rows.

**DOING
EVERYTHING
ONLINE
ENABLED
ROBERT
TO STAY
SAFE**



RISING TOGETHER

SUPERVISORY COMMITTEE REPORT

The DC FCU Supervisory Committee is comprised of five Members who are appointed by the Board of Directors and serve in accordance with the Federal Credit Union Act and the Credit Union's by-laws.

In summary, the Supervisory Committee is charged with ensuring that the financial condition of the Credit Union is accurately and fairly represented, 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.

In an unprecedented and disruptive year, Committee Members were unwavering and resilient in their resolve to execute on those responsibilities, and to ensure the ongoing safety and soundness of the Credit Union. Thus, we are pleased to inform you that the most recent audit of financial statements as of December 31, 2020, conducted by the accounting firm of DeLeon & Stang, CPAs resulted in an unqualified or clean opinion of the 2020 financial statements. The audited financial statements are presented in this publication.

Beyond audits and compliance reviews, Supervisory Committee Members also investigate individual member requests, provide independent oversight and review to ensure that quality and accurate service is extended to all in the membership. The Supervisory Committee can be reached by e-mailing sc@dccreditunion.coop or writing to:

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

Sincerely,

Deborah Cunningham

Deborah Cunningham
Chairperson

Our Call Center
Hours Were

EXTENDED
to Include
Evenings and
Saturdays



We Remained
OPEN
With Branch
Service By
Appointment





\$500 PROVIDED ROXANNA AN OPEN WINDOW TO THE WORLD

★
RISING TOGETHER

Roxanna's family is always on the go. That is by design and necessity. Three generations live under one roof, supported by her and her husband's long hours and hard work. He is in construction and she in commercial janitorial services. During the pandemic lockdown, when offices shut down and employees worked from home, Roxanna's employer also sent her home. Unlike others working from home, though, she was let go.

Money became tight very quickly. Her husband's paycheck was enough to cover basic needs. Wi-Fi and cable were not that. Neither was purchasing a tablet so that her pre-K son could be entertained or so that her mother could connect with friends and family back home. Roxanna pretended it was not a big deal but sharing her phone meant delays in looking for another job, ordering groceries online, and getting access to community news and free resources. She also yearned for social media and interactions to escape the confines of her apartment, if only for a little each day.

Our COVID relief loan might seem inconsequential under other situations. But to Roxanna and her immigrant family, \$500 provided an open window to the world.

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, 2020 and 2019, and the related statements of comprehensive income, changes in members' equity, and cash flows for the years then ended; and in our report dated April 27, 2021, 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, CPAs

DeLeon & Stang, CPAs and Advisors

Gaithersburg, Maryland

April 27, 2021



Our
E-Communication
INCREASED
by Implementing
a Financial
Wellness
Communication
Series



Total
COVID Relief
Loans:

50



STATEMENTS OF FINANCIAL CONDITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$9,659,691	\$9,803,664
Investments:		
Available-for-sale, at fair value	23,237,394	8,145,618
Other investments, at cost	582,246	513,470
Loan to members, net of allowance for loan losses	41,041,551	45,349,053
Accrued interest receivable:		
Loans	135,023	133,621
Investments	82,901	57,470
Grants receivable	6,040	319,998
Prepaid and other assets	209,278	183,879
Premises and equipment, net	81,191	103,473
NCUSIF deposit	631,228	521,982
Total assets	\$75,666,543	\$65,132,228
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' share and savings accounts	\$66,177,271	\$55,976,396
Borrowed funds, secondary capital	500,000	500,000
Accounts payable and other accrued liabilities	988,428	727,699
Total liabilities	67,665,699	57,204,095
Members' Equity		
Regular reserve	458,299	458,299
Undivided earnings	7,528,624	7,452,949
Accumulated other comprehensive income (loss)	13,921	16,885
Total members' equity	8,000,844	7,928,133
Total liabilities and members' equity	\$75,666,543	\$65,132,228

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 COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019

	2020	2019
INTEREST INCOME		
Loans to members	\$3,063,521	\$3,391,461
Investments	211,618	382,717
Total interest income	3,275,139	3,774,178
INTEREST EXPENSE		
Members' share and savings accounts	214,721	285,605
Borrowed funds	43,514	45,600
Total interest expense	258,235	331,205
Net interest Income	3,016,904	3,442,973
LESS PROVISIONS FOR LOAN LOSSES	1,048,911	839,813
Net interest income, after provision for loan losses	1,967,993	2,603,160
NON-INTEREST INCOME		
Service charges and fees	971,453	1,169,616
Grant revenue	565,712	709,998
Loss on sale of repossessed assets	(3,515)	–
Total non-interest income	1,533,650	1,879,614
NON-INTEREST EXPENSE		
Compensation and employee benefits	1,371,485	1,372,819
Office operating expenses	1,556,440	1,627,993
Office occupancy and operations	491,537	676,539
Other non-interest expense	6,506	8,306
Total non-interest expenses	3,425,968	3,685,657
Net Income	75,675	797,117
OTHER COMPREHENSIVE INCOME (LOSS)		
Net unrealized gains (losses) on investments classified as available-for-sale	(2,964)	155,193
Total other comprehensive income (loss)	(2,964)	155,193
Comprehensive income	\$72,711	\$952,310

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Reeves Center Main Office

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Municipal Center Branch Office

3000 Indiana Avenue, NW, Room 1128

ACCESO Branch Office

3059 Mount Pleasant Street, NW

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Federally Insured by NCUA