

# 2018 ANNUAL REPORT



# Community Giveback

Our employees generously gave their time, talents, and resources throughout the year to support many causes.

## Volunteerism

DCCU Cares Day and year-long volunteering throughout the Shenandoah Valley

**3,700**  
hours volunteered

**\$98,975**  
value of volunteered time\*

## Giving

Employee donations and pledges for: The Boys and Girls Club, Lexington Office on Youth, KidzRec, and the United Way

**\$43,613**  
funds raised

## Shred Days

Twice a year, we host free Shred Day events and accept donations for the Blue Ridge Area Food Bank.

**128,470**  
pounds of documents  
shredded

Blue Ridge Area Food  
Bank donations:

**6,787**



**\$3,104.65**

# Member Giveback

Giving back earned equity in the form of rewards, refunds, promotions, and dividends is an important part of being a financial cooperative. The highlights below are a few ways members received returned revenue in 2018.

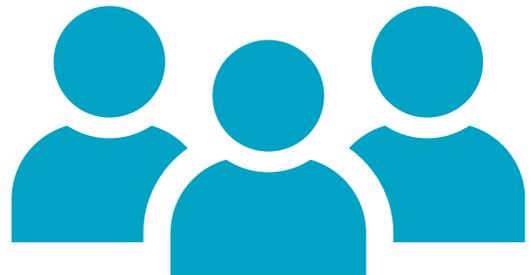
## Total Member Giveback

In 2018, DCCU gave back \$9.8 million to the membership.



## Average Giveback per member

**\$101.32**



\*Based on state and historical data according to Independent Sector ([independentsector.org](http://independentsector.org))



## Chairman's Report from Everett J. Campbell, Jr., Chairman of the Board

*DuPont Community Credit Union (DCCU) experienced another positive year in 2018 as we demonstrated our commitment to the membership and our community.*

### Highlights from 2018 include:

- We originated \$114.5 million in real estate lending in 2018, and remain committed to becoming the premier real estate lender in the Shenandoah Valley.
- Additionally, we originated \$85.1 million in auto, credit card, and home equity loans; and \$25 million in member business loans.
- DCCU was ranked among the top Virginia credit unions according to Forbes, who partnered with research firm Statista for a first-ever "Best-In-State Banks and Credit Unions" list.
- DCCU at Work, a workplace financial wellness program, was launched as a way to help area employers partner with DCCU to provide free financial resources for their employees.
- As part of DCCU's continued commitment to community wellness, the entire workforce spent October 8, 2018, Columbus Day, participating in service projects throughout the Shenandoah Valley. They served nonprofits from Lexington to Woodstock, contributing over 1,200 hours to a wide variety of meaningful projects.
- Each year, DCCU employees select a corporate charity to support. In 2018, employees focused their fundraising efforts on the youth in our communities. A total of \$12,200 was distributed to Boys & Girls Clubs in Augusta and Harrisonburg, the Lexington Office on Youth, and KidzRec in Woodstock. Employees also volunteered 260 hours with the Boys & Girls Club and held supply drives for the Lexington Office on Youth and KidzRec.
- Employees also raised over \$31,000 and volunteered over 174 hours to benefit the United Way organizations of Greater Augusta, Harrisonburg and Rockingham County, Northern Shenandoah Valley, and Rockbridge County.
- DCCU's Corporate Charity and United Way fundraising teams garnered statewide recognition in receiving the Dora Maxwell Award presented by the Virginia Credit Union League.

These highlights reflect some of the ways we deliver value to our members and help make a positive impact on our community. We are excited about 2019 and the many years ahead. On behalf of the Board of Directors and the staff of DuPont Community Credit Union, we appreciate your membership and continued support of our financial cooperative.

## Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors to oversee the operation of the credit union. The Committee acts as your member advocate. It strives to assure members that DCCU is operated in a financially safe and sound manner so that member assets are protected.

During 2018, the Supervisory Committee was composed of the following members: Bruce F. Hamrick (Chairman); Ron L. Harlow (Secretary), Eugene F. Walker (Member) and Wesley B. Wampler (Associate Member). Jeff Miracle joined the Committee as an Associate Member in October 2018. After twenty-two years of faithful service, Ron Harlow has decided to retire effective March 31, 2019. We will miss the expertise and insight that Ron has brought to this Committee through the years. The Committee is assisted by the Internal Audit team, headed by Director, Alan Christopher.

As required by law, DCCU's Annual Opinion Audits are performed by an independent CPA firm. The 2017 CPA report stated that DCCU's financial statements were prepared in accordance with generally accepted accounting principles. Noted exceptions and/or recommendations were promptly addressed by DCCU staff. For the 2018 CPA Annual Opinion Audit, the Committee in

conjunction with the Internal Audit Department agreed to change accounting firms solely to gain a fresh perspective. The succeeding firm is ElliottDavis, CPAs out of South Carolina.

Our most recent routine joint examination was completed in 2017 by Virginia and NCUA examiners. That report gave DCCU good ratings for financial safety and soundness. All recommendations in the report were promptly responded to by the Board and management.

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*"DCCU continues to work hard to protect members from fraud."*

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DCCU continues to work hard to protect members from fraud. However, an important part of fraud reduction is member vigilance. This Committee urges each member to routinely monitor all of their DCCU statements and/or accounts and report any suspicious activity promptly.

In summary, your credit union is operated in a safe and sound manner and continues to be in excellent financial condition.



# Treasurer's Report

from Leslie E. Ramsey,  
Treasurer

The 2018 financial performance and accomplishments are reflected by category in detail below.

## Growth

Assets grew at a rate of 3.4% or \$39.2MM ending 2018 at \$1.18B. Member savings grew 3.8% or \$37.3MM during 2018. The ratio of our loans to assets decreased from 77.2% to 77.1%. Total loans outstanding increased by 3.4% or \$29.7MM. The investment portfolio increased 11% or \$10MM during the year. All of our investments are issued by the U.S. Treasury, U.S. Government Sponsored Enterprises, or include credit protection.

Figure 1 Assets, Savings, Loans (Millions of dollars)

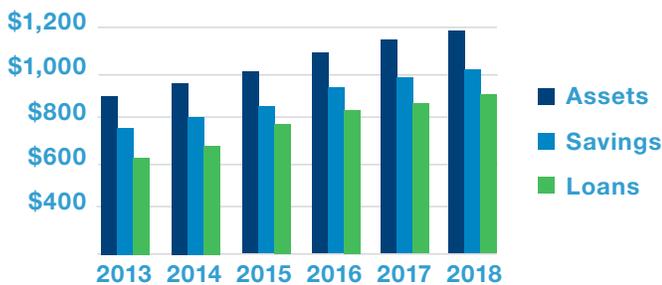
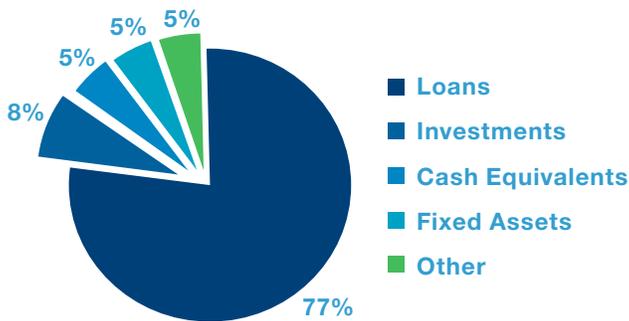


Figure 1 illustrates the 6-year relationship of assets, savings and loans while Figure 2 shows the distribution of assets.

Figure 2 Asset Distribution



## Net Income

Net income for 2018 was \$8.4MM, an increase of \$2.0MM or 31.4% compared to 2017. Dividends and interest paid to members totaled \$6.8MM, an increase of \$1.3MM or 24.5% compared to 2017.

Figure 3 Income Distribution



Figure 3 illustrates the distribution of income.

## Equity (Net Worth)

Our equity ratio increased to 10.55% of assets at year-end as compared to 10.17% at year-end 2017. The \$115.5MM of equity helps maintain our sound financial position, and benefits both savers and borrowers as it provides additional net worth in case loan losses increase or other economic pressures arise.

Figure 4 Equity (Millions of dollars)

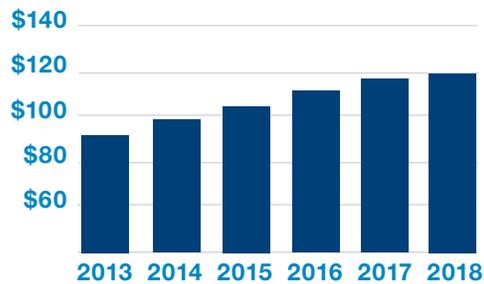


Figure 4 shows equity in dollars for the past 6 years.

## Loan Quality

Our delinquency rate (based on all loans) decreased from 0.89% at year-end 2017 to 0.51% at year-end 2018. Net write-offs in 2018 were \$6.3MM or 0.71% of average loans, compared to \$3.1MM or 0.37% in 2017.

## Summary

These financial results reflect strong performance and stability in DCCU's Balance Sheet. This strong position will enable DCCU to continue providing various forms of member-giveback and to make investments in our products, services, and delivery channels.

We look forward to another strong year in 2019 and, as always, appreciate your cooperation and support.

## Income Statement

Income	2018		2017		2017-2018 Difference
	Amount	% of Gross Income	Amount	% of Gross Income	
Loan interest	\$43,241,112	65.7%	\$38,693,604	66.3%	\$4,547,508
Investment Income	\$3,033,930	4.6%	\$2,360,677	4.0%	\$673,253
Other Income	\$19,532,554	29.7%	\$17,514,620	30.0%	\$2,017,934
Gain (Loss) On Investments	\$(10,993)	0.0%	\$(49,148)	-0.1%	\$38,155
Gain (Loss) Disposition of Assets	\$(10,213)	0.0%	\$(116,254)	-0.2%	\$106,041
<b>Total Gross Income</b>	<b>\$65,786,390</b>	<b>100%</b>	<b>\$58,403,499</b>	<b>100.0%</b>	<b>\$7,382,891</b>
<b>Expenses</b>					
Employee Compensation	\$17,007,621	25.9%	\$15,374,470	26.3%	\$1,633,151
Benefits/Training	\$7,454,003	11.3%	\$6,458,821	11.1%	\$995,182
Association Dues	\$139,264	0.2%	\$112,933	0.2%	\$26,331
Cost of Space	\$2,562,940	3.9%	\$2,165,994	3.7%	\$396,946
Furniture & Fixtures	\$2,005,619	3.0%	\$1,754,570	3.0%	\$251,049
Debit Cards	\$3,992,268	6.1%	\$3,474,891	5.9%	\$517,377
Software Support	\$1,048,172	1.6%	\$945,745	1.6%	\$102,427
Cost of Operations – Other	\$4,019,393	6.1%	\$3,529,870	6.0%	\$489,523
Marketing/Promotions	\$1,388,946	2.1%	\$1,533,874	2.6%	\$(144,928)
Provision for Loan Losses	\$5,971,492	9.1%	\$6,420,843	11.0%	\$(449,351)
Professional Services	\$616,269	0.9%	\$618,109	1.1%	\$(1,840)
Loan Expenses	\$1,128,666	1.7%	\$955,313	1.6%	\$173,353
Credit Cards	\$2,136,870	3.2%	\$1,963,727	3.4%	\$173,143
Borrowed Money Expense	\$813,197	1.2%	\$925,059	1.6%	\$(111,862)
Other Expenses	\$281,881	0.4%	\$299,038	0.5%	\$(17,157)
<b>Total Operating Expenses</b>	<b>\$50,566,601</b>	<b>76.9%</b>	<b>\$46,533,257</b>	<b>79.7%</b>	<b>\$4,033,344</b>
<b>Paid to Members</b>					
Certificate Interest	\$2,300,830	3.5%	\$1,913,203	3.3%	\$387,627
Dividends	\$4,507,250	6.9%	\$3,556,814	6.1%	\$950,436
<b>Total Paid to Members</b>	<b>\$6,808,080</b>	<b>10.3%</b>	<b>\$5,470,017</b>	<b>9.4%</b>	<b>\$1,338,063</b>
<b>Added to Equity</b>	<b>\$8,411,709</b>	<b>12.8%</b>	<b>\$6,400,225</b>	<b>11.0%</b>	<b>\$2,011,484</b>

## Balance Sheet

Assets	2018		2017		2017-2018 Difference
	Amount	% of Assets	Amount	% of Assets	
Loans to Members (Net of Allow for Loan Loss)	\$907,357,373	77.1%	\$877,656,486	77.2%	\$29,700,887
Cash and Cash Equivalents	\$58,750,885	5.0%	\$65,884,789	5.8%	\$(7,133,904)
Investments	\$100,686,447	8.6%	\$90,678,455	8.0%	\$10,007,992
Accrued Income (Loans)	\$2,531,221	0.2%	\$2,227,068	0.2%	\$304,153
Accrued Income (Investments)	\$288,533	0.0%	\$290,388	0.0%	\$(1,855)
Building/Land (Net)	\$48,893,607	4.2%	\$44,845,327	3.9%	\$4,048,280
Furniture/Fixtures (Net)	\$6,210,256	0.5%	\$5,913,780	0.5%	\$296,476
NCUA Deposit	\$9,628,618	0.8%	\$9,241,443	0.8%	\$387,175
Other Assets	\$42,063,973	3.6%	\$40,488,561	3.6%	\$1,575,412
<b>Total Assets</b>	<b>\$1,176,410,913</b>	<b>100.0%</b>	<b>\$1,137,226,297</b>	<b>100.0%</b>	<b>\$39,184,616</b>
<b>Liabilities and Equity</b>					
Corporate Drafts Outstanding	\$4,162,362	0.4%	\$3,846,303	0.3%	\$316,059
Regular Shares/Clubs/IRAs	\$272,722,078	23.2%	\$256,937,282	22.6%	\$15,784,796
Money Market	\$285,621,511	24.3%	\$294,586,319	25.9%	\$(8,964,808)
Certificates	\$188,287,291	16.0%	\$168,130,183	14.8%	\$20,157,108
Checking	\$276,100,008	23.5%	\$265,753,761	23.4%	\$10,346,247
Accounts Payable	\$453,677	0.0%	\$391,346	0.0%	\$62,331
Loans Payable	\$22,876,650	1.9%	\$27,797,593	2.4%	\$(4,920,943)
Other Liabilities	\$10,645,585	0.9%	\$11,332,852	1.0%	\$(687,267)
<b>Total Liabilities</b>	<b>\$1,060,869,162</b>	<b>90.2%</b>	<b>\$1,028,775,639</b>	<b>90.5%</b>	<b>\$32,093,523</b>
<b>Equity</b>					
Reserves	\$19,899,638	1.7%	\$19,899,638	1.7%	-
Accumulated Other Comprehensive Loss (OCL)	\$(8,539,651)	-0.7%	\$(7,219,035)	-0.6%	\$(1,320,616)
Retained Earnings	\$104,181,764	8.9%	\$95,770,055	8.4%	\$8,411,709
<b>Total Equity</b>	<b>\$115,541,751</b>	<b>9.8%</b>	<b>\$108,450,658</b>	<b>9.5%</b>	<b>\$7,091,093</b>
<b>Total Equity (Excluding OCL)</b>	<b>\$124,081,402</b>	<b>10.5%</b>	<b>\$115,669,693</b>	<b>10.2%</b>	<b>\$8,411,709</b>
<b>Total Liabilities and Equity</b>	<b>\$1,176,410,913</b>	<b>100.0%</b>	<b>\$1,137,226,297</b>	<b>100.0%</b>	<b>\$39,184,616</b>



DCCU employees volunteering with Habitat for Humanity on DCCU Cares Day 2018.

## Board of Directors

DCCU's Board of Directors is comprised of members who volunteer their time and expertise to the membership by overseeing the management of the credit union. Board members serve three-year terms and are elected by the membership.

- Everett J. Campbell, Jr.** Chairman
- Q. Maurice Gresham** Vice Chairman
- Leslie E. Ramsey** Treasurer
- Drew Ellen Gogian** Secretary
- Timothy M. Simmons** Director
- Daniel L. Bowman** Director
- Michael P. Blinn** Director
- Marvin G. Copeland** Associate Director
- Angela M. Simonetti** Associate Director
- Steve F. Elkins** President/CEO

## Governance Committee

Responsible for ongoing review and recommendations concerning the governance of the credit union to enhance the leadership quality, effectiveness and strategic impact of the Board and all elements of the governance structure; and, to refresh and renew the Board through a thoughtful Board member nominations and development process.

- Michael P. Blinn** Chairman
- Drew Ellen Gogian** Director
- Angela M. Simonetti** Associate Director
- Mary Louise Leake** Member
- Terri E. Stevens** Member



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