

2023
Annual Report

Dover Federal
CREDIT UNION

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2024 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 2023 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



2023 MEETING MINUTES

- Minutes of the 65th Annual Membership Meeting held on June 13, 2023, at Modern Maturity Center, Dover, Delaware.
- Cory Thomas, Chair, welcomed all credit union members present to the Annual Membership Meeting of Dover Federal Credit Union and called the meeting to order at 6:10 p.m.
- The Pledge of Allegiance was led by the Chair, Cory Thomas.
- Cory Thomas introduced those seated at the head table with him.
- The Chair appointed Donise Cottman to be the Recording Secretary and 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 final count noted as 93 total members were present in person.
- The chair then announced 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 Travis Frey, seconded by Amber Startt. Motion carried.
- A message from the Chair of the Board was delivered by Cory Thomas.
- A message from the President was delivered by Janell Upton.
- Supervisory Committee report was presented by John Van Tine.
- Jeannette Schuler, 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:

Cory Thomas
LaShawne Pryor
Sandra Taylor
- Cory Thomas declared the Business meeting adjourned at 6:26 p.m.



CHAIR AND CEO'S JOINT REPORT



Jeannette Schuler
Chair,
Board of Directors



Janell Upton
President/
Chief Executive Officer

To Our Members,

Dover Federal Credit Union was chartered in 1958 to proudly serve Dover Air Force Base. Throughout the past 66 years, the Credit Union has remained committed in our mission to serving our members and communities as a trusted financial partner. While every year provides unique opportunities and challenges, 2023 was a pivotal year of overcoming economic hurdles while experiencing exceptional growth.

The year kicked off in an unprecedented economic landscape and by February, we faced the first of four interest rate hikes that would continue into the coming months. The result had an extraordinary impact on both consumer lending and spending. With reduced loan volumes and a high-yield depository rate environment, many financial institutions across the United States suffered while Dover Federal's strength and stability remained resilient by shifting operations to meet consumer and commercial needs. Competitive share certificate rates provided benefit to our membership as well as liquidity, while lending focus shifted to providing members information and assistance in a rising cost environment and difficult housing market. Dover Federal's Affordable Home Buyer Program was featured to assist low to moderate-income buyers and provide down payment and closing costs of up to 105% of the purchase price or appraised value. Additionally, our lending teams partnered with local builders and insurance agencies and launched a "Coffee and Construction" seminar series to provide in-person information and resources. Home buying seminars were also held on Dover Air Force Base to provide our military with first-hand knowledge on securing a home.

Efficiencies were gained throughout the year with operational improvements that led to decreased delinquencies and charge-off losses, along with enhanced parameters to reduce fraud and subsequent fraud losses.

This year growth and success were complemented by efforts to provide financial literacy and resources across our communities. Financial education offerings from school age students to retirees on topics such as budgeting, use of credit and identity theft occurred throughout the year as we work to influence the financial strength and stability of those we serve. Our commitment to making a difference in our community remains steadfast and includes strategic partnerships with non-profits and organizations in our state who further serve our members and their needs. Additionally, our staff give freely of their time and talents to support our community in the areas of hunger and homelessness. The Credit Union's "Community Impact Day" included over 100 staff providing food to more than 400 Delaware families in support of the Food Bank of Delaware. Dover Federal Credit Union's care and commitment to the "People Helping People" philosophy is in action, not words.

As a result of careful financial management, Dover Federal Credit Union closed 2023 \$1M ahead of budgeted net income. The Credit Union's total deposits increased 6.98% to \$613M and over \$154M in new loans were added to the bottom line. The Credit Union remained financially strong and at year-end, assets totaled \$698M with a net worth of 7.85% and Return on Average Assets of 0.62%. Perhaps the success we are most proud of is that of our members' confidence and support. For the seventh time, we were honored to again be voted the First State Favorite Credit Union.

In the coming year, we will continue to align our branches and services to the needs of our membership. Our branch locations will begin to be updated and digital advancements will be deployed to online banking to provide the latest features and benefits this platform can offer. Updates will also be made in our branding and marketing to better reflect our mission and Credit Union movement in the community. We continue to seek diverse, talented volunteers applying for our Board and committee seats to ensure our membership's interests are well-represented. Finally, financial wellness will continue to be a priority and our members will now have access to free financial counseling alongside Dover Federal Credit Union's certified financial counselors.

We wish to thank our dedicated teams and our volunteer officials for their outstanding contributions throughout the year. We're proud of the diversity and integrity of our teams across the entire organization. Our differences, backgrounds and experiences come together to form a strong and united talent pool and the successful performance of the Credit Union is a direct result.

Most importantly, a sincere "thank you" to our membership for your confidence, participation and loyalty. Dover Federal Credit Union will continue to be purposeful and transparent in our responsibility to successfully manage your member-owned financial cooperative. We're honored to be on this journey with you.

Sincerely Yours,


Jeannette Schuler
Chair, Board of Directors


Janell Upton
President/Chief Executive Officer



When you bank with a **WINNER**
the **REWARDS** are endless.



&

VOTED 7X FIRST STATE FAVORITE CREDIT UNION

<https://www.doverfcu.com>

DOVER FEDERAL BIG WINS 2023

WIN 04

Prevented **\$1,505,942**
in **Check Fraud**



2024



WIN 06

Recovered over
\$114,000 in
Account Fraud

WIN 05

Celebrated **65 Years** of
being **in Business**



WIN 03

Contributed **more**
than \$17,000 to the
Food Bank of Delaware



WIN 02

Protected over **\$7.9 Million** in
Loans with **Debt Protection**



WIN 01

Paid **\$582,295** in **Cash Back**
Rewards to Members





Members, The Smith Family

BOARD OF DIRECTORS

Our elected Board of Directors are a group of volunteer members who oversee the organization's operations. They are responsible for overseeing the CEO's performance and guiding the Credit Union's strategy, managing its finances and ensuring it follows laws and regulations. They meet regularly to discuss Dover Federal's performance and make key decisions. Their main goal is to make sure the Credit Union serves our members well.

CHAIR

Jeannette Schuler

1ST VICE CHAIR

Cory Thomas

2ND VICE CHAIR

LaShawne Pryor

TREASURER

Lee Rideout

SECRETARY

Kim Hicks

DIRECTORS

Andrew Mensack

Mary Parker

Sandra Taylor

Shawn Tyre

DIRECTOR EMERITUS

Russell McCready



Members, Myke and Robyn

GOVERNANCE COMMITTEE

Sandra Taylor, Shawn Tyre, Cory Thomas, LaShawne Pryor, and I make up the Governance Committee. Since the last report, we've had one board resignation, one promotion from associate board member to full board member and two board member renewals. There are three associate board member seats that are currently vacant.

Our dedicated Governance Committee members continue to be committed to the improvement of the recruitment, selection and retention processes to ensure that the Board of Directors has the most qualified and competent members. Thank you to our Governance Committee members for their sacrifice of time and for their participation in keeping up the highest standards for Dover Federal Credit Union.

Mary B. Parker

Board Governance Committee Chair



EXECUTIVE TEAM

PRESIDENT/CHIEF EXECUTIVE OFFICER

Janell Upton

CHIEF LENDING OFFICER

Joyce Dew

CHIEF FINANCIAL & RISK OFFICER

Donna Kiscaden

CHIEF INNOVATION OFFICER

Travis Frey

VICE PRESIDENT, CORPORATE ADMINISTRATION

Donise Cottman

VICE PRESIDENT, HUMAN RESOURCES & TRAINING

Nicole Hercules

VICE PRESIDENT, RETAIL

Todd Wilson



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 2023, Doeren Mayhew & Co., P.C. conducted the Financial Audit and the Committee is pleased to report that no major findings were reported. The Supervisory Committee also engaged Doeren Mayhew & Co., P.C. 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, 2023, 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

Kim Hicks

Rachel Shetzler

Kim Warfield-Walker

CONDENSED BALANCE SHEET

Assets

	December 31	
	2023	2022
ASSETS		
Cash and Cash Equivalents	74,670,493	34,917,050
Available-for-Sale Debt Securities	52,054,163	53,848,466
Loans to Members (Net of Allowance for Credit Losses)	532,570,372	512,928,873
Accrued Interest Receivable	2,082,997	1,790,530
Property and Equipment	18,395,611	19,915,494
Prepaid and Other Assets	11,936,796	12,706,967
National Credit Union Share Insurance Fund Deposit	5,806,643	5,532,355
Total Assets	\$697,517,075	\$641,639,735

Liabilities and Members' Equity

	December 31	
	2023	2022
LIABILITIES		
Members' Shares and Savings Accounts	613,097,294	573,254,291
Borrowed Funds	30,000,000	20,000,000
Accounts Payable and Other Accrued Liabilities	6,976,369	4,366,828
Total Liabilities	\$650,073,663	\$597,621,119
MEMBERS' EQUITY		
Undivided Earnings	51,840,711	49,630,036
Accumulated Other Comprehensive Loss	(4,397,299)	(5,611,420)
Total Members' Equity	\$47,443,412	\$44,018,616
Total Liabilities and Members' Equity	\$697,517,075	\$641,639,735

CONDENSED STATEMENT OF INCOME

	December 31	
	2023	2022
INTEREST INCOME		
Loans to Members	26,083,270	19,650,156
Investment Securities	3,063,842	1,489,840
Total Interest Income	\$29,147,112	\$21,139,996
INTEREST EXPENSE		
Dividends on Members' Shares and Savings Accounts	5,779,821	1,228,800
Interest on Borrowed Funds	758,565	207,199
Total Interest Expense	\$6,538,386	\$1,435,999
Net Interest Income	\$22,608,726	\$19,703,997
Provision for Credit Losses	2,305,600	914,315
Net Interest After Provision for Credit Losses	\$20,303,126	\$18,789,682

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.

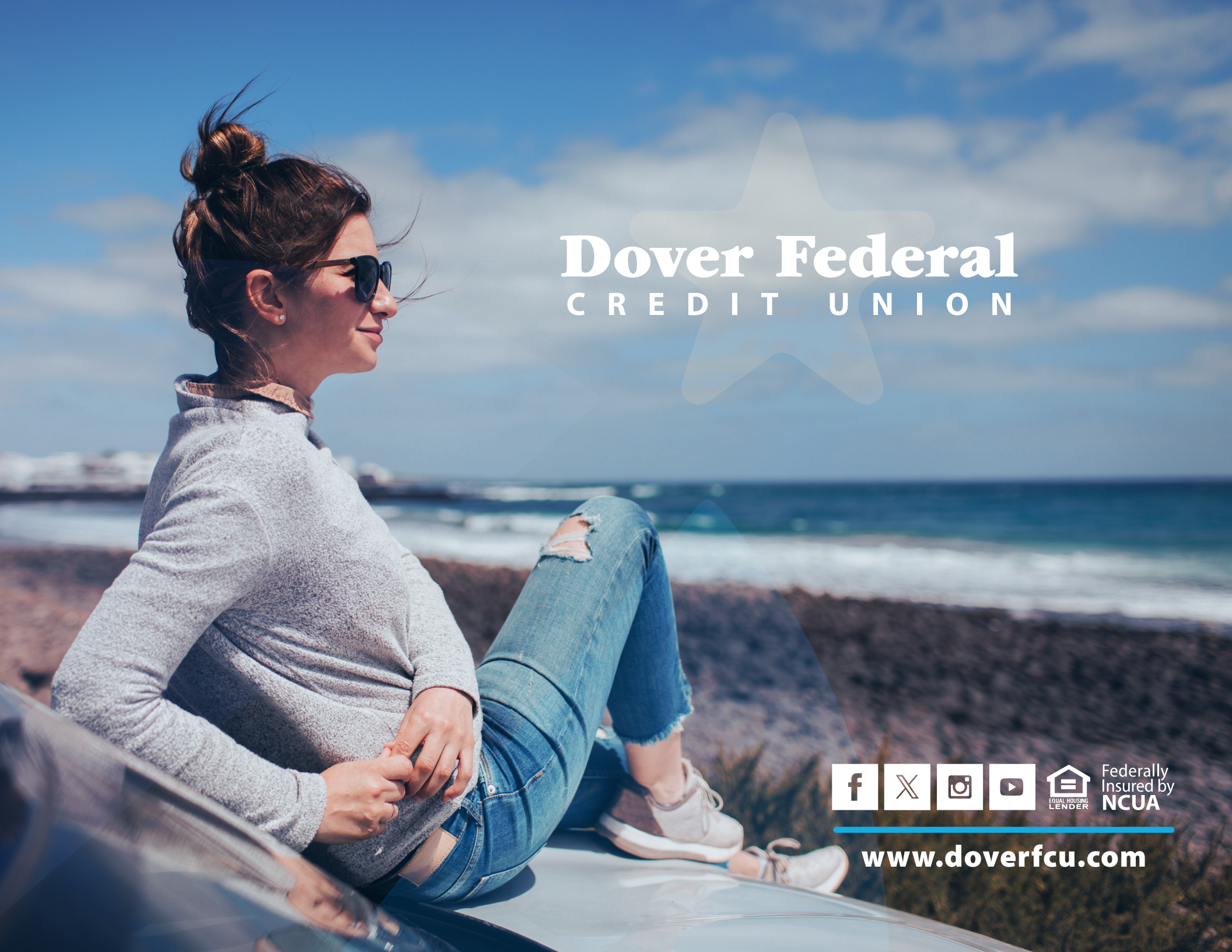
	December 31	
	2023	2022
NON-INTEREST INCOME		
Fees and Charges	3,998,747	4,109,479
Interchange Income	3,922,628	3,846,333
Other Operating Income	1,716,029	1,211,957
Total Non-Interest Income	\$9,637,404	\$9,167,769
NON-INTEREST EXPENSES		
Compensation and Benefits	11,946,925	10,710,234
Office Operations	3,893,587	3,778,589
Educational and Promotional	767,096	980,151
Office Occupancy	1,398,695	1,376,814
Loan Servicing	2,147,310	1,605,002
Professional and Outside Services	4,086,433	4,497,493
Miscellaneous	1,561,696	1,306,917
Total Non-Interest Expenses	\$25,801,742	\$24,255,200
NET INCOME	\$4,138,788	\$3,702,251

A group of diverse young adults are in a library or bookstore. In the foreground, a young man with short brown hair, wearing a blue and white striped button-down shirt over a black t-shirt, is looking towards the camera. To his right, a young woman with long dark hair, wearing a light pink shirt, is looking off to the side and holding a large white sheet of paper. In the background, a young woman with long reddish-brown hair and glasses, wearing an orange top, is smiling. Another young woman with blonde hair is visible on the left, also smiling. The background is filled with tall wooden bookshelves packed with books.

DOVER FEDERAL SUPPORTS THE NEEDS OF OUR YOUNGEST MEMBERS BY OFFERING:

- ★ Student Accounts
- ★ Annual Scholarship Program
- ★ SMART Option Student Loan[®]
- ★ Interactive Classroom Financial Education Programs





Dover Federal

CREDIT UNION



Federally
Insured by
NCUA

www.doverfcu.com