



OPENING DOORS

Dort Federal Credit Union 2004 Annual Report

Opening doors to our members by providing quality financial services,



DORT FEDERAL

is opening doors to...

home ownership

higher education

a bright red car

an adventure

retirement security

hopes and dreams

A BETTER LIFE!



THE KEYS TO OUR SUCCESS



Harry Awdish
Chairman



Bruce Allan
1st Vice Chairman



Dana Stoddard
2nd Vice Chairman



Leroy Nesbit, Jr.
Secretary



Wayne Natzke
Treasurer



Rosemary Brown
Director



Diane Coleman
Director



G. Bruce Hardenbrook
Director



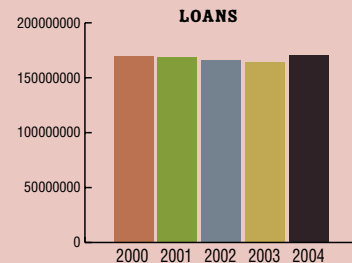
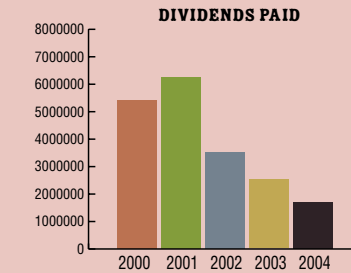
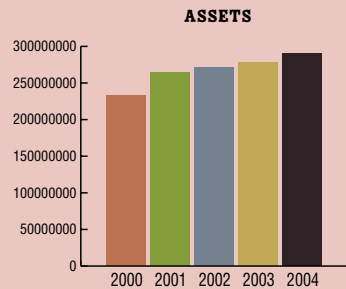
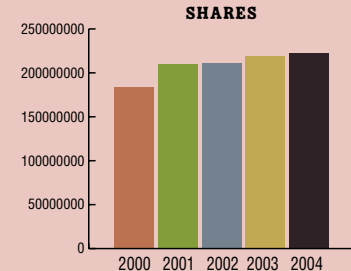
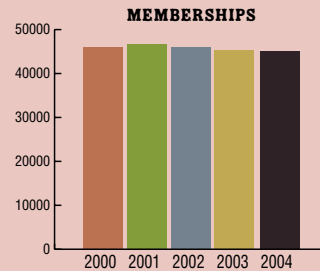
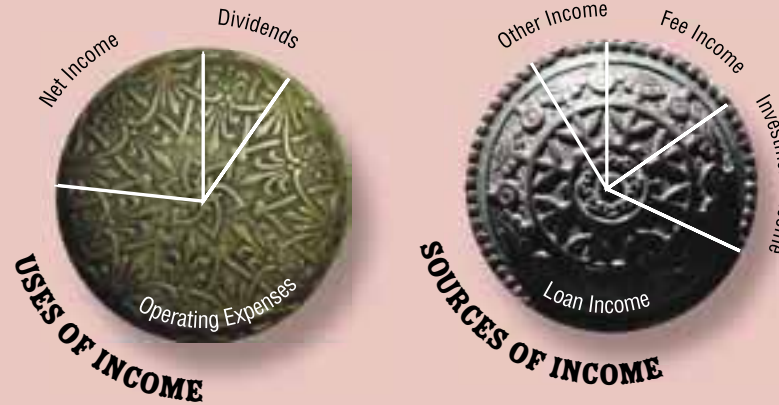
Ben Mata
Director

YOUR VOLUNTEER BOARD OF DIRECTORS—SERVING MEMBERS' BEST INTERESTS

FINANCIAL STATEMENT

December 31, 2004, and December 31, 2003


	2004	2003
Assets		
Cash and Cash Equivalents	\$ 25,917,406	\$ 20,566,353
Investment Securities		
Securities Available-for-Sale	18,869,750	22,136,440
Securities Held-to-Maturity	28,238,107	34,643,565
Other Investments	40,987,600	27,957,300
Loans Receivable, Net of Allowance		
for Loan Losses	169,837,136	160,654,451
Accrued Interest Receivable	1,270,329	1,277,458
Property and Equipment	4,863,676	5,303,111
Prepaid Expenses	260,145	155,577
NCUSIF Deposit	2,266,813	2,173,186
Other Assets	1,000,690	11,621,326
Other Real Estate Owned	124,037	547,531
Total Assets	<u>293,635,689</u>	<u>287,036,298</u>
LIABILITIES AND EQUITY		
Members' Shares	224,279,368	222,334,966
Dividends and Interest Payable	367,504	355,385
Accounts Payable and Other Liabilities	382,048	272,641
Accrued Expenses	1,809,480	1,454,718
Commitments and Contingent Liabilities		
Members Equity, Substantially Restricted	66,797,289	62,618,588
TOTAL LIABILITIES AND EQUITY	<u>\$293,635,689</u>	<u>\$287,036,298</u>



STATEMENT OF INCOME

Years ended December 31, 2004, and December 31, 2003

	2004	2003
INTEREST INCOME		
Loans Receivable	\$11,244,987	\$ 12,303,767
Investment Securities	3,139,320	3,222,854
TOTAL INTEREST INCOME	14,384,307	15,526,621
INTEREST EXPENSE		
Members' Shares	1,881,824	2,503,695
TOTAL INTEREST EXPENSE	1,881,824	2,503,695
NET INTEREST INCOME	12,502,483	13,022,926
Provision for Loan Losses	464,326	783,000
Net Interest Income		
After Provision for Loan Losses	12,038,157	12,239,926
NON-INTEREST INCOME		
Loss on Sale of Assets	(58,126)	(22,109)
Fees	2,940,588	2,406,299
Other	1,606,696	1,547,489
TOTAL NON-INTEREST INCOME	4,489,158	3,931,679
NON-INTEREST EXPENSE		
Compensation and Benefits	6,225,661	5,804,571
Occupancy	566,009	553,219
Operations	2,516,191	2,341,388
Loan Servicing	1,393,605	1,032,279
Professional Services	216,526	176,534
Other	1,206,900	1,271,030
TOTAL NON-INTEREST EXPENSE	12,124,892	11,179,021
NET INCOME	<u>\$4,402,423</u>	<u>\$ 4,992,584</u>



At Dort Federal Credit Union the door is always open. Members know they can count on us to help manage their money, make the most of their earnings, and build assets for the future.

Whether just starting out in life or winding down to prepare for a comfortable retirement, Dort Federal members find all the financial tools they need—from traditional deposit and lending options, to convenient automated and online services.

Since we first opened our door in 1951, Dort Federal's membership has grown to more than 46,000, our assets have increased to nearly \$300 million, our service area has expanded to include four counties, and our list of products has evolved to match the demands of today's busy lifestyles.

Yet, in spite of all the changes, we've retained our most essential characteristic: Dort Federal is a member-owned financial cooperative. That means all of us have a stake in what we do, and a share of our success.

**What are your dreams?
Where are your opportunities?
Open the door.**

Come in to see what your credit union can do to make them a reality.



WHAT DO YOU WANT TO DO?

TOGETHER WE CAN OPEN DOORS

WE ARE GRATEFUL TO OUR TALENTED,
HARDWORKING STAFF OF MORE
THAN 120, OUR DEDICATED
VOLUNTEER DIRECTORS
WHO GUIDE THIS DYNAMIC
ORGANIZATION, THE
TIRELESS VOLUNTEERS WHO
SERVE ON COMMITTEES,
AND MOST OF ALL YOU—
OUR MEMBERS—FOR PLACING
YOUR TRUST IN DORT
FEDERAL AND CONTRIBUTING
TO OUR GROWTH AND SUCCESS.
DEPEND ON US TO OPEN THE DOORS FOR
ALL YOUR FINANCIAL PLANS AND DREAMS.

ANOTHER DOOR OPENS.

Perhaps the most significant change this year was our own passage through a new door. When our longtime President and CEO Gary Powers retired in 2004, he left a legacy of growth, success, and unparalleled service to our membership. The quest to identify a talented and seasoned successor led to the appointment of Martin R. Smith. Marty is an executive with the capacity to deliver the quality and service our members expect, and the energy to take Dort Federal to a new level of excellence.

OPENING DOORS is more than the title of this year's report. For Dort Federal Credit Union, it's our mission and promise to you.

This year, as in all of our 53 years, we opened doors, enhanced opportunities, and financially empowered thousands of members throughout our region.

For starters, we introduced several new programs and made significant improvements to others in 2004—all with the goal of adding value and expanding options for our members.

Credit cardholders now have more choices than ever before, thanks to two new reward programs unveiled during the year. ScoreCard Bonus Points awards points for each credit card purchase, redeemable for gifts and travel, while ScoreCard Cash Back earns members a 1% cash rebate on each credit card purchase. Since launching these reward programs, members have tallied up hundreds of thousands of bonus points and enjoyed cash refunds of nearly \$75,000.

Early in the year our award-winning Web site, Dort Online, underwent a complete makeover to enthusiastic response. The site now sports a complete new look and personality. Most importantly, it has introduced a host of new features and is faster and easier to use.

Added options include a 10-second lending approval center, Anytime Advisor—featuring online financial coaches to help with everything from buying a car or home to managing credit or preventing identity theft—and a new, free online bill paying program.

Our Home Action Line, fondly dubbed HAL, joined the Dort Federal loan lineup in 2004. With its special low introductory line-of-credit rates, members took advantage of HAL to borrow for home improvement and other projects to the tune of more than \$2 million in this first year.

And, for young and up-and-coming members, we rolled out Boom! Money and Stuff, a suite of financial products and services especially designed to get young adults off to the right start, financially speaking.

As we've done in the past, Dort Federal once again provided our members with updates and education on a variety of financial issues—from online security to retirement planning. And our tradition of opening doors to our neighbors and friends through corporate sponsorship of community events, civic action, and employee volunteerism continued throughout the year. It's all part of the cooperative spirit that sets our credit union apart.



Harry Awdish

Harry Awdish
Chairman of the Board



Martin R. Smith

Martin R. Smith
President & CEO

CORPORATE CITIZENSHIP THE KEY TO A BETTER COMMUNITY

Look around your town... there's a good chance you'll see signs of Dort Federal Credit Union at work. Throughout our communities, members and staff volunteer their time and talent to help support a variety of programs and projects that benefit all of us—and our organization regularly contributes to worthy local causes. Here are just some of the programs we supported during the year.



University of Michigan Transplant Center / Walk So Others May Live

Newspapers in Education / Flint Journal in Schools

Genesee County Parks and Recreation / March for Parks

Flint International Dream Center

Visiting Nurse Services of Michigan / Hospice

Garfield Edison, Lawndale, Northridge, Pierce, Stewart, Washington, Woodland, and Mott Middle College schools / Learning Resources for Financial Education

American Red Cross, Genesee Lapeer Chapter / Salute to Everyday Heroes

Flint Art Fair / Flagship Sponsor

Family Independence Agency / Safe Sleep Campaign

Wellness AODS Services / AIDS Walk Michigan

Davison Township / Veteran's Court of Honor

UAW Region 1-C / Labor Day Picnic

Whaley Children's Center

Ashley's Butterfly Experience

The Disability Network

March of Dimes / Star Chefs Auction

Flint Athena Awards

Food Bank of Eastern Michigan / Change the Face of Hunger

Children's Miracle Network / CUs for Kids

Shelter of Flint & C-Can / Annual Make a Snowman Smile Campaign

CORPORATE PARTNERS

We extend a special thanks to our Corporate Partners—area businesses and organizations who partner with Dort Federal to help open doors for their employees.

A PLUS ELECTRIC
ACE ASPHALT & PAVING CO
ACS TECHNICAL-HYDRECLAIM
ACTIONWEB SERVICES.COM
ACUTECH
ADAPTIVE PACKAGING
ADECCO/SMITH-SCHOEBER
ADKISSON & SONS
ADVENTURE RV SALES & SERVICE
AEROTEK
AL SERRA BUICK GMC TRUCK
AL SERRA AUTO PLAZA
ALBERT CHEVROLET
ALEXANDER WEIDER & ASSOC
ALLEN FUNERAL HOME, INC.
ALLIED REAL ESTATE APPRAISERS
ALTERNATIVES FOR CHILDREN
AMERICAN BODY
APCO - AIR PUMP INC.
ATLAS TOWNSHIP OFFICES
ATTORNEY KATHLEEN MAIN
AUTO PRIDE COLLISION
AUTO SALVAGE AUCTION
AUTO TRADER - SWAPPER
AVALON HOSPICE
AVERILL WASTE INC.
B & B PAINT
B & B BOAT
B.T. EXPRESS
BARRETT DONUT MIXES
BARTECH TECHNICAL SERVICES
BENNETT PHONE SERVICE
BILLING DATA MANAGEMENT
BLESSING CO.
BRADY'S BUSINESS SYSTEMS
BRIGHTON ELECTRIC
BROWN & BROWN INSURANCE
BROWN & SONS
BROWN'S DO-IT CENTER
BUBBA O'MALLEY'S
BURKLAND TEXTRON
BURTON INDUSTRIES
C - M AMBULANCE, INC.
C & L WARD BROS.
C & S MOTORS
C H M P, INC.
CAL FARMS
CALVIN & COMPANY INC.

CANADIAN AMERICAN CORP.
CASTLES BROTHERS INC.
CENTRAL INTERIORS, INC.
CENTRAL WATER TREATMENT
CHAMPION BUS INC.
CHARTER TWP OF FLUSHING
CHARTER TWP OF GENESEE
CHILDREN'S MUSEUM
CLIO CHRYSLER PLYMOUTH DODGE
CLIO FOOD MART
COLE'S MACHINE INC.
COMPLETE DESIGN SERVICE
COMPLETE FINANCIAL
CONDON & SONS, INC.
CONLEY'S COLLISION
CONTOUR FABRICATORS INC.
CONVENIENT FAMILY DENTISTRY
COOGANS FAMILY RESTAURANT
CORNERSTONE BAPTIST CHURCH
COUNTRY FRESH DAIRY
COURTYARD BY MARRIOTT
CREATIVE CATERING
CREATIVE PRINTING
CREATIVE WOOD PRODUCTS
CREEKWOOD ARCHITECTURE
DAIRY QUEEN/BRAZIER
DATA2LOGISTICS
DAVISON ATHLETIC CLUB
DAVISON COUNTRY CLUB
DAVISON INSURANCE CENTRE
DAVISON LAND SURVEY
DAVISON TOWNSHIP
DELEHANTY PONTIAC
DELPHI
DIEBOLD
DIPLOMAT PHARMACY
DOAN'S QUALITY LAWN
DOG HOUSE LOUNGE INC.
DOMESTIC LINEN SUPPLY
DOTTY'S PET CENTER
DOUG JAMESON & ASSOC.
DR. JAMAL HAMMOUD
DR. JITENDRA KATNENI
DR. JON S. BUXTON, DDS
DR. KEITH DANIELS
DR. MARVIN LATCHANA
DR. PARDEE, HABERHEHL & INGHAM
DR. PRASAD KOMMAREDDI

DR. RAJAKUMARI SWAMY
DR. RICHARD W. PLYMALE
DR. ROBERT M. HALE DDS
DR. WALTER M. LUCAS, DDS
DR. JULIAN A. MOORE
DRESS BARN
DUKE'S CAR STEREO INC.
DUTCHMAN'S CAFE & CATERING
E L HOLLINGSWORTH GROUP
EAST MICHIGAN EYE CENTER
EDS
EKOS COMPUTERS
EMPOWERMENT TRAINING
ENERGY SAVING SYSTEMS
ENVIRONMENTAL RESOURCE
EVANS EQUIPMENT CO., INC.
FARAH KHOURI MKT.
FEDEX
FENTON ROAD MED CENTER
FERNCO
FIRST AMERICAN TITLE CO.
FIRST INERTIA SWITCH
FIRST WESLEYAN CHURCH
FLEXTEMPS
FLINT AREA CONVENTION
AND VISITORS BUREAU
FLINT BUILDING CO.
FLINT CLINICAL PATHOLOGISTS
FLINT CULTURAL CENTER
FLINT FED. MUSICIANS
FLINT HOUSING COMMISSION
FLINT MEDICAL LABORATORY
FLINT MOTION PROJECTION
FLINT ORTHOPEDIC ASSOC.
FLINT RECYCLING
FLINT TEEN CHALLENGE
FLINT WELDING SUPPLY
FOODBANK OF EASTERN MI
FOSTRIAN COURT
FROMHOLZ, PAAUWE, BAKER
GAINES TOWNSHIP HALL
GCARC
GENESEE CERAMIC TILE
GENESEE PACKAGING
GENESEE POLYMERS CORP.
GENESEE RECYCLING
GENESEE TWP POLICE DEPT
GENESEE VALLEY AUTO MALL

CORPORATE PARTNERS (CONT)

GENESEE VENDING
GENTIVA HEALTH CARE
GILL-ROY'S HARDWARE
GLORIA-DEI EV. LUTHERAN
GRANT HAMADY REALTY
GRANVILLE AUKER BUILDERS
GRAPHIC PRESS
GRAYBAR ELECTRIC CO.
GRAY'S TOWING SERVICE
GREAT LAKES AERO PRODUCTS
GREAT LAKES POWERSPORT
GREATER FLINT IMAGING
GUARANTY TITLE CO.
HENSLEY MFG. INC.
HEYTEK CONTRACTING, INC.
HHCC - HEARTLAND FOSTRIAN
HILL STREET HOMES
HINTERMAN ELECTRIC, INC.
HOLIDAY INN
HSS INC. EMP. UNLIMITED
HUBBARD INDUSTRIAL SUPPLY
HUMANE SOCIETY
I.T.I.
INDIAN HILLS VET. CLINIC
INDUSTRIAL SUPPLY
INTERCONNECT TECHNICAL
INTOUCH COMMUNICATIONS
ITALIA GARDEN
J. B. SUPPLY CO.
JAMES LUMBER
JAN'S SPORT SHOP, INC.
JOHN BENJAMIN FINANCIAL
JOSEPH PONTIAC
KEARSLEY ELECTRIC INC.
KEN HARDIN REFRIGERATION
KERR HOLIDAY TOURS
KOERTS GLASS
LEWIS & KNOF, CPA
LIFESTYLE MOBILE HOMES
LIFESTYLES FLINT POOL
LINDEN ROAD IMAGING
LOCAL 651
LONGWAY BODY SHOP
LORAMENDI, INC.
LORBEC METALS-USA LTD
LUIGI'S RESTAURANT
MAC ARTHUR CORPORATION
MANYAM & ASSO.
MAPLEBROOK
MARKO METALS, LTD.
MCLAREN FAMILY PRACTICE
MCLR, INC
MDE INTERNATIONAL, INC.
MEHRA TUBE, INC.
METAMORA PRODUCTS
METRO FABRICATORS, INC.
MICHIGAN CHURCH SUPPLY
MICHIGAN EYE INSTITUTE

MICHIGAN FLEET REPAIR
MICHIGAN HOUSE & WINDOW
MID-AMERICA PLASTICS
MID-MICHIGAN LOCK & SAFE
MIINTO BROS. CONSTRUCTION
MORGAN'S EARLY LEARNING
MR. BROWNS RESTAURANT
MRS. ANTHONY'S FLOWERS
MT. MORRIS TOWNSHIP
MTS (MARTIN TRANSPORTATION Sys.)
MUNDY TOWNSHIP HALL
NATIONAL ABATEMENT CO.
NILES CONSTRUCTION
NORDLIE
NORMALIZED SERVICES
NORTHWEST TIRE & SERVICE
OIL CHEM
OMNI-TECH CORPORATION
OSMUN'S TRUCKING CO.
PARAGON REPRODUCTIONS
PARAMOUNT WINDOW MFG
PARIS & ASSOCIATES APPRAISERS
PARK PLAZA RADIOLOGY
PARR MEDIA
PARTY TIME ICE CO.
PATRICK COMMUNITY LIVING
PEOPLES FURNITURE
PIONEER CABINETRY CO.
PIP PRINTING
PLACEMENT MGMT CENTER
POWERTECH SERVICES, INC.
PREMIERE PACKAGING INC.
PRINTCOMM
PRIORITY STAFFING & ASSOC
PRO-CLEAN
PRO-TECH INDUSTRIES
QUALIFIED STAFFING SERVICES
QUALITY TEMP. SERVICES
QUICK TRACKER
R. BELL ASSOCIATES
R.S. FIELD GROUP
RE/MAX GRANDE
REDWOOD BREWING CO., INC.
REHABITAT SYSTEMS OF MI
RESIDENT ADVANCEMENT
RICHFIELD CHURCH NAZARENE
RICHFIELD IRON WORKS
RICO MARKETING CORP
RIPKA BOROSKI & ASSO.
RON JAMES & ASSOC.
ROSE HILL CENTER
ROSS PROPERTIES
ROWE INCORPORATED
SALVATION ARMY
SAM'S WHOLESALE CLUB
SCHULTZ PRINTING CO.
SECURITY FIRST BENEFITS CORP
SECURITY FIRST INSURANCE

SECURITY PKG, INC.
SHAP'S FAMILY RESTAURANT
SHARP'S ACADEMY
SHELTER OF FLINT
SKAFF CARPET & FURNITURE
SONITROL
SOUTHCREEK VILLAGE
SOUTHWEST BRAKE & PARTS
ST. MATTHEW'S PARISH
STATE FARM INSURANCE
STRUCTURAL PLASTICS
SUMMERS LIVING SYSTEMS
SUPERIOR CONEY ISLAND
SUPPLY PRO
SWARTZ FUNERAL HOME INC.
SYCRON
TACKEBURY-EDWARDS, INC.
TACO BELL - GENESEE CO.
TALL PINE COUNCIL
TECHNICAL EDGE INC.
TES - TELEPHONE ENG. SERVICE
TGI DIRECT
THA ARCHITECT ENGINEERS
THE COFFEE BEANERY
THE COLOR RITZ
THE UNIVERSITY CLUB
THOMAS APPLIANCE CO.
TOWNLINE LAWN & GARDEN
TRAVEL BROKERS
TRIALON CORP.
TRI-MED GROUP
TROY CLEANERS
TRU GREEN/CHEMLAWN
TRW
TUCOWS
UNION PRINTING CO. INC.
UNITARIAN UNIVERS. CHURCH
UNITY CONSTRUCTION
UPS STORE
UROLOGICAL SERVICES
US FENCE
VENTURE INDUSTRIES
VERN'S COLLISION, INC.
VIENNA INVESTMENT CORP
WAGNER INSURANCE
WAL-MART No. 2273
WILL HALL CONSTRUCTION
WILLING GLASS
WINAN'S ELECTRIC MOTOR
WIN'S ELECTRICAL SUPPLY
WJRT-TV 12
WKMF CARS 108
WORLDWIDE LIMOUSINES, INC
WSMH-TV CHANNEL 66
WWCK 105.5 FM RADIO
XPEDX
ZITO CONSTRUCTION CO.

SUPERVISORY COMMITTEE REPORT

Ben Mata, *Committee Chair*

Dort Federal Credit Union is in excellent financial condition, operates in accordance with the regulations established by the National Credit Union Administration and the professional standards prescribed by your Board of Directors.

It is the role of our Supervisory Committee to provide oversight of all Dort Federal Credit Union's financial activities to ensure the organization's soundness and to protect the assets of all our members. Among our responsibilities, the committee verifies member accounts, investigates unusual activity, and protects financial confidentiality. We retain a Certified Public Accounting firm to conduct an annual audit and advise us in carrying out our duties in a thorough manner.

Supervisory committees are unique to credit unions and serve as a vital component of member-owned financial institutions. Our committee belongs to you—our members—and links you to the leadership and governance of Dort Federal. If you have a question or concern regarding regulatory compliance or credit union policy, we invite you to contact us at: Dort Federal Credit Union Supervisory Committee, PO Box 90551, Burton MI 48509-9917.

On behalf of the committee, let me state that we serve you with pride and look forward to helping maintain the strength and stability of Dort Federal for generations to come.

TREASURER'S REPORT

Wayne Natzke, *Treasurer*

Despite a challenging economic environment, your credit union turned in solid results for 2004.

Historically low interest rates continued and competition among financial service providers is fierce. While loans to our members did not reach the levels we had anticipated, demand did drive a 5.64% increase in loans outstanding to nearly \$171 million. That activity paced nominal asset growth of 2.30%.

Lower interest rates earned on loans to members and through investment activity drove down total income by 2.82% from 2003 to 2004. Net earnings also decreased 11.82% from 2003 to 2004. All of this resulted in a sound Return on Assets of 1.52%, and a strong capital position of 22.78%.

As we look for the economy to strengthen, we also anticipate our solid performance to continue. We appreciate the trust you have placed in Dort Federal and value your membership. Thank you for giving us the opportunity to serve you.



INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Statements of Financial Condition of Dort Federal Credit Union as of December 31, 2004 and December 31, 2003, and the related Statements of Income, Changes in Members Equity, and Cash Flows for the years then ended. These Financial Statements are the responsibility of the credit union's management. Our responsibility is to express an opinion on these Financial Statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made

by management, as well as evaluating the overall Financial Statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Dort Federal Credit Union as of December 31, 2004 and December 31, 2003 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Cindrich, Mahalak & Co., P.C.
St. Clair Shores, Michigan
February 18, 2005