



Dover Federal
CREDIT UNION
LOCAL PEOPLE • LOCAL DECISIONS

Helping our members

get there.

2021 Annual Report

Contents

2	2022 Meeting Agenda	10	Governance Committee
3	2021 Meeting Minutes	11	Supervisory Committee
4	Helping Our Members Get There	13	Executive Team
6	Chair and CEO's Joint Report	14	Condensed Balance Sheet
9	Board of Directors	15	Condensed Statement of Income

2022 Meeting Agenda

- I. Call To Order
- II. Pledge of Allegiance
- III. Introductions
- IV. Recording Secretary Appointment
- V. Parliamentarian Appointment
- VI. Ascertainment that a Quorum is Present
- VII. Motion Announcement
- VIII. Minutes of the 2021 Annual Meeting
- IX. Report of Directors
- X. Report of the President
- XI. Report of the Supervisory Committee
- XII. Unfinished Business
- XIII. New Business
- XIV. Report of the Board Governance Committee
- XV. Adjournment

2021 Meeting Minutes

- Minutes of the 63rd Annual Membership Meeting held on October 5, 2021, at Dover Federal Credit Union Corporate Office via live stream hosted in Dover, DE.
- Cory Thomas, Chair of the Board, welcomed all credit union members present to our 63rd Annual Membership Meeting of Dover Federal Credit Union.
- The meeting was called to order by Cory Thomas, Chair of the Board at 6:03 p.m., on Tuesday, October 5, 2021.
- The Pledge of Allegiance was led by the Chair, Cory Thomas.
- Cory Thomas introduced those present at the meeting.
- The Chair appointed Donise Cottman to be the Recording Secretary.
- The Chair appointed our Staff Attorney, Myfanwy Bonilla, as the Parliamentarian for this year's meeting.
- The Secretary, Donise Cottman, reported that a quorum was present. 15 members constitute a quorum with 56 total members present online and in-person.
- The chair announced a consideration of a motion to suspend the rules and to approve the minutes of the last annual meeting without reading. A motion to approve the minutes without reading was made by Tyler Kuhn, seconded by Christopher Martarano. Motion carried.
- Report of the Directors was made by Chair of the Board, Cory Thomas.
- Report of the President was made by Chaz Rzewnicki.
- Supervisory Committee report was presented by John Van Tine.
- Michelle Mack-Williams, Chair of the Board Governance Committee, reported the following members have been nominated by the Board Governance Committee to serve on the Board of Directors:

Lee Rideout, Kim Ewell-Hicks, Lenore Brock
- Cory Thomas declared the Business meeting adjourned at 6:21 p.m.

Helping Our Members Get There



Alisa Rose Art Fitness

"I came to Dover Federal with an idea and they helped me turn my dreams into a reality. They truly partner with your business. Wherever you are, they help you get there!"



The Smith Family Rosa's Greek Boutique/ Transportation Unlimited

"What is our recipe for success? Hard work, dedication, tenacity, and having the right people on your team." The Smith Family joined Dover Federal over 40 years ago through their businesses.

Helping Our Members Get There



Tiffany Rubin

Silver Linings Home Healthcare

"I came to Dover Federal in search for a line of credit and found so so so much more."



Theresa Owens BLUvintage

"I chose Dover Federal because they are invested in me professionally and personally. Their expertise helps me solve issues within my businesses, which helps me improve and grow."

Chair and CEO's Joint Report



Dear Members,

It is truly hard to believe that another year has come and gone. In 2021, just about everyone faced a variety of obstacles dealing with a prolonged pandemic, social unrest and an uncertain economy. With the world seemingly in a constant state of flux, Dover Federal Credit Union continued to

focus on our strategic pillars of Culture, Community, Financial Literacy, Legendary Experience and Relentless Inclusion which has allowed us the ability to continue living out our purpose, “To help you get there, wherever that may be.” In the end, as a Credit Union family, we were there for each other and it is only because of your loyalty that Dover Federal was able to remain financially strong.

2021 continued to present multiple challenges that most financial institutions or businesses in general have never encountered. However, because of our unwavering commitment to our members and the communities we serve in both good times and bad, we were able to make adjustments that ultimately led to a successful year. As of year-end, Net Worth remained strong at 7.54% or \$3,369,244, above the National Credit Union Administration’s 7% threshold to be recognized as a well-capitalized Credit Union. Assets ended the year at \$609,407,726 with total deposits of \$560,326,044 which is a very large increase from 2020 and did put downward pressure on our Net Worth.

In total, 49,292 members were part of the Dover Federal family as of December 31, 2021. Net Income was very strong at \$4,348,169.

While the last couple years have produced an extremely challenging operating environment, we are extremely proud of the team at Dover Federal who continued to drive us successfully into the future. In 2021, your credit union...

- **DEI (Diversity, Equity & Inclusion)** – We continued doing great work in the area of DEI. As an organization, we strongly believe that diversity of thought and relentless inclusion is necessary for future success.

- **Earned the following recognition/awards**
 - o 2021 First State Favorite
 - o 2021 Readers' Choice Award
 - o 2021 Habitat for Humanity Sponsor of the Year
 - o 2021 CUES Catalyst for Change Top 5

- **Continued to enhance our product and service offerings to ensure competitiveness and ease of doing business with us with the following changes:**
 - o Your Choice Home Equity Loan – We rolled out an innovative and highly competitive new home equity product that allows for you maintain the flexibility of a Home Equity Line of Credit while still having the ability to “fix” the rate and number of different draws.
 - o Checking Account – We rolled out a Teen Choice and Clean Slate Checking account.
 - o Credit Card – We created a permanent 0% balance transfer option on our already highly competitive products.
 - o Video Banking – We rolled out video banking to ensure you have the ability to work with us at your convenience from wherever you would like.

- o Artificial Intelligence – We implemented cutting edge technology in our call center to better the experience you have when calling into Dover Federal.
 - o Clarity Score – We implemented the use of the “Clarity Score” as another way to evaluate loans with the ultimate goal of being able to approve more of your loan requests.
 - o Contactless Debit Card – We implemented the “contactless” feature on our debit card so that transacting is as easy as possible for you.
 - o Dover Federal Foundation – We created and were approved by the IRS to create a 501(c)(3) nonprofit to better help our members and the communities we serve.
- **Minimum Wage** – We continued to increase our minimum wage which has been set at \$17.00/hr for 2022 in order to provide a living wage and attract/retain team members.
 - **Improved Society**

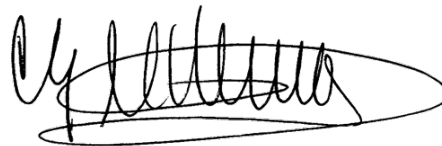
As Dover Federal continues to move boldly into the future, we thank you for your support. The Board of Directors and leadership team is committed to doing our very best to ensure you have the tools and ability to navigate a successful financial future. Thank you for being a member!

Sincerely Yours,

Cory Thomas

Cory Thomas

Chair - Board of Directors



Chaz M. Rzewnicki

President/Chief Executive Officer

Board of Directors

The elected Board of Directors represent all credit union members to maintain fiscal safety and soundness, set strategic direction, ensure regulatory compliance, hire the CEO, establish CEO goals and objectives, and oversee CEO performance.

CHAIR

Cory Thomas

1ST VICE CHAIR

Jeannette Schuler

2ND VICE CHAIR

Mark Heck

TREASURER

Paul Hyland

SECRETARY

Lee Rideout

DIRECTORS

Michelle Mack-Williams

LaShawne Pryor

Lenore Brock

Kim Hicks

ASSOCIATE DIRECTORS

Jennifer Sheets

Mary Parker

Andrew Mensack

DIRECTOR EMERITUS

Kathleen Adams

Russell McCready

Governance Committee

The Governance Committee consisting of Lenore Brock, LaShawne Pryor, Cory Thomas and I had a robust list of applicants this year to apply to sit on the board. The comprehensive list was reviewed for the best possible candidates to serve on Dover Federal's Board of Directors, while ensuring bylaw compliance. As with past years, the annual meeting is the time when the term of three directors are expiring. To fill those positions, the Governance Committee hereby nominates:

- **Anthony De Marco**
- **Jeannette Schuler**
- **Mark T. Harvey**

While the Credit Union continues to grow and change, the committee has been responsible for promoting candidates year round and recruiting as needed. We are honored to announce the transition of two of our long term Board members, Kathleen Adams and Russell McCready to Emeritus status.

The Credit Union environment is continually changing with new regulations, new technology, and better ways to help our members. We look forward to working with our fine new Board of Directors.

I thank my fellow committee members for their service during this year.

Michelle Mack-Williams
Board Governance Chair

Supervisory Committee

The Supervisory Committee's primary function is to ensure financial soundness and stability in order to safeguard our members' assets.

This is accomplished through ongoing reviews and audits to ensure that records are maintained properly, honestly and accurately and to verify adherence to policies established by law and by the Dover Federal Credit Union (DFCU) Board of Directors. The Committee meets on a monthly basis to review and discuss internal controls as well as auditing matters. We also serve as a direct resource for reviewing and resolving member complaints that cannot be resolved through normal channels. To assist in accomplishing our goals and objectives, the Supervisory Committee engages the services of an audit company. It is the role of the audit company to conduct reviews and issue reports by performing agreed upon procedures which are approved by the Committee and conducted in accordance with the attestations and standards established by the American Institute of Certified Public Accountants. For 2021, RKL LLP conducted the Financial Audit and the Committee is pleased to report that no major findings were reported. The Supervisory Committee also engaged RKL LLP to audit and express an opinion on DFCU's financial statements. The firm has reported that in their opinion, the financial statements of the DFCU for the year ending December 31, 2021, presented fairly, in all material respects, the results of its operations and cash flows for the period in conformity with accounting principles generally accepted in the United States of America.

DFCU also has an Internal Auditor on staff to ensure daily functions are in compliance with policies and internal controls. The Internal Auditor provides information, objective analyses, independent appraisals, and recommendations concerning activities reviewed to promote effective internal controls and operational cost savings.

Additionally, DFCU is regulated and examined periodically by the National Credit Union Administration. This examination includes a review of the financial condition, quality of management, risk exposure and areas of regulatory compliance.

The Supervisory Committee is confident that DFCU is a financially sound, well-managed institution and that our members' assets are effectively safeguarded.

We will continue to make every effort to further enhance our oversight of DFCU operations to ensure that the best interests of all members are served.

Respectfully submitted,

John Van Tine, Chair

Denise Freeman

Andrew Mensack

Rachel Shetzler

Kim Warfield-Walker

Executive Team



Chaz Rzewnicki
President/CEO



Donise Cottman
Executive Office & Facilities Manager



Donna Kiscaden
Chief Financial & Risk Officer



Travis Frey
Chief Technology & Security Officer



Tyler Kuhn
Chief Marketing & Digital Experience Officer



Cinnamon Elliott
Chief Talent Officer



Joyce Dew
Chief Credit Officer



Todd Wilson
VP Branch Experience

CONDENSED Balance Sheet

Assets

	December 31	
	2021	2020
Loans to Members	440,399,020	411,372,146
Less Allowance for Loan Losses	(3,099,134)	(4,300,475)
Net Loans to Members	\$437,299,886	\$407,071,671
Cash on-Hand and in Banks	63,503,642	17,664,622
Cash Equivalents	5,501,708	46,096,582
Total Cash and Cash Equivalents	\$69,005,350	\$63,761,204
Securities Available for Sale	64,413,631	61,001,232
Federal Home Loan Bank Stock (FHLB)	899,778	897,014
National Credit Union Share Insurance Fund Deposit	5,262,521	4,871,640
Accrued Interest Receivable	1,441,903	1,773,103
Property and Equipment, Net	20,316,991	20,962,314
Prepaid Expenses and Other Assets	10,767,666	12,540,679
Total Assets	\$609,407,726	\$572,878,857

Liabilities and Members' Equity

	December 31	
	2021	2020
LIABILITIES		
Members' Shares and Savings Accounts	560,326,044	528,739,936
Accrued Expenses and Other Liabilities	3,046,470	1,626,017
Total Liabilities	\$563,372,514	\$530,365,953
MEMBERS' EQUITY		
Regular Reserve	4,509,022	4,509,022
Appropriated Undivided Earnings	10,673,944	10,673,944
Unappropriated Undivided Earnings	30,744,819	26,396,653
Accumulated Other Comprehensive Income (Loss)	107,427	933,285
Total Members' Equity	\$46,035,212	\$42,512,904
Total Liabilities and Members' Equity	\$609,407,726	\$572,878,857

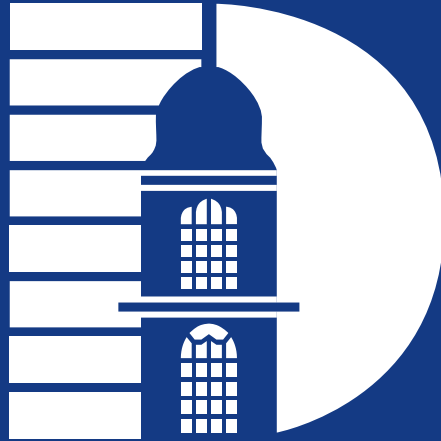
These condensed financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of cash flows and changes in members' equity, and notes to the financial statements, are available at the Credit Union office during normal hours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

CONDENSED Statement of Income

	December 31	
	2021	2020
INTEREST INCOME		
Interest on Loans	18,339,036	18,521,640
Interest on Investment Securities and Cash Equivalents	867,657	1,230,356
Total Interest Income	\$19,206,693	\$19,751,996
INTEREST EXPENSE		
Dividends on Members' Shares and Savings Accounts	1,505,076	2,319,276
Net Interest Income Before Provision for Loan Losses	\$17,701,617	\$17,432,720
Provision for Possible Loan Losses	671,061	2,291,307
Net Interest After Provision for Loan Losses	\$17,030,556	\$15,141,413
NON-INTEREST INCOME		
Share Draft Fees	2,032,232	1,874,273
Card Services	3,942,045	3,220,141
Miscellaneous Income	2,544,632	2,880,989
Insurance Fees	460,079	519,253
(Loss) on Sales of Investments	-	72,948
Total Non-Interest Income	\$8,978,988	\$8,567,604

	December 31	
	2021	2020
NON-INTEREST EXPENSES		
Compensation and Benefits	9,960,584	9,661,346
Occupancy	1,309,546	1,186,950
Operations	3,674,364	3,710,674
Professional and Outside Services	3,641,859	3,253,157
Promotion	760,227	632,493
Collection and Loan Administration	1,469,912	2,986,806
Other	844,883	928,333
Total Non-Interest Expenses	\$21,661,375	\$22,359,759
NET INCOME (LOSS)	\$4,348,169	\$1,349,258

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Dover Federal

C R E D I T U N I O N

LOCAL PEOPLE • LOCAL DECISIONS

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