

2022 Annual Report



57th Annual Meeting

1600 Cantrell Road

Little Rock, AR 72201

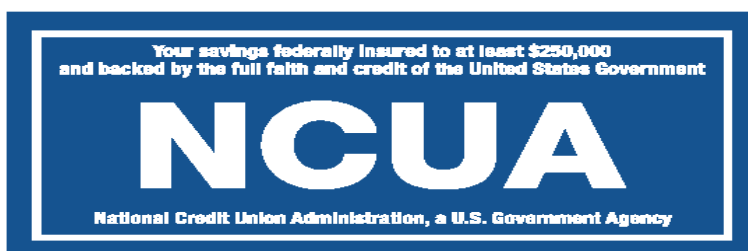
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Little Rock, AR 72203

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Dillard's Federal Credit Union
Minutes of Annual Meeting
June 27, 2022

The meeting was called to order via Zoom at 5:35 pm by Daryl Bailey, Chairman. Board Members present were Michele Hardy, Lanette Bryant, Karen Marriott, Lloyd Kassler, and Aaron Bailey. Kermie Gladstone, Supervisory committee chairman, and Shawn Berry were present. Tammy Brooks, CEO, and Tammie Sneed, COO was also present.

Ms. Bailey asked if there was a quorum present. Sixteen (16) members were present in person or virtually.

Ms. Bailey asked if there were any corrections to the 2021 Annual meeting minutes as printed in the annual report. There were no corrections. The minutes stand approved.

The members heard the director's report given by Daryl Bailey. Ms. Bailey spoke about what a challenge we have had at the credit union and with COVID-19. She spoke about how the credit union is continuing to research new products and services that will better serve the members. She spoke about how upgrading our core processor allowed the addition of on-line services that included Lenders Pro Pay, where members can make their loan payments on-line. Signix was also added to allow members the ability to sign membership documents and loan documents electronically. Additional savings came from changing providers for credit union forms and disclosures. We continue to offer low interest rates on all loan products. With these lower rates we are working to increase the loans.

Karen Marriott, Treasurer, gave a report on the financials.

Kermie Gladstone gave the supervisory committee report.

Ms. Bailey asked if there was any old business. There was none. She asked if there was any new business. There was none.

Members were informed of two expiring positions on the Board of Directors. The nominating committee submitted Michele Hardy, Karen Marriott, and Lloyd Kassler as nominees. Each nominee had presented their qualifications and expressed a willingness to serve. There were no nominations by petition. When we have the same number of nominees as open positions, they may be declared elected by general consent or acclamation. With there being no objections, Michele Hardy, Karen Marriott, and Lloyd Kassler were elected by acclamation to the DFCU Board of Directors.

A drawing was held for door prizes. Prizes were awarded to several mail-in entries and members present.

There being no further business, the meeting was adjourned at 5.55 pm.

Daryl Bailey
Chairman

Michele Hardy
Secretary

DFCU

Chairman's Report

2022 had its own challenges, the economy and recovery from the pandemic. We did end the year in the negative, but with improvement over 2021, and in 2023, we are headed in the right direction. Even with the challenges we had in 2022 we had 108 new members join DFCU. and with the pandemic over, we hope to start our local side events to help engage our member base and increase membership. An area of growth, that is critical to our credit union, was our loans, which increase by 38% over the past year. The board members and management team continue to meet monthly to discuss challenges we face along with growth opportunities.

Last year we were able to add additional on-line services that included Lenders Pro Pay where members can make their loan payments on-line. We have had tremendous response from our on-line members on Lenders Pro Pay. The addition of Signix has allowed members to sign membership and loan documents electronically and this has helped us increase the number of new accounts and loans. Our new marketing company has done a great job for us in 2022 and continues to reach our members.

A change that NCUA has made, allows credit unions to have a hybrid annual meeting, this will allow more of our members to be a part of the DFCU annual meeting by joining on site or virtually.

As a board member of DFCU I value your input on how we can make DFCU your "go to" for all your financial needs. The board members are very grateful for our credit union management, staff and members.

Remember to visit our web site at WWW.mydfcu.com, LIKE our Facebook page, Dillard's Federal Credit Union or reach out to any staff or board members for more information.

THANK YOU for being a part of YOUR credit union and we appreciate you and your support.

Daryl Bailey

Chairman

Supervisory Committee Report

The Supervisory Committee's responsibilities include:

- Implementing sample audits to ensure the Credit Union is following set policies and procedures
- Auditing Internal controls
- Auditing accounting records and expense reports
- Auditing loan processes
- Auditing teller procedures

The Supervisory Committee is comprised of volunteer members and functions independently of Credit Union management. The Supervisory Committee maintains confidentiality in dealing with member questions/concerns regarding credit union operations, reaching resolutions as appropriate.

The committee employs an independent accounting firm to perform an annual audit of the financial statements and verify the accuracy of members' account statements. Sullivan & Company performed the 2022 annual financial audit and issued certified financial statements relating to the overall financial condition of Dillard's Federal Credit Union.

Based on the results of the 2022 annual audit performed by Sullivan & Company, the Supervisory Committee concluded that Dillard's Federal Credit Union has adequate financial control, is financially sound, and that no corrective actions are required.

In summary, the Supervisory Committee works in the best interests of you, as a member of Dillard's Federal Credit Union. If any member has an unresolved question or concern about their account, they may contact the Supervisory Committee at the following address:

Dillard's Federal Credit Union
Supervisory committee
P.O. BOX 2763
Little Rock, AR 72201

Kermie Gladstone
Supervisory Committee
Chair

Shawn Berry
Supervisory Committee
Member

Lisa Smith
Supervisory Committee
Member

Financial and Operating Highlights

	2022	2021	2020	2019	2018
Assets	26,022,081	27,729,306	25,297,584	24,786,356	25,644,100
Shares	23,473,366	25,121,860	22,607,273	22,214,875	23,138,569
Loans (net)	9,407,895	6,752,415	7,844,172	9,206,421	10,066,412
Income	676,840	679,585	936,149	999,206	937,959
Expenses	746,844	760,633	764,810	872,114	872,875
Reserves & Undivided Earnings	2,506,106	2,566,488	2,647,535	2,523,299	2,462,087
Expenses* to Income Ratio	110%	112%	82%	87%	93%
Net Income (Loss)	-60,382	-81,048	124,236	61,213	42
Members	3,718	3,996	4,458	4,844	5,195
Dividends Paid	25,358	26,073	47,103	65,879	61,618
Dividend Rates	.05%-1.25%	0.5%-0.35%	0.5%-0.45%	0.5%-1.05%	0.5%-1.05%

Statement of Financial Condition
December 31, 2022

ASSETS

Loans to Members	\$9,428,673
Less Allowance for Losses	\$(20,778)
Net Loans to Members	\$9,407,895
Cash and Cash Equivalents	\$783,628
Investments	\$15,444,631
Reposessed Assets	\$0
Other Fixed Assets	\$9,315
NCUSIF	\$243,202
All Other Assets	\$133,410
Total Assets	\$26,022,081

LIABILITIES & EQUITY

Dividends Payable	\$5,696
Other Liabilities	\$36,913
Shares	\$13,897,479
IRAs	\$987,380
Club Accounts	\$1,095,068
Checking Accounts	\$4,485,115
Health Savings Accounts	\$2,657,751
Certificates	\$350,573
Regular Reserve	\$498,224
Undivided Earnings	\$2,007,882
Total Liabilities & Equity	\$26,022,081

Respectfully Submitted,
Karen Marriott, Treasurer

Statement of Operations
December 31, 2022

INTEREST INCOME

Interest on Loans	\$304,359
Income on Investments	\$194,249

INTEREST EXPENSE

Dividends	\$25,358
Interest on Borrowed Funds	\$0
Provision for Loan Losses	\$-9,622
Net Interest Income	\$482,872

NON INTEREST INCOME

Fees	\$115,784
Misc. Operating Income	\$91,384
Gain/Loss on Investments	\$0
Gain/Loss Sale of Assets	\$-3,578
Total Non-Interest Income	\$203,590

NON-INTEREST EXPENSE

Salaries & Benefits	\$370,965
Educational Expense	\$1,403
Office Occupancy	\$27,022
Office Operations	\$144,024
Loan Servicing Expense	\$38,509
Marketing/Member Education	\$16,920
Professional & Outside Services	\$140,287
NCUA Operating Fees	\$4,340
Misc. Operating Expenses	\$3,374
Total Non-Interest Expense	\$746,844

Net Income (Loss)	\$-60,382
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The Credit Union

Dillard's Federal Credit Union is a not for profit organization owned by the members, which are made up of employees of various Select Employee Groups and individuals from our community. All expenses are paid out of income from loans and investments, and after necessary reserves required by law are set aside, the remaining income is returned to the members in the form of dividends.

The affairs of the Credit Union are administered by the Board of Directors, who are elected from the membership at the annual meeting, and by the Supervisory Committee who are appointed by the Board of Directors.

The Credit Union is located inside Dillard's Corporate Office in Little Rock, Arkansas.

The Board of Directors

The Board of Directors is responsible for the general direction of the Credit Union. It is composed of seven members elected by the general membership at the annual meeting. Each Board member serves for a period of 3 years, and the terms are staggered so that some are elected each year.

Board of Directors:

Daryl Bailey - Chairman
Lloyd Kassler - Vice Chairman
Michele Hardy - Secretary
Karen Marriot- Treasurer
Lanette Bryant
Michele Allgood
Aaron Bailey

The Supervisory Committee

The Supervisory Committee is appointed by the Board of Directors and is responsible for the annual audit of the books of the Credit Union.

Supervisory Committee:

Kermie Gladstone
Shawn Berry
Lisa Smith

Credit Union Staff

President/CEO:	Tammy Brooks
Vice President/COO:	Tammie Sneed
Loan Officers:	Candice Gray
Loan Processor:	Kim Felker
Accounting:	Amy Jackson