

DCRAC

Annual Report July 2017 to June 2018 www.DCRAC.org

Transforming Financial Lives Since 1987

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

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Follow us on Twitter # @DCRACDelCRA

Dear friend:

At 31, DCRAC is still a young non-profit. When you factor in our beginning, a wholly volunteer non-profit for its first 7 years and a one-person shop for the next 6 we are much younger than you think.

We serve our community across Delaware as advocates, as attorneys, as educators and counselors, and as bankers on an annual organizational budget of \$700,000 with 7 full-time and 1 part-time staff. In 2007, DCRAC was the first non-profit in Delaware to receive the coveted Standards for Excellence Certification which is a rigorous process to demonstrate that DCRAC meets the highest standards of ethics and accountability evaluating organizational integrity, financial management, programs, governance, and using benchmarks which go well-beyond minimum legal requirements.

Someone once said, "If you are not sitting on the edge, you are taking up too much space. Get off." We have chosen to stay at the cutting edge.

Look how busy we have been:

- 1995 launched Credit Clinic
- 2002 our Housing Clinic is born
- 2003 we opened the Tax Clinic
- 2007 DCRAC becomes the 1st Delaware non-profit to obtain Standards for Excellence seal.
- 2011 we obtained charter for Stepping Stones CFCU

As we close out this year, we thank our founder Jim Sills who envisioned a robust advocacy organization; Our board and volunteers, past and present both at DCRAC and Stepping Stones; Our staff, past and present; Our donors and grantors past and present.

We would not be here today without your support. We thank you for your support.

Sincerely,

Carol & Rashmi

About DCRAC

DCRAC is a nonprofit in the business of transforming financial lives for Delawareans through advocacy, banking, law, and counseling. We aim to become a recognized brand name, capitalizing on the sustained interest in removing barriers to the racial wealth divide that leaves an average American family of color with only 16 cents for every dollar owned by the average White family. We are dedicated to building economic health and opportunity in vulnerable communities.

Our core values are:

- Serve with a purpose (to reduce the racial wealth divide)
- Lead the way (in every way)
- Think smart; Do the right thing
- Exceed expectations

Our unique proposition:

- Unafraid to ruffle feathers, we are strong advocates for changes in public policy, laws, regulations, and legislation that transform for good, the financial lives of families that live, work, worship, study, play, and raise their families in Delaware.
- We stay relevant in the lives of our community by offering services that help our families transform their financial lives.

DCRAC's mission is to ensure equitable treatment and equal access to credit and capital so Delawareans can buy homes, stay in their homes, resolve their debts (including tax debts), plan their financial future, and climb out of poverty.

DCRAC is affiliated with national organizations that advance our agenda of wealth equity such as: National Community Reinvestment Coalition, Americans for Financial Reform, and Prosperity Now.

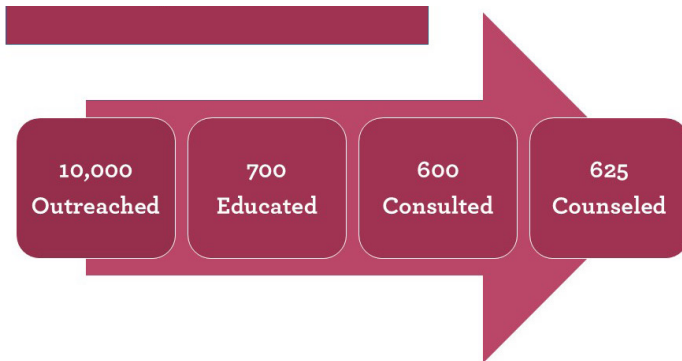
Among our other strong stakeholders are: Philadelphia Tax Court, Housing Alliance Delaware, Sussex Economic Development Advisory Council, Delaware Fair Housing Task Force, Taxpayer Advocate Service, Guatemalan Consulate, Habitat for Humanity, Nehemiah Gateway CDC, Route 9 Library, Canaan Baptist Church, Central Baptist CDC, Sojourner's Place, Family Counseling Center of St. Pauls, etc.

DCRAC has a 30+ year rich history of influencing key stakeholders such as the state, Delaware banks, and like-minded non-profits to meet the convenience and credit needs of our community. Recent achievements include:

- Ensuring the state did not balance its budget with mortgage settlement funds,
- Chartering a community credit union during the most difficult financial times (in 2011), and
- Most recently, all three lawyers on staff being recognized as Top Lawyers by the Delaware Business Times and all have committed to meeting the 1% pro bono challenge set by the Delaware Bar.

DCRAC utilizes the local print media, The News Journal, to publish editorials. We publish a monthly E-Newsletter. We can be found on social media: LinkedIn, Facebook, Twitter, Google+, Instagram, You Tube, website, etc.

Each year, since 1997, our annual Celebrate CRA event in October provides us the platform to raise friends, funds, and awareness about our work, deepen our relationship with our donors, and recognize leaders who serve in the space of advocacy, banking, law, and counseling. Volunteers, Public Allies, and Howard High School interns over the years have been instrumental in our growth.



- So that Delawareans know who we are and what we offer, we partner with many stakeholders in the state to reach out to their constituents. In addition, we don't miss opportunities to be a guest on a radio show, use facebook live, and reach Wilmingtonians through our monthly hour-long television program since 1999 on Channel 28 on the 1st Sunday of each month from 3 PM to 4 PM.
- The education we offer includes Tax Rights and Responsibilities, Borrow \$mart, Advancing Prosperity, and Money Matters!
- Each one of us works hard to make sure that when we receive a call, or an email, or someone walks in, we do our best to help them.
- Finally, we work with each and every client on a one-on-one basis to resolve most of their financial issues.

In The Pipeline V. Resolved



We give communities in Wilmington access to banking products and services, thereby improving future financial outcomes for those who live, work, worship, or study in the City. With 108 new members, 20 new borrowers, 40 using direct deposits, and 113 using their ATM cards, this was a very successful year for Stepping Stones CFCU.

We help families build economic strength by resolving income & property tax debt & property ownership issues. 10 homeowners sought legal help from our Title Project and were able to modify their mortgage, obtain emergency repair grant, and resolve a lease-purchase issue. Of the 170 taxpayers who sought legal help, 116 resolved their tax issues.

We help individuals build wealth through savings, credit building, home ownership and foreclosure prevention. 337 clients worked with us toward their foreclosure prevention, home ownership, or credit smart journey.

In the pipeline already are 330 Delawareans looking to become homeowners, preventing foreclosures, resolving tax debts, working on making their budgets work, exploring new ways to make ends meet, entering into repayment plans on their student loans, filing CFPB complaint, obtaining the unclaimed property, etc. They have looked at their budgets and their credit reports.

Funding Partners

DCRAC's strongest funding partners are Delaware's financial institutions.

- Discover Bank and Matthew Parks have made a deep and strong financial and technical assistance commitment to our credit union since 2010.
- Terri Hasson, now with WSFS, was a founding board member and involved in early planning of the credit union. WSFS got on board with gifting us their ATM network surcharge free for our members.
- TD Bank made a pledge of non-member deposit in the to-be-chartered-credit union when the NCUA insurance limit was \$100,000! TD and Renee Roberts have maintained a strong relationship with the credit union for the past four years.
- Barclay Card USA, John Elasic, and its entire Marketing Leadership helped us (with technical, marketing, and funding) launch the van.
- Fulton Bank gifted us our location and access to surcharge free ATMs.
- Capital One has been our steady financial supporter of our low-income tax clinic for many years (and have a non-member deposit at the credit union). DCRAC serves on Capital One's Community Advisory Council.
- Bank of America has made our work on counseling and coaching possible.

Over the years, Delaware's foundations have supported DCRAC's capital campaigns.

- Longwood Foundation and There DuPont
- Crestlea Foundation and Steve Martinenza.
- Welfare Foundation, Pete Morrow, and Chris Grundner.
- Arsht Cannon Fund and Dr. Chris Cannon.
- BHA Foundation, Delaware Community Foundation, Delaware Bar Foundation, Laffey McHugh Foundation.

The faith community has been deeply involved.

- Catholic Campaign for Human Development (both local and national) have been our staunchest supporters over the years.
- Christ Church of Christiana One Hundred.
- Speer Trust Commission supported our planning phase with the credit union and research on predatory debt.

Governments, local, state, and federal have enabled us to launch, expand, or maintain our various programs.

- The IRS has been our strongest and staunchest funder since 2003.
- HUD funding was robust for early years.
- As was City of Wilmington and New Castle County.
- Today, state of Delaware's Grant-in-aid, Housing Authority, and Financial Literacy Education Fund support our counseling programs.

DCRAC Condensed Financials

Delaware Community Reinvestment Action Council, Inc.

Comprehensive Financial Statements

For the Year Ended June 30, 2018

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

BALANCE SHEET

Assets

Cash & Investments	\$ 187,070
Grants receivable	\$ 63,833
Fixed Assets Net	\$ 605,493
Other Assets Net	\$ 14,039
Total Assets	\$ 870,435

Liabilities and Net Assets

Current Liabilities Net	\$ 10,017
Long-term Liabilities	\$ 0
Total Net Assets	\$ 860,418
Total Liabilities & Net Assets	\$ 870,435

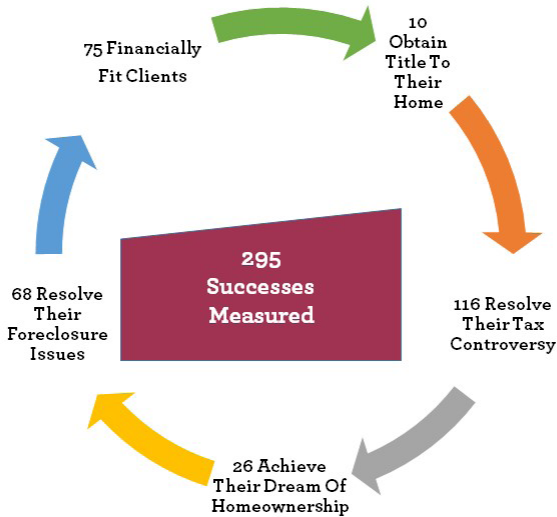
STATEMENT OF REVENUE & EXPENSES

Revenue

Grants	\$ 579,353
Fund raisers	\$ 45,200
Donated Services	\$ 300,000
Miscellaneous Income	\$ 5
Total Revenue	\$ 924,558

Expenses

Program Activities	\$ 880,930
Support Services	\$ 79,983
Fundraising	\$ 16,984
Total Expenses	\$ 977,897



Successes 295

Those who obtain title to their property have been able to modify their mortgages, obtain emergency repair grants, resolve a lease-purchase issue, and otherwise be able to resolve a deed dispute.

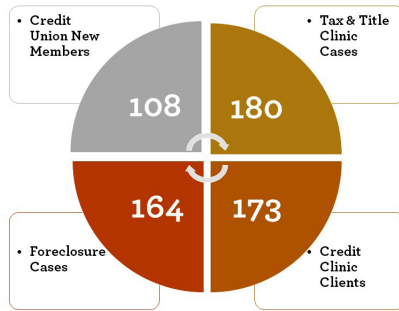
Tax resolutions included repayment plans, refunds, lien and levy releases, settling the tax debt, and other wins in tax court.

26 became new homeowners! It took a while and a lot of hard work to maintain a saving goal and build credit. Congratulations.

Of the 68 in foreclosure, 37 modified their mortgage, 15 were in repayment plans, 8 filed bankruptcy, and 8 sold their homes.

The 75 who are financially fit have done one of the following:

- 43 Improved their credit scores by reviewing credit reports periodically, downloading credit karma app, refinancing high cost consumer debt, negotiating with their creditor, etc.
- 32 Increased savings by switching banks or accounts, avoiding NSF and overdraft fees, using their tax refunds for emergency savings, etc.



Highlights

The Tax Clinic partnered with our local Taxpayer Advocate office to host a day-long “Problem Solving Day” at our Wilmington office. This event was open to all taxpayers to stop by and discuss their issue with one of our tax attorneys or the taxpayer advocate. We were able to assist nine taxpayers with issues such as: audit reconsideration for education credit disallowance; offer in compromises; revenue officer field exam for innocent spouse request; insolvency defense for cancellation of debt.

The Credit Clinic helped clients file complaints with CFPB, unclaimed property, obtain copy of a birth certificate, and worked with a broader and stronger network of partners to provide education on Money Matters!

The Housing Clinic is very busy, with referrals from former clients, the Attorney General’s office, and other partner Housing Counselors. We are present at mediations statewide in the event a homeowner experiencing foreclosure is unrepresented.

Our Advocacy work has kept us busy too. With the Consumer Financial Protection Bureau under attack, our focus is on keeping the CFPB strong. We have also advocated for payday regulations.

Of the 625 cases, we reviewed 175 credit reports and 402 budgets. 91 resolved disputes, negotiated, or settled with their creditor. 12 filed bankruptcy. 37 obtained debt forgiveness, refinanced their debt, or got new credit. 129 took a hard look at their bank account and either switched their bank, account, or account type. 210 got their budget under control by increasing income, reducing expenses, using refunds or unclaimed property to help with cash flow. 48 resolutions included tax court success or levy/lien releases. We were very busy indeed.

Interesting Cases and People over the Years

Theresa attempted to file her 2014 taxes using the IRS's free tax software with the wage and income transcript from the IRS. Unfortunately, IRS gave her 2013 transcript, not 2014. Theresa receive a proposed assessment of \$7.7k in federal tax liability. DCRAC LITC filed in U.S. Tax Court on behalf of Theresa and got her proposed assessment reduced from \$7.7k to \$600.

Our clients were victims of an internet sales scam, which resulted in the IRS attributing \$146,498 in income with a tax liability of \$50,000 to the daughter and \$106,887 of income and tax liability of \$54,607 to the mother for the 2015 tax year. IRS alleged the women earned this income through online Amazon sales. We represented both taxpayers and proved IRS wrong.

Raina took out a loan with us to help her consolidate some debts. She experienced significant financial hardship. She worked out a weekly payment plan and has not missed a single week.

Sherry and her husband came to us in 2013 with a foreclosure notice. Their mortgage matured with a 15 year balloon. Distraught because Sherry was already working as much as she could while caring for her husband who needed dialysis. Paying a lump sum was not feasible. Sherry had been working at a local hospital since she was a teenager and retired from the same hospital at 62. We tried to secure a new mortgage, refinance, repayment, even sale. Their mortgage was forgiven in 2016. They sold the house to an investor and they currently are comfortable in their apartment enjoying retirement.

Tom, a recently divorced dad supporting sons and grandson had trouble finding work in the custom carpentry field after the financial crisis. It left him taking small jobs at a steep discount and eventually he couldn't keep up with his monthly expenses. Already in active foreclosure, Tom sought assistance with a loan modification. After two years of job hunting, he was able to secure a position with a small local company that paid a livable wage. We were able to modify the mortgage and maintain the monthly payments with an affordable interest rate.

Manny ran into financial troubles because of employment discrimination. While we were able to resolve the situation enough to stave off a foreclosure, several years later, the same employment practices have brought her back to us. This time around she is working with us to set up her own practice so as not to deal with the employment related issues that are bound to face her again.

We can proudly say we help our clients. But really, our clients' tenacity against all odds is our inspiration. Our clients are why we do what we do.

The DCRAC Board

Carol Davis
Daniel Boddie
Domenic Pedante
Kathy McDaniel
Albert Griffith
Chantel Vanderhost
Shondell Ayala
Vincent Lofink
Jan Slattery
Austin Edison, *Emeritus*

The Staff

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Executive Director

Jaclyn Quinn, Esq.,
Deputy Director

Marisela Tovar-Rangel,
Manager SSC FCU

Anthony Dohring, Esq.
Tax Attorney

Cristian Tijerino
Outreach Director

Lillian Harrison
Housing Director

Joe Gross
Credit Director

Blanche Jackson
Managing Director

Amiyah Barnes
Intern

Copies of key annual reports and audits are available in their entirety on www.dcrac.org

Members have a right to inspect DCRAC documents that reside in the public domain without providing a reason. Please direct document requests to

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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.

DCRAC's application
to renew
Standards for Excellence
Certificate was submitted
and is under review.

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.

DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.

DCRAC's mission is to ensure equitable treatment and equal access to credit and capital so Delawareans can buy homes, stay in their homes, resolve their debts (including tax debts), plan their financial future and climb out of poverty.



WHO WE SERVE

Delawareans working hard to escape poverty and build a better life for themselves and their families.

CITY/COMMUNITY

State of Delaware with a focus on Wilmington and Georgetown, Delaware.

COMMUNITY DEVELOPMENT & ECONOMIC EMPOWERMENT SERVICES

- **Education and Outreach:** We empower families who are locked in poverty through tailored counseling and coaching to improve credit, start saving, buy a home and pull out of debt and foreclosure.
- **Legal and Banking:** We help families build wealth through access to banking, obtaining evidence of ownership and resolving tax debt.
- **Advocacy and Legislation:** We fight for families and communities at the state and federal levels to ensure fair and equal access to credit and capital and end unjust predatory systems.

DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL & THE RACIAL WEALTH DIVIDE

DCRAC's vision is to advance financial practices, protections and policies that encourage equal access to asset development for ALL, especially people of color excluded or disengaged from economic opportunities.

STRATEGY 1

We work at the state and federal levels to prevent passing harmful laws from being passed, fight systemic injustice and create a more equitable financial and economic system.

STRATEGY 2

We give communities in Wilmington access to banking products and services, thereby improving future financial outcomes.

STRATEGY 3

We help families build economic strength by resolving income and property tax debt, as well as property ownership issues.

STRATEGY 4

We help individuals build wealth through savings, credit building, homeownership and foreclosure prevention.



ORGANIZATIONAL IMPACT

- Since 1995, we helped over 1,000 individuals save three months of income and over 6,000 build credit.
- Since 2004, we helped over 1,000 individuals prevent foreclosure and over 1,000 resolve their tax debts.
- Since 2016, we helped 70 people become first-time homeowners and 20 obtain titles to their homes.
- Since 2012, the credit union has banked over 600 individuals and helped over 100 consolidate their predatory debts.

PROSPERITY
NOW

DCRAC