

Annual Report

2020

2021



Delaware Community
Reinvestment Action Council,
Inc.

DELAWARE

COMMUNITY REINVESTMENT

ACTION COUNCIL

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Dear Friends:

It is a privilege to share with you all our achievements from the last year—and a preview of where we're headed next.

As always, our greatest accomplishment is the number of Delawareans whose financial lives we've touched. Despite the ongoing COVID-19 pandemic and the many ways it has undermined every aspect of life, DCRAC worked with more than 5,000 clients to untangle their personal finances, open bank accounts, resolve tax debts, draft wills, and more.

Our in-house team of highly motivated, dedicated, and devoted professionals make that happen, and we are grateful for our staff, volunteers, and board members this and every year. This is a team that doesn't know the meaning of "no"—despite holiday closures, funding limitations, global pandemics, or our service offerings that don't cover all aspects of our client's needs, we do everything we can to ensure each person who walks through our doors receives help. And if we can't deliver, we send them straight to the people who can.

Going into our 35th year of operations, DCRAC is still the only organization in the First State that serves the community with an array of institutional structures that they need to take charge of their financial lives. Most attorneys and bankers just can't afford to take on low-wealth clients, or clients with complicated issues to resolve. That's what makes DCRAC different—such cases are our entire practice, and we offer them at low or no cost. From such wraparound, customized services to education and advocacy efforts, we are proud to help Delaware and its residents realize the promise of an accessible, community-centric system that provides entry into mainstream world of finance and law.

We also celebrated receiving Bank of America's Neighborhood Builder Award. This \$200,000 competitive grant allows us to invest in building our capacity, and we have some bold new ideas for what that will look like in the coming months and years. Stay tuned!

What continues to make DCRAC unique is not only our commitment to robust, customized services for every client but also our capability—as public advocates, financial experts, lawyers, and bankers. We push for changes that affect individuals' financial lives—and that help every Delawarean along the way.

Together, we envision a Delaware in which every individual and household can access legitimate and mainstream legal and banking services to achieve financial stability and build wealth, regardless of income or credit history.

Thank you for all you do to help make this vision more of a reality!

Rashmi Rangan





Money School

Know Better. Do Better.

Because so many generations of so many communities haven't been treated fairly when it comes to financial inclusion and opportunity, there's simply no passing-down of knowledge when it comes to opening a bank account or managing a mortgage. Even when clients understand the value of saving money, setting a budget, and achieving financial stability, engaging with traditional banking can still be a huge leap of faith.

All these things are learned skills—and not everyone gets to learn them at home.

Since 2002, Money School has connected Delawareans with the tools needed to navigate too-complex financial systems and institutions. Our 2021 classes included COVID-specific topics like tax refunds in the face of IRS backups, rental assistance including through DEHAP, stimulus checks, and unemployment insurance.

Traditional courses continued, too, such as deep dives on managing money, credit, borrowing, saving, investing, retirement, and estate planning.

200 classes
3,000 students
10 volunteers
3,000 hours

Carmen's story

Carmen attended a class on credit. She had just sold her car for \$800, but as the instruction progressed, she realized several things. First, the car was worth more. Second, she could still buy it back for the same price. Third, if she could sell it for its real value, she would accomplish what she came for—freeing herself from credit card debt. Thanks to that education, she was able to buy back the car and resell it for \$2,400, and she is now proudly rebuilding her credit.

DCRAC Law

Financial stability isn't just about money in the bank; it's understanding what you do with your money, and what can happen to it. Unfortunately, most attorneys just can't afford to take on low-wealth clients or clients with complicated issues to resolve. That's what makes DCRAC Law different—such cases are our entire practice, and we offer them at low or no cost.



Low Income Tax Clinic

Taxpayers in trouble with the IRS do better when they are represented by an attorney. Meet Anthony Dohring, who has represented 180 taxpayers and resolved \$4 million in disputes. The Low Income Tax Clinic is an independent federal program, partially funded by the IRS. We represent our clients, at no cost to them, before the IRS, Tax Court, and, if needed, District Court.

Estate Law

103 families protected \$10 million in assets through deed transfers, estate planning, dispute resolutions, setting up revocable trusts, wills, power of attorney, healthcare directives, and much more. Each case allows us to touch many family members and leverage our ability to get family members on the same page.

The Winstons--a typical Estate Law Case

For many families, when a member dies without a will, it creates complications—more so when minors are involved. When Letitia Winston died, her descendants—seven children and two grandchildren, both minors—should have inherited her home, but she hadn't left a will. DCRAC Law worked through the guardianship process in Chancery Court, got all the siblings on board, filed correct documents, saved the house from foreclosure, and kept it in the family. Whether they want to sell it or will it next, the Winston home is now an asset, not a financial gamble.



Stepping Stones CFCU

The big banks don't always go after business with low-wealth depositors, or they charge sky-high fees to bring them in. Yet existing outside the formal banking system can be dangerous and expensive, and unbanked or underbanked individuals lose as much as \$3,000 every year to predatory lending and other exploitive services. That's why the Stepping Stones Community Federal Credit Union exists.

We have the same services offered by other banks, like lobby hours and digital banking, but we're centered on helping our own community thrive—so fee-free accounts and modest-interest loans come standard, and anyone with a connection to the City of Wilmington and \$5 to deposit can become a credit union member.

Successes

- With a \$3,200 loan, Barbara staved off a foreclosure and refinanced a high-cost loan.
- Refinancing two payday loans reduced George's monthly payments by half.

Highlights

- Stepping Stones recently became the primary financial institution for people in Delaware's prisons.
- The pandemic showed the dangers of the digital divide: unequal web access cut low-income households off from education, jobs, and stimulus funds at a critical time. We found a way to address that issue. Using CARES Act funding, in 2020 we began buying and distributing computers to low-income members while working with Comcast to connect those households to affordable and highly reliable Internet service.
- Stepping Stones made Paycheck Protection Program loans.



Financial Summary

DCRAC AND ITS AFFILIATE DCRAC EDF, LLC

TOTAL ASSETS

Cash/equivalent, prepaid expenses, loans receivable, investments, property/equipment	\$2,134,204
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LIABILITIES

Accounts Payable, payroll, deferred revenue	\$26,664
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REVENUES

Support	\$2,046,456
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OPERATING EXPENSES

Programs	\$1,836,545
Management & General	\$92,910
Fundraising	\$1,315

Total Cost: \$1,930,770

Please visit
www.dcrac.org for the
complete audit

Looking to 2022

- 20.9% of Wilmington residents and 37.8% of households of color are un-banked or under-banked.
- 49% of Wilmington residents live in liquid-asset poverty (compared to 37% nationally) meaning they lack the resources to live at poverty level for three months if they were to lose their main source of income.
- 24% of Wilmington residents have zero net worth—or less (compared to 16% nationally).
- Two out of three adults in the US lack any of the documents they or their families would need to navigate death or incapacity.

These numbers—which predate the pandemic and surely look worse today—underscore the need for Stepping Stones Community Federal Credit Union, DCRAC Law, and the Money School.

This is why we've begun raising \$5 million in enterprise capital today. This funding will help us work to close the racial wealth gap in Delaware—and beyond—for years to come.

We thank you for your continued support.

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