

# Best Reward<sup>SM</sup>

FEDERAL CREDIT UNION

Where Membership is the Best Reward



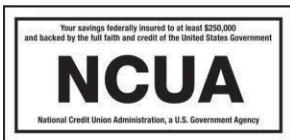
Brook Park Branch



Highland Heights Branch



Walton Hills Branch



## Best Reward Federal Credit Union's Vision

**To be our members' trusted financial institution. We believe that trust is built on the following 5 pillars:**

- **Safety and Soundness** – This is accomplished by maintaining a capital ratio that is at or above the designation of a well-capitalized credit union, maintaining a risk management culture to manage any unforeseen adverse events, and remaining in compliance with all laws, rules and regulations.
- **Transparency** – This is accomplished by presenting financial statements in a timely and accurate manner, presenting product disclosure that is clear and easy to read and understand, assessing and communicating any risks in a timely and accurate manner, and providing a clear delineation of roles and responsibilities.
- **Respect** – This is accomplished by treating all members with equal respect regardless of the depth of their relationship with the credit union and treating all employees with respect regardless of their title or pay grade.
- **Effective Solutions** – This is accomplished by offering solutions that are in the best interest of our members' financial health and making financial education and other resources available to help our members make prudent financial decisions.
- **Relationship Building** – This is accomplished by proactively developing member relationships and rewarding members who over time show trust and deepen their relationship with Best Reward.

## **Board of Directors**

Norman L. Alford, Chairman of the Board

Thomas Merritt, Jr., Vice Chairman

Louis L. Pastor, Treasurer

Thomas Zmrazek, Secretary/Membership Officer

Frank Adamec, Director

Jack Federan, Director

Richard Kistemaker, Director

## **Supervisory Committee**

Michael Gammella, Chairman

Jack Federan, Secretary

Patrick Marko, Member

Stanley Dykes, Building Security Overseer

## **Management**

John J. Shirilla, President/CEO

Allen P. Schreiber, CPA, EVP/COO

## The Annual Meeting of Best Reward FCU on March 20, 2025 at 4:00 PM - Meeting Agenda

- Call the Meeting to Order
- Annual Meeting Minutes 2024 Page 5-6
- Report of the Chairman Page 7
- Report of the Treasurer Page 8
  - Report of the Financials 2024 Page 9
- Report of the Supervisory Committee Page 10
  - Report of the Independent Auditor Page 11
- Report of the Nominating Committee Page 12
- Report of the President/CEO Page 13
- Unfinished Business
- New Business
- Adjournment

**MINUTES OF THE MARCH 21, 2024 HYBRID ANNUAL MEETING OF  
BEST REWARD FEDERAL CREDIT UNION  
CONDUCTED AT THE HIGHLAND HEIGHTS BRANCH CONFERENCE ROOM**

John Shirilla greeted attendees and introduced Board Chairman Norman Alford.

Chairman Alford called the meeting to order at 4:00 PM and appointed CEO John Shirilla as facilitator for today's meeting.

CEO Shirilla noted that Jennifer Cole will act as Recording Secretary and Allen Schreiber will act as Parliamentarian. CEO Shirilla also stated that Allen Schreiber will present for Secretary Jim Jackson.

Mr. Allen Schreiber stated that the Moderator determined a quorum of at least 15 members. He stated that the minutes of the Best Reward Federal Credit Union Annual Meeting held on March 23, 2023 were included in the meeting packet and asked if any additions or corrections were needed. There were none.

CEO Shirilla asked members to provide their full name for proper recording by the Secretary. He then asked for a motion to adopt the minutes as presented.

**Judith Chorba moved; William Gentry seconded, and the motion carried unanimously.**

CEO Shirilla introduced Norm Alford for the Chairman's Report.

Chairman Alford welcomed the members and presented his report as published in the Annual Report.

CEO Shirilla asked for the adoption of the Chairman's Report.

**Donna Kendrick moved; Rebecca Rzeszut seconded, and the motion carried unanimously.**

CEO Shirilla introduced Treasurer Louis Pastor.

Treasurer Pastor presented his report as published in the Annual Report.

CEO Shirilla asked for the adoption of the Treasurer's Report.

**Donna Kendrick moved; Rebecca Rzeszut seconded, and the motion carried unanimously.**

CEO Shirilla introduced Supervisory Committee Chairman Richard Kistemaker.

Committee Chair Kistemaker presented his report as published in the Annual Report.

CEO Shirilla asked for the adoption of the Committee's Report.

**Donna Kendrick moved; Rebecca Rzeszut seconded, and the motion carried unanimously.**

CEO Shirilla introduced Nominating Committee Chair Louis Pastor.

Committee Chair Pastor presented his report as published in the Annual Report.

**CEO Shirilla moved that the nominees Franklyn Adamec and James A. Jackson III be elected by acclamation. Judith Chorba seconded, and the motion carried unanimously.**

CEO Shirilla presented his report as published in the Annual Report. John emphasized the importance of watching for fraudulent text messages, email messages, or phone calls and encouraged members to enroll in services that help protect their accounts, cards, and other personal identifying information.

**CEO Shirilla moved for acceptance of his report, Donna Kendrick seconded and the motion carried unanimously.**

CEO Shirilla indicated that there was not any unfinished business or new business for the membership to act on at this meeting.

CEO Shirilla opened the floor for general member questions. There were none.

There being no questions, CEO Shirilla called for a motion to adjourn at 4:26 p.m.

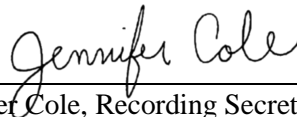
**Judith Chorba, Donna Kendrick seconded to adjourn the meeting, and the motion carried unanimously.**

There being no objection, the meeting was adjourned.

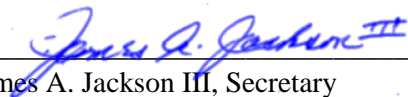
CEO Shirilla had Mr. Rzeszut spin for door prize drawings open to any member attending in person or virtually. Twenty \$20.00 door prizes were awarded to members to be deposited to the member's share account. The drawing concluded at 4:33 p.m.



Norman Alford, Chairman



Jennifer Cole, Recording Secretary



James A. Jackson III, Secretary

## Report of the Chairman

Welcome those of you attending virtually and in person for today's Annual Meeting. This meeting is originating from our Highland Heights Branch conference room. We are utilizing eSPACE Communications again for this year's meeting. The interface they provide is responsive where members can attend via a smartphone, tablet, laptop, or any other internet-connected device that contains a modern web browser.

A credit union is a not-for-profit financial institution that accepts deposits, makes loans, and provides a wide range of other financial services and products. Credit unions have some distinguishing characteristics that make them unique. Credit unions are owned and controlled by their members. A member-elected volunteer board of directors manages the credit union. All credit unions are not-for-profit organizations. They operate by prioritizing the well-being of their members. Profits made by credit unions are returned back to members in the form of reduced fees, higher savings rates, and lower loan rates. Members of a credit union share a common bond, also known as the credit union's "Field of Membership."

You may be able to join based on your employer, family, geographic location, or membership in a group. The cooperative structure of credit unions creates a cycle of mutual assistance towards the common goal of the financial well-being of members. One member's savings becomes another member's loan. In contrast, banks are owned by shareholders who expect to earn stock dividends.

Overall, the credit union system remained relatively resilient despite economic uncertainties. Best Reward Federal Credit Union ended the year in a very strong financial position and that allowed us to not only help our members, but to post financial gains as well. This is only possible due to our loyal members, strong leadership, committed staff, and dedicated volunteers.

I would like to thank the management and staff for their dedication and vision throughout the economic trials that we have faced. I would also like to thank the Board of Directors for volunteering their time and making the commitment to ensure that this credit union remains strong and viable for many years to come.

Lastly, I would like to express my sincerest appreciation to our members who place not only their money, but their confidence and trust in Best Reward Federal Credit Union.

We look forward to serving you and your families in the year ahead.

**Norman L. Alford**  
**Chairman of the Board**

## Report of the Treasurer

Your credit union remains in a strong financial condition withstanding the prevailing challenges from the pandemic and current market unrest due to inflation. Members can continue to look to this credit union as a safe place to deposit their funds.

We constantly review and modify strategies to identify and protect against cyber-security issues. We continued to deploy our Return on Equity (ROE) Strategy as it has provided economic benefit. Furthermore, our balance sheet and interest rate risk management proved to be effective and responsive to the economy and rate changes in 2024.

At year-end 2024, assets totaled \$157,064,009, shares totaled \$116,633,563 and net loans totaled \$31,933,103. Shares decreased from last year and loans saw minimal change from last year's ending balance.

- Reserves, undivided earnings, and equity acquired in mergers remain strong and increased more than \$800,000 from last year totaling \$23,666,699 at year-end.
- Net operating expenses as a percentage of average assets ended the year at 2.45%.
- Average loan balance ended the year at \$8,625, up from last year.
- Average share balance per member ended the year at \$9,992, up slightly from last year.
- Total members at year-end numbered 11,673.

Best Reward Federal Credit Union is federally insured. Federally insured credit unions offer a safe place for you to save your money, with deposits insured up to at least \$250,000 per individual depositor. The National Credit Union Administration (NCUA) is the independent agency that administers the National Credit Union Share Insurance Fund (NCUSIF). Like the FDIC's Deposit Insurance Fund, the NCUSIF is a federal insurance fund backed by the full faith and credit of the United States government.

Best Reward Federal Credit Union is committed to remaining safe and sound, as that is a critical element in gaining the trust of our members. We appreciate your continued confidence and look forward to serving you and your families in 2025 and beyond.

**Louis L. Pastor**  
**Treasurer of the Board**



# Report of the Financials 2024

<b>Comparative Financial Statement</b>			
		<b>12/31/2024</b>	<b>12/31/2023</b>
<b>Assets:</b>			
Loans to Members		\$31,933,103	\$32,073,314
Cash & Equivalents		\$1,118,654	\$1,529,155
Investments		\$117,858,985	\$124,343,295
Other Assets		\$4,514,352	\$4,580,096
Fixed Assets		<u>\$1,638,914</u>	<u>\$1,718,187</u>
<b>Total Assets</b>		<b>\$157,064,009</b>	<b>\$164,244,047</b>
<b>Liabilities &amp; Equity:</b>			
Liabilities		\$2,177,933	\$1,974,812
Notes Payable		\$25,000,000	\$27,500,000
Members' Shares		\$116,633,563	\$124,012,663
Unrealized Gain/Loss Investments		-\$10,414,186	-\$12,092,323
Equity Acquired in a Merger		\$2,047,457	\$2,047,457
Reserves and Undivided Earnings		<u>\$21,619,242</u>	<u>\$20,801,439</u>
<b>Total Liabilities and Equity</b>		<b>\$157,064,009</b>	<b>\$164,244,047</b>
<b>Income:</b>			
		<b>12/31/2024</b>	<b>12/31/2023</b>
Interest on Loans		\$2,141,748	\$1,882,478
Income from Investments		\$3,885,413	\$3,482,824
Other Operating Income		<u>\$769,410</u>	<u>\$892,411</u>
<b>Total Operating Income</b>		<b>\$6,796,571</b>	<b>\$6,257,712</b>
<b>Expenses:</b>			
Employee Compensation & Benefits		\$2,080,521	\$1,874,571
Travel and Education		\$21,978	\$16,119
Office Occupancy		\$269,394	\$261,368
Office Operations		\$195,681	\$182,343
Publicity and Promotions		\$87,199	\$80,626
Loan Servicing		\$250,916	\$255,801
Association Dues		\$2,879	\$2,450
Professional and Outside Services		\$1,249,167	\$1,190,315
Provision for Loan Loss		-\$6,296	\$22,847
Examination and Supervision		\$32,680	\$31,122
Interest on Borrowed Money		\$1,196,086	\$1,272,880
Miscellaneous Operating		<u>\$66,942</u>	<u>\$54,916</u>
<b>Total Operating Expense</b>		<b>\$5,447,149</b>	<b>\$5,245,358</b>
<b>Income Before Dividends</b>		<b>\$1,349,422</b>	<b>\$1,012,354</b>
<b>Dividends on Shares</b>		<u>-\$531,620</u>	<u>-\$563,796</u>
<b>Net Income/Loss</b>		<b>\$817,802</b>	<b>\$448,558</b>
Unaudited – Internally Prepared			

## Report of the Supervisory Committee

Good Afternoon. The Supervisory Committee is comprised of volunteers who are charged with ensuring that:

- The financial condition and operations of the credit union are accurately and fairly presented in the credit union's financial statements.
- The credit union's management practices and procedures are sufficient to safeguard members' assets.
- The members' share and loan accounts are verified against the records of the credit union. This was completed as of March 31, 2024 by our public accounting firm.

To assist in meeting the annual Supervisory Committee Audit requirements, the Committee engaged the services of the certified public accounting firm Lillie & Company LLC. An audit of the Financial Statements of Best Reward Federal Credit Union was completed as of June 30, 2024 and the letter to the Board indicated that the financial statements present fairly the financial position of the credit union. A written report of this audit is included in your annual report.

The accounting firm also performed extended audit procedures and other required reviews throughout the year on the financial records of Best Reward Federal Credit Union.

As a Federal Credit Union we are subject to examinations by our regulator and insurer, the National Credit Union Administration (NCUA). There were no items identified in the most recent exam that required the Board or Committee's immediate attention.

The Committee members regularly review the operations and any new policies set forth by the Board of Directors. Based on our reviews and the reviews conducted on our behalf by our public accounting firm, we also believe the financial statements presented to the membership present fairly the financial condition of Best Reward Federal Credit Union and that the credit union continues to operate in a safe and sound manner, working towards the best interest of all its members'.

We are pleased to report our findings and remain committed in our effort to assure the safety and soundness of the members' ownership in Best Reward Federal Credit Union

**Michael Gammella**  
**Chairman, Supervisory Committee**

# Report of the Independent Auditor

**We have performed an audit of the financial statements of Best Reward Federal Credit Union as of June 30, 2024 and 2023 and for the years then ended. Our report on these financial statements reads as follows:**

## **Opinion**

We have audited the financial statements of Best Reward Federal Credit Union, which comprise the statements of financial condition as of June 30, 2024 and 2023, and the related statements of income and comprehensive income (loss), members' equity and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Best Reward Federal Credit Union as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Best Reward Federal Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Best Reward Federal Credit Union's ability to continue as a going concern for 12 months beyond the issuance of the financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Best Reward Federal Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**The audited financial statements and report of Independent Certified Public Accountants may be viewed at any of the credit union offices.**

## **Report of the Nominating Committee**

Good Afternoon. The terms of office of four Directors; Norman Alford, Thomas Merritt, Richard Kistemaker, and Jack Federan expire at this 2025 Annual Meeting. All four Directors provided the Nominating Committee with written confirmation of their qualifications to serve and that they desired to be nominated for election.

In consideration of the qualifications and record of service of the candidates; the Committee determined to nominate all four. As required by the bylaws, the Nominating Committee filed its nomination with the Secretary of the Credit Union.

The Nominating Committee posted a Call for Nominations notice on the website and in the branch offices on October 15, 2024. The Secretary posted an Election of Directors notice on the website and in the branch offices on December 20, 2024 regarding the action of the Nominating Committee and the petition process.

No nominations other than those of the four incumbents were received, nor were any petitions received. Notice of the Annual Meeting date was posted on the website, in the newsletter, in an email to members, and on the statement message. All notices met the requirement of the credit union bylaws.

The credit union's Election Policy stipulates "that an election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled."

Mr. Chairman, since there is only one nominee for each position to be filled, I move that Norman Alford, Thomas Merritt, Richard Kistemaker, and Jack Federan be elected by acclamation.

**Louis L. Pastor**  
**Nominating Committee Chair**

### **Committee Members**

**Louis L. Pastor**  
**Frank Adamec**  
**Thomas Zmrazek**

## Report of the President/CEO

Good afternoon. Thank you for attending today's Annual Meeting. As the Chairman indicated and for your convenience, we are once again conducting a Hybrid Meeting where you can join remotely or in-person (here) at our Highland Heights Branch Office. We appreciate your participation and membership.

This past year was a solid year financially for Best Reward FCU. Although assets, shares, and loans declined, net income doubled from the previous year, delinquency remained low, and we added more than \$800,000 to the capital. By comparison; Ohio credit unions on average experienced similar changes in assets, shares, and loans. Throughout 2024, we were happy to find ways to assist members with their borrowing needs. Our capital is strong and we have managed our balance sheet well. Our Asset Liability and Investment Committees are active and engaged. We are a cooperative chartered to serve our members by building relationships with folks of modest means and perhaps in ways larger banks might not be interested in serving.

As I mentioned last year, we periodically share important consumer information, especially regarding fraud to our members via email, in our newsletter, and our website. As your TRUSTED financial institution, we want to be proactive and help you protect yourself from local and national fraud and scams. According to recent data, consumer fraud in 2024 shows a significant increase in reports of identity theft and credit card fraud; with the FTC reporting over 842,000 identity-theft cases in the first three quarters of the year alone; social media is identified as the most prevalent method used by fraudsters to contact victims and government-impersonation scams are seeing a major spike in cash losses with victims losing an average of \$14,000 per incident.

For your information, we may call you to verify account changes or recent account activity. However, if you receive a text, email, or call asking for your personal information or requesting (or demanding) you to wire, transfer, or otherwise provide monetary funds – pause and verify – do not engage. Call a Best Reward Branch to notify a Manager and be sure to report it immediately. Anytime you receive any suspicious communication, you should contact the source directly to verify its legitimacy. To help you manage your accounts, we highly recommend that you register for Best Reward Online or download our FREE Mobile Banking App and enroll for Account Alerts, so that you are aware of your account activity and can notify us right away if something seems suspicious. If you remain alert and do not provide your sensitive information; together we can reduce the risk of fraud and other financial crimes impacting our community. Our staff is here to assist you, should you have any questions or concerns.

As the President and CEO, it is my responsibility to ensure that Best Reward offers its members' the products, services, and access they need. While managing federal regulations regarding credit risk, liquidity risk, interest rate risk, and cyber-security risk factors, Best Reward continues to maintain a strong balance sheet and as a member-owned financial cooperative focusing on its members the combination of our strong capital position, dedicated staff, and Board of Directors' oversight has served the credit union well and should continue to, even if our economy experiences a recession.

Whatever opportunities or challenges this year may bring; Best Reward FCU is committed to providing you the highest level of member service. On behalf of the Best Reward Team, we appreciate your continued membership and trust.

**John J. Shirilla**  
**President/CEO**