

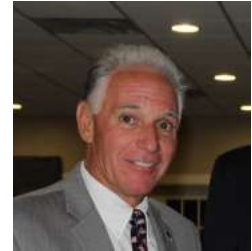
ANNUAL
REPORT
JULY 2013
TO
JUNE 2014

 **crac** • Your Financial Health Center!

Dear Friends:

Founded in 1987 to advocate for equal access to credit and capital by testifying at bank merger hearings, DCRAC has come a long way as you will see in these pages. We dedicate this page to our numerous volunteers who have helped us get here.

Jim Angus is practically a full-time volunteer tax clinic attorney at DCRAC. We were very proud when the Governor's Office of Volunteerism recognized his selfless giving to the citizens of Delaware this year. **Wendy Lindsey** has been our volunteer auditor for two years now. As a full-time employee at Bank of America, she still finds time for giving of herself generously. We were pleased to recognize her at our Celebrate CRA event this year.



*Domenic Pedante,
Board Chairman*

Valerie Alberto, a New York attorney with a Master's in Tax Law is an invaluable resource for research. **Henry Jefferson**, a Pennsylvania attorney with a Consumer Law Center serves his community through foreclosure prevention and yet finds time to guide our foreclosure prevention efforts as well as our tax controversy efforts. **Eileen Xu**, a student at the University of Delaware is attracted to our Tax Clinic and has proven to be a reliable volunteer. A recent addition to our volunteer pool is **Philip Hamilton** from Sussex County--a retired engineer and lawyer, his interests are in financial education and coaching. Many of you may have met **Melida Bristan**, a vivacious Panamanian nurse who pitches in with anything that needs to get done. **Leanne Pedante** has been our publishing guru forever and **Artika Rangan Casini** our editor of all grants. **Jessica & Ralph Mallamace** have been our greeters and photographer. **Lisa Milideo** of Bank of America has been our voice and face at Sojourners Place--teaching our Money Matters! for over 3 years now. This August, we had **Fred Dawson** with **Club Phred** donate their talents to our first fun fundraiser along with stand-up comics **Max Gallo, Setoiyo, and Ian Fidance**--coordinated by **Robert Kleiner (also a tax clinic volunteer attorney!)**. Then there is the family effort: **Ravi Rangan and Kyle Quinn** help with whatever is needed--handyman or paralegal.



*Rashmi Rangan
Executive Director*



Please visit us on www.dcrac.org and like us on Facebook (DCRAC Delaware-CRA). We hope that you will learn about us, share about us, consider giving us your time and talents, and reach deep into your pockets and share your generosity with us. We shall not disappoint.

Sincerely,

Dom & Rashmi

DCRAC received the coveted Standards for Excellence re-certification in 2013. This rigorous process of ethics and accountability evaluates organizational integrity, financial management, programs, and governance, using benchmarks which go well-beyond legal requirements.

Tax Clinic 2013-2014

The story of our involvement begins after a taxpayer files/should have filed a tax return. While we adhere to the federal definition of low income (about \$23,000/individual and increasing by \$8,000 for each additional family member), we do our best to assist everyone.

Our taxpayers are often senior citizens, veterans, and single parents. Controversies with the IRS may involve: a levy on social security; a lien against a home making it difficult to sell or modify the mortgage; a levy on bank account; an innocent spouse discovers a tax liability for which she believes she should have no responsibility; or a client has a case in US Tax Court. Problems can emanate from the loss of a job, a divorce, an illness, an unsuccessful business venture, failure to file taxes and taxes that were computed incorrectly.

Relief we obtain always involves a fair resolution of their tax liability with due regard for the individual's financial circumstances. Some resolutions consist of an installment agreement with monthly payments paying down the liability over time (typically five years) or an offer in compromise where the client offers a lump sum payment to settle liability.

The LITC is grateful for volunteer support from James Angus, Valerie Alberto, Henry Jefferson, Melida Bristan, and Eileen Xu. In addition, Jabari Chambers, Jaclyn Lantieri Quinn, and Rashmi Rangan provide the needed legal and data management support.



Rony Peralta joined us in 2008. Today, he is our Tax Director. An Ecuadorian, he speaks fluent English and Spanish. He loves good music and food, and is a Cross Fit fanatic.

In 2013, our 93 outreaches were attended by over 900 Delawareans and 17 Educational activities by 143 Delawareans. We wrote an editorial in March about Filing Taxes need not be maddening. In addition, we are on our local live leased access television station each month and talk about the work of our tax clinic.

In addition to 20 consultations, we worked with 141 cases, resolving 111 by bringing 62 in filing compliance and 49 in collection compliance. We closed 4 cases for inactivity. For 77 cases, more than 1 tax year was implicated. For 6 cases, we worked with more than one IRS function. Overall, we obtained \$100,935 in refunds for our taxpayers and \$160,330 in reduced or corrected tax liability. 54 cases also involved state tax matters.

A recent client: When she came to us in April, she owed the IRS \$40,000; assisted living facility \$130,000; she could not recover \$300,000 in stock; most of her assets were tied up by the theft from her estate. Her IRS debt has turned into refunds; she is current with her housing; she has recovered the stock; and she seems to have reestablished her financial well being.

As Jim says, "Is this a great place or what?"

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Stepping Stones Community Federal Credit Union Board



SSCFCU expects to submit its application to become a Federal Home Loan Bank member. It expects to launch direct deposit and ATM cards by the end of June 2015. Stay tuned.

Matthew Parks, Chairman, is Director & Investment Manager for Discover Bank. He manages the Community Reinvestment Act Investment, Mortgage and Community Development loan portfolios. **Bob Watson, Jr., Vice Chairman**, has over 45 years of experience as an independent insurance agent. He is a Commissioner with the Human Relations Commission. **Blanche Jackson, Treasurer**, is Executive Vice President of the Delaware State Police Federal Credit Union and oversees its operations. Experienced in lending, operations, information technology, human resources and compliance, she is a valuable mentor. **Glenn R. Brooks, Secretary**, is the Chief Operating Officer and Senior Vice President of Leon N. Weiner & Associates, Inc. He has served on the Federal Home Loan Bank of Pittsburgh's Affordable Housing Advisory Council as Vice Chairman and Chairman. The volunteer board meets on the 3rd Wednesday evening and is comprised of members Christopher Waters, Kevin S. Mann, Esq., Brenne Shepperson, Michelle Harlee, and Jason Elasic. Our Supervisory Committee is ably led by Joel S. Schiller and includes Gina deFreitas. There is currently a vacancy on this committee. Our Credit Committee is led by Mike McGay and supported by Lynn Buchanan, Michelle Harlee, Brenee Shepperson, and Blanche Jackson.

Advocacy: Payday Loans

Payday loans are advertised as a way to meet a one-time need but payday lenders actually make most of their money by racking up fees from borrowers who are forced to take out multiple loans, one after the other, because they cannot both pay off the loan and cover their living expenses. This is the payday loan debt trap, where interest rates average 500 percent in Delaware. The vicious cycle of debt is not a side effect of payday lending, it is the business model of payday lending. Three quarters of payday loan fees come from borrowers with 10 or more loans per year. In 2012, a bipartisan group of Delaware legislators took action to disrupt the cycle by limiting the number of loans a person could take out to five a year. But Delaware's payday lenders found a way around the law by switching from payday loans to installment loans to continue their debt-trap business model. In 2013, the Delaware Bank Commissioner's office reported that the average payday loan under the new law was for over \$380 with an annual percentage rate of over 500 percent. The data released does not incorporate the payday lenders' installment loans made in evasion of protections aimed at the debt trap. DCRAC thanks Consumer Federation of America for their leadership and support at the national and local levels.

In the media

Special thanks to Greg Wilson who worked hard to get us in the news cycle over the years. He has now moved on to Bellevue Community Center. To stay connected with DCRAC, please visit www.dcrac.org where you have the opportunity to link into all our social platforms and sign up for e-newsletters.

Credit Clinic 2013-2014

The fiscal year was challenging and exciting. We saw Courie Foster move on after he trained the incoming Credit Clinic Director Steven Byrd.

- 515 attended a one-hour seminar
- 106 graduated from Financial Fitness
- 89 reviewed their credit scores/reports
- 50 opened/changed bank accounts
- 19 took the 52 week savings challenge
- 13 reduced their debts by 2 accounts
- 18 increased their credit scores by at least 25 points.



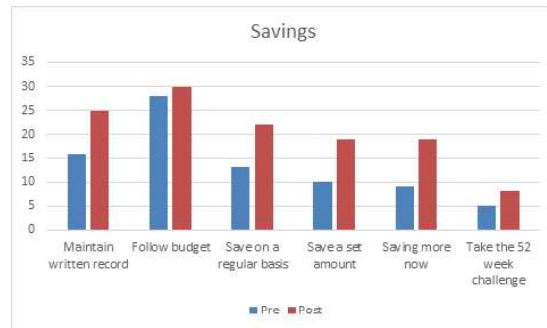
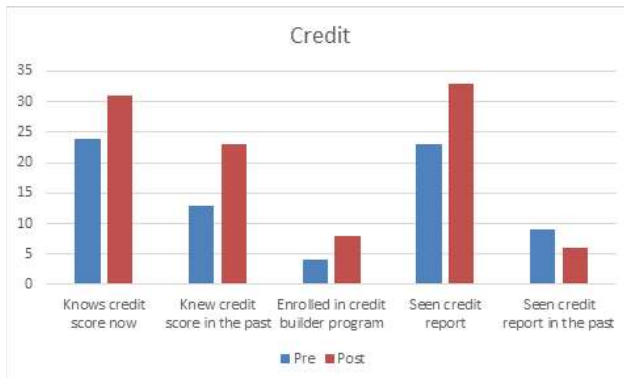
Steven Byrd, formerly Vice Chairman of the Stepping Stones Community FCU came on board as Credit Clinic Director in July 2014.

Courie Foster served as our Financial coach. Fluent in Spanish and English, he taught Financial Fitness on weekends. Along with a career at Lincoln University, he is a budding photographer!

We worked with NeighborWorks and Citi on a pilot. We designed and administered a pre-post survey instrument. Of the 96 surveyed, only 40 respondents fully responded to all questions. As a result, our analysis is based on those 40 responses. A majority of our clients are extremely low-income female (25) African-American (24) female head of households (18).

Of these 40 respondents:

- 19 people are saving more now than they were before they joined our Borrow \$mart series.
- 30 are able to follow a budget.
- 8 have begun the credit builder program and 8 have started the 52 week challenge.
- 23 reported that they used a high-cost lender in the recent past.
- 18 (up from 10) now pay on time and in full



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Housing Clinic 2013-2014

Behind every foreclosure is a family who has lost its largest store of wealth, has an extensive injury to the credit rating, and has lost confidence in the system. We help guide these families toward a more secure financial future. Our goal is to help homeowners assess their choices: keep their homes by working out a feasible plan or find alternative housing.

Looking to the future, we want new homeowners to build and preserve their wealth. We want to help them recognize that it is their responsibility to protect their largest investment—their home. We want them to obtain a mortgage that is suitable to their financial ability, successfully pay off their mortgage in full, or sell their home or refinance because it is a sound economic decision.

We work closely with the Credit Clinic preparing homeowners build savings and improve credit before they work with the Housing Clinic. During homeownership counseling our clients learn about pre-purchase and post-purchase obligations, rights, and responsibilities.

We helped 60 homeowners:

- Permanent modifications: 13
- Brought mortgage current: 5
- Action plan and counseled: 19
- Obtained a mortgage: 5
- Mortgage ready: 12
- Almost mortgage ready: 6



Jaelyn Lantieri Quinn served as our Housing Director through the end of the fiscal year. She is now our Resource Development Director and reachable at jlantieri@dcrac.org



Mary Lowe joined DCRAC in July 2014. She is bilingual and leads our Housing Clinic.

A recent success story:

In early 2013, our client lost his job (lull in the construction industry where he worked for almost 20 years). This single father always worked hard to provide a home for his children and was not about to let his home go to foreclosure. The game plan was four-fold: communicate with the loan servicer, establish income, decrease expenses and make mortgage payments as soon as possible. He went to work right away to secure employment, taking odd jobs until another position opened. He cut unnecessary expenses, and saved every dollar possible. All the while, we kept the file current with necessary documents and responded to inquiries from the servicer in a timely manner.

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Delaware Community Reinvestment Action Council, Inc.
Comprehensive Financial Statements
For the Year Ended June 30, 2014

Below is an excerpt from the annual audit which can be found on the home page at www.dcrac.org

BALANCE SHEET		STATEMENT OF REVENUE & EXPENSES	
Assets		Revenue	
Cash & Investments	320,059	Grants	591,623
Grants receivable	88,134	Fund raisers	34,454
Fixed Assets Net	272,666	Donated Services	300,000
Other Assets Net	2,406	Miscellaneous Income	3,992
Total Assets	683,265	Total Revenue	930,069
Liabilities and Net Assets		Expenses	
Current Liabilities Net	8,883	Program Activities	694,545
Long-term Liabilities	59,345	Support Services	42,738
Total Net Assets	615,037	Fundraising	6,043
Total Liabilities & Net Assets	683,265	Total Expenses	743,326

THANK YOU
Bank of America
Capital One
Citi Foundation
Discover Bank
JPMorgan Chase
Internal Revenue Service
Longwood Foundation
TD Bank

City of Wilmington
Delaware State Housing Authority
Financial Literacy Education Fund
Grant-in-Aid
HSBC
JPMorgan Chase
National Community Reinvestment Coalition
New Castle County
Stepping Stones CFCU
Wells Fargo
Christ Church
Consumer Federation of America
Federal Home Loan Bank
Felton Bank
Sussex County Council

*DCRAC is a 501 (c) (3) nonprofit organization.
Donations to DCRAC are tax deductible
to the fullest extent of the law.*

Our mission is to ensure equitable treatment and equal access to credit and capital throughout Delaware through advocacy, education, legislation, and outreach.

- Copies of key annual reports and audits are available in their entirety on www.dcrac.org (Donor tab and FAQ tab).
- Members have a right to inspect DCRAC documents that reside in the public domain without providing a reason. Please direct document requests to Rashmi Rangan: 601 North Church Street, Wilmington, DE 19801; Fax: 866-718-8236; or Email: Rrangan@dcrac.org.
- Documents may be reviewed in person at our office. Should you require copies and/or delivery of public documents, we recover our cost of reproduction at .15 cents per page and postage based on the mailing cost. Please note: Client privacy, confidentiality, and grievance procedures apply to our efforts at openness and transparency.

People at DCRAC who make it all happen!



Domenic Pedante, Chairman, has served in this position since 2007. He had a wonderful career as a teacher and counselor with the New Castle County Vo-Tech School District. He has earned two Masters degrees--in Public Administration and in Education. Service to others has been a driving force and he has helped cultivate that same belief in his children and the young people he has taught, coached, and counseled. Currently, he is an adjunct instructor for Wilmington University. **Carol Davis, Vice Chairman**, is the financial services director of the Nehemiah Gateway Community Development Corporation, a non-profit community development corporation whose hallmark initiative is the Delaware Earned Income Tax Credit Campaign. A Philadelphia native, Carol has made Delaware her home. **Anthony Albence, Secretary**, is a lifelong resident of Wilmington. He earned a B.A. in Politics from The Catholic University of America, and an M.A. in Urban Affairs and Public Policy from the University of Delaware. He serves as Director for the Department of Elections for New Castle County. **Dan Boddie, Treasurer**, brings more than 20 years of experience in marketing and business development. He is currently President and CEO of Mozaic and Founder and Owner of Boddie Documents. He has a Bachelor's degree in Business Administration and Finance from the University of Dayton. The trip on his own through graduate school convinced **Austin Edison** that with sufficient drive, passion, persistence, etc. he could become who he wanted to be. This experience paved the way for his personal and career journey--duPont Company, SCORE volunteer, active in his church and community.



Albert W. Griffith, Jr. is a licensed public accountant and president of ACCO Income Tax and Accounting Service, a family owned and operated business. **Kathleen McDaniel**, was a project manager at C+D Contractors, Inc.--a family owned business--before she became president in 1986. A graduate of Drexel University, she holds a Bachelor of Science, Business and Administration degrees. **Shondell Ayala** has served the community in a variety of ways. As a development director, a museum curator, an executive director, a teacher, and a community outreach coordinator. She has recently relocated to Maryland. **Chantel Vanderhost** is a former public ally, lives in Wilmington, and works at The Challenge Program--a non-profit that helps young people build trade skills.