

# Annual Report 2020



**Dover Federal**  
CREDIT UNION  
LOCAL PEOPLE • LOCAL DECISIONS

We'll **Help You Get There.** Wherever *That* May Be.

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# 2021 MEETING AGENDA

- |       |  |       |  |
|-------|--|-------|--|
| I.    | Call To Order                          | X.    | Report of the President                  |
| II.   | Pledge of Allegiance                   | XI.   | Report of the Supervisory Committee      |
| III.  | Introductions                          | XII.  | Unfinished Business                      |
| IV.   | Recording Secretary Appointment        | XIII. | New Business                             |
| V.    | Parliamentarian Appointment            | XIV.  | Report of the Board Governance Committee |
| VI.   | Ascertainment that a Quorum is Present | XV.   | Adjournment                              |
| VII.  | Motion Announcement                    |       |  |
| VIII. | Minutes of the 2020 Annual Meeting     |       |  |
| IX.   | Report of Directors                    |       |  |

## 2020 MEETING MINUTES

- Minutes of the 62nd Annual Membership Meeting held on October 13, 2020, at Dover Federal Credit Union Corporate Office via live stream hosted in Dover, DE.
- Jeannette Schuler, Chair of the Board, welcomed all credit union members present to our 62nd Annual Membership Meeting of Dover Federal Credit Union.
- The meeting was called to order by Jeannette Schuler at 6:00 p.m., on Tuesday, October 13, 2020.
- The Pledge of Allegiance was led by the Jeannette Schuler.
- Jeannette Schuler introduced those present at the meeting.
- Jeannette Schuler appointed Donise Cottman to be the Recording Secretary and appointed our Staff Attorney, Myfanwy Bonilla, as the Parliamentarian for this year's meeting.
- The Recording Secretary, Donise Cottman, reported that a quorum was present. 15 members constitute a quorum. 51 members were present.
- 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 Travis Frey, seconded by Michael Murray. Motion carried.
- Report of the Directors was made by Jeannette Schuler.
- Report of the President was made by Chaz Rzewnicki.
- Supervisory Committee report was presented by John Van Tine.
- Kathy Adams, 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:  
  
Lonnie Dye, Michelle Mack-Williams, Cory Thomas, Dayna Cobb
- Jeannette Schuler declared the business meeting adjourned at 6:15 p.m.

# CHAIR'S REPORT



Dear Members,

As the newly elected Board Chair in 2020, I am excited and honored that I can report to you that even though 2020 and 2021 gave us some unexpected challenges, we met and exceeded the goals set by the Board and Management Team. We finished the year, as usual, in a strong financial position. Due to diversification and adding a robust product mix, including home mortgages, commercial lending, credit cards with competitive interest rates, and simplification of our auto loan process, we started 2021 with major accomplishments.

We are proud that our dedication to improving our internal technological infrastructure and work place D.E.I. (Diversity, Equity, and Inclusion) has been a major success. The previous core conversion that took place has helped with security and process simplification. In addition, the successful online banking advancement provided members with various options and platforms to access financial services during the pandemic. Work-place D.E.I. focus has made Dover Federal Credit Union a great place to work and a local leading voice for social equity.

The mission of "People Helping People," security, and technology continues to be many of the priorities for our credit union leadership. Credit unions were established with the thought that their focus is on members first and that together, we can find ways to meet your evolving and changing needs as life progresses. We are proud that throughout 2021, we have been able to support our members faced with uncertain financial stability by offering many options and flexibility.

In 2021, the credit union has had major success thus far from income, assets, and membership growth and finally in June we were happy to reopen our doors to the community again. With much excitement and anticipation, this also included our newest branch opening in Camden, Delaware. As we progress through the rest of 2021, Dover Federal Credit Union is working hard to make it easy to do business with us and help you get there, wherever that may be. Our focus remains the same, putting our members first, being financially responsible, and making sure our internal processes become simplified for our team members to serve you in a greater way. Moving forward please rest assured that the Board and Management Team are challenging ourselves by asking the tough questions. We are actively diversifying the skill settings amongst the Board and Management Team to make sure we have the right people in place, and most importantly getting the proper counsel so that we can be prepared for what is up ahead.

Stay tuned for all the great news that shall come from 2022!

God bless America and God bless our Credit Union!

Respectfully,

*Cory D Thomas*

Cory D Thomas, Board Chair

# GOVERNANCE COMMITTEE

The Board Governance Committee consisting of Mark Heck, Paul Hyland 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 year's, the annual meeting is the time when the term of three directors are expiring. To fill those positions, the Governance Committee hereby nominates:

• Lee Rideout • Lenore Brock • Kim Ewell-Hicks

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 Committee Chair

# 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

## 1<sup>ST</sup> VICE CHAIR

Jeannette Schuler

## 2<sup>ND</sup> VICE CHAIR

Mark Heck

## TREASURER

Paul Hyland

## SECRETARY

Lonnie Dye

## DIRECTORS

Kathleen Adams

Russell McCready

Michelle Mack-Williams

Lee Rideout

## ASSOCIATE DIRECTORS

LaShawne Pryor

# PRESIDENT'S REPORT



Dear Members,

2020 will be a year that we all remember! A year in which, the COVID-19 pandemic touched each and every one of our lives. A year in which, all of our lives were forced to change in some way, shape or form. Dover Federal Credit Union was no stranger to that same change and we were forced to pivot as well. I thank you for your flexibility and patience as we navigated a new way of doing business and attempted to do our part in keeping our team and members safe.

Although 2020 presented challenges that most financial institutions have never encountered and a quickly changing economic landscape, we were able to make adjustments that ultimately led to a successful year. In the end, Net Worth remained strong at 7.48% or \$41,579,619, above the National Credit Union Administration's 7% threshold to be recognized as a well-capitalized credit union. Assets ended the year at \$572,878,857 with total deposits of \$528,739,936, which is an increase of \$86,261,501 over the previous year. In total, 49,530 members were part of the Dover Federal family as of December 31, 2020. Net Income was \$1,349,256 and Dover Federal Credit Union remains a financially sound institution with a deep commitment to safeguarding members' assets, ensuring future viability and most importantly improving the member experience.

While the COVID-19 pandemic caused some challenging times, I'm extremely proud of the team at Dover Federal who worked tirelessly in order to continue making improvements for our members.

In 2020, your credit union...

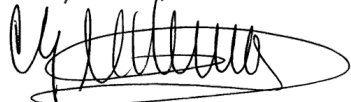
- Was awarded the following:
  - 2020 Stars of Delaware
  - 2020 First State Favorite Credit Union
  - 2020 Readers' Choice Award
  - 2020 Habitat for Humanity Sponsor of the Year
  - 2020 Credit Union Legislative Action Council – Top State Fundraiser
- After years of waiting, the Camden branch has finally opened
- Converted our home banking and bill payment systems
- Rolled out two new credit card products - a 2% Cash Back Credit Card and a fixed rate product with rates starting at 5.99% annual percentage rate
- Rolled out a COVID Emergency Loan
- Approved over \$22,191,300 in COVID Skip-A-Pays to help our members get through the pandemic
- Installed all new, state of the art ATM's at all of our branch locations
- Deployed a large "work from home" solution to ensure our team and members remained safe during the pandemic
- Rolled out Video Banking technology so that you can have a face-to-face appointment from wherever you would like
- Originated over \$194,500,000 in new loans which was a record for Dover Federal
- Received over 200,000 member calls into our Member Resource Center which is over 100% more than our previous year's call volume

Continued...



As we move swiftly into the future, Dover Federal Credit Union remains committed to making the difficult changes that are necessary to remain viable for another 60-years. Change is not easy, so we truly appreciate you as these necessary changes are navigated. We will continue to focus resources on improving the experiences you have with us. Thank you for your support of Dover Federal Credit Union. We remain committed to helping you get there, wherever that may be!

Truly Yours,



Chaz M. Rzewnicki, President/Chief Executive Officer

## EXECUTIVE TEAM



**Chaz Rzewnicki**  
President/CEO



**Donise Cottman**  
Executive Office & Facilities Manager



**Cinnamon Elliott**  
Chief Talent Officer



**Donna Kiscaden**  
Chief Financial & Risk Officer



**Travis Frey**  
Chief Technology & Security Officer



**Joyce Dew**  
Chief Credit Officer



**Todd Wilson**  
VP Branch Experience



**Tyler Kuhn**  
VP Marketing & Digital Experience

# 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 2020, 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, 2020, 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  
Rachel Shetzler  
Kim Warfield-Walker



# DOVER FEDERAL FOUNDATION



After years of planning and hard work, we are happy to announce that the Dover Federal Foundation is a functioning 501(c)(3) non-profit organization. As the Board of Directors and volunteers continue to fundraise and build out the structure of the foundation, we are anxiously looking forward to the impact that this foundation will have in the communities that we serve.

To all of those who have already donated, we thank you for your kindness and generosity.

## COMMUNITY

We all came together as a community in 2020 due to COVID-19 and as part of that we provided local businesses with the support they needed to try and weather the pandemic.



**\$26.5  
MILLION**

Money Lent to Local  
Businesses in Need



**\$8.9  
MILLION**

Dollar Amount in  
Business PPP Loans



**142**

# of Businesses  
Helped w/ PPP Loans



# CONDENSED BALANCE SHEET

## Assets

	December 31	
	2020	2019
Loans to Members	409,596,963	339,816,583
Less Allowance for Loan Losses	(4,300,475)	(3,479,828)
<b>Net Loans to Members</b>	<b>\$405,296,488</b>	<b>\$336,336,755</b>
Cash on-Hand and in Banks	17,664,622	20,345,692
Cash Equivalents	46,096,582	30,225,314
<b>Total Cash and Cash Equivalents</b>	<b>\$63,761,204</b>	<b>\$50,571,006</b>
Securities Available for Sale	61,001,232	60,672,217
Federal Home Loan Bank Stock (FHLB)	897,014	900,218
National Credit Union Share Insurance Fund Deposit	4,871,640	4,141,085
Accrued Interest Receivable	1,773,103	1,230,841
Property and Equipment, Net	20,962,314	20,176,292
Prepaid Expenses and Other Assets	14,315,862	11,212,669
<b>Total Assets</b>	<b>\$572,878,857</b>	<b>\$485,241,083</b>

## Liabilities and Members' Equity

	December 31	
	2020	2019
<b><i>LIABILITIES</i></b>		
Members' Shares and Savings Accounts	528,739,936	442,478,435
Accrued Expenses and Other Liabilities	1,626,017	2,306,323
<b>Total Liabilities</b>	<b>\$530,365,953</b>	<b>\$444,784,758</b>
<b><i>MEMBERS' EQUITY</i></b>		
Regular Reserve	4,509,022	4,509,022
Appropriated Undivided Earnings	10,673,944	10,673,944
Unappropriated Undivided Earnings	26,396,653	25,047,397
Accumulated Other Comprehensive Income (Loss)	933,285	225,962
<b>Total Members' Equity</b>	<b>\$42,512,904</b>	<b>\$40,456,325</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$572,878,857</b>	<b>\$485,241,083</b>

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	
	2020	2019
<b>INTEREST INCOME</b>		
Interest on Loans	18,521,640	15,983,001
Interest on Investment Securities and Cash Equivalents	1,230,356	2,775,573
<b>Total Interest Income</b>	<b>\$19,751,996</b>	<b>\$18,758,574</b>
<b>INTEREST EXPENSE</b>		
Dividends on Members' Shares and Savings Accounts	2,319,278	2,243,666
<b>Net Interest Income Before Provision for Loan Losses</b>	<b>\$ 17,432,718</b>	<b>\$ 16,514,908</b>
Provision for Possible Loan Losses	2,291,307	1,674,291
<b>Net Interest After Provision for Loan Losses</b>	<b>\$15,141,411</b>	<b>\$14,840,617</b>
<b>NON-INTEREST INCOME</b>		
Share Draft Fees	1,874,273	2,113,701
Card Services	3,220,141	3,033,161
Miscellaneous Income	2,880,989	1,859,756
Insurance Fees	519,253	478,977
Gain/(Loss) on Sales of Investments	72,948	109,375
<b>Total Non-Interest Income</b>	<b>\$8,567,604</b>	<b>\$7,594,970</b>

# CONDENSED STATEMENT OF INCOME

CONTINUED

	December 31	
	2020	2019
<b>NON-INTEREST EXPENSES</b>		
Compensation and Benefits	9,661,346	9,346,395
Occupancy	1,186,950	1,186,723
Operations	3,710,674	3,214,547
Professional and Outside Services	3,253,157	3,591,840
Promotion	632,493	684,198
Collection and Loan Administration	2,986,806	1,790,478
Other	928,333	997,089
<b>Total Non-Interest Expenses</b>	<b>\$22,359,759</b>	<b>\$20,811,270</b>
<b>NET INCOME (LOSS)</b>	<b>\$1,349,256</b>	<b>\$1,624,317</b>

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2020



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