

## Income and Expense Schedule

<b>Income:</b>	<b>12/31/2020</b>
Interest on Loans	\$1,759,175
Income from Investments	\$1,905,220
Other Operating Income	\$ 599,849
<b>Total Operating Income</b>	<b>\$4,264,244</b>
<b>Expenses:</b>	
Employee Compensation & Benefits	\$ 1,750,316
Travel and Education	\$ 4,051
Office Occupancy	\$ 256,804
Office Operations	\$ 237,406
Publicity and Promotions	\$ 50,375
Loan Servicing	\$ 174,963
Association Dues	\$ 2,967
Professional and Outside Services	\$ 961,015
Provision for Loan Loss	\$ 23,000
Examination and Supervision	\$ 63,793
Miscellaneous Operating	\$ 342,427
<b>Total Operating Expense</b>	<b>\$ 4,268,287</b>
<b>Income Before Dividends</b>	<b>\$ 397,127</b>
<b>Dividends on Shares</b>	<b>\$ -319,651</b>
<b>Net Income/Loss</b>	<b>\$ 77,476</b>

## Comparative Financial Statement

<b>Assets:</b>	<b>12/31/2019</b>	<b>12/31/2020</b>
Loans to Members	\$ 33,328,904	\$ 29,351,906
Cash & Equivalents	\$ 1,138,368	\$ 2,057,587
Investments	\$119,864,343	\$136,930,312
Other Assets	\$ 3,812,606	\$ 4,094,503
Fixed Assets	\$ 1,976,511	\$ 1,953,363
<b>Total Assets</b>	<b>\$160,120,733</b>	<b>\$174,387,671</b>
<b>Liabilities &amp; Equity:</b>		
Liabilities	\$ 2,144,437	\$ 3,563,121
Notes Payable	\$ 30,000,000	\$ 30,000,000
Members' Shares	\$107,630,523	\$ 118,702,854
Net Worth	\$ 20,345,773	\$ 22,121,697
<b>Total Liabilities and Equity</b>	<b>\$ 160,120,733</b>	<b>\$174,387,671</b>

Unaudited – Internally Prepared

## Board of Directors

Norman L. Alford, Chairman of the Board  
 Thomas Merritt, Jr., Vice Chairman  
 Louis L. Pastor, Treasurer  
 James A. Jackson III, Secretary  
 Steve Kadusky, Membership Officer  
 Frank Adamec, Director  
 Thomas Zmrazek, Director

## Supervisory Audit Committee

Richard Kistemaker, Chairman  
 Jack Federan, Secretary  
 Frank Adamec, Member  
 Stanley Dykes, Building Security Overseer

## 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.

## Report of the Independent Auditor

We have performed an audit of the financial statements of Best Reward Federal Credit Union as of June 30, 2020 and 2019 and for the years then ended. Our report on these financial statements reads as follows:

### Report on the Financial Statements

We have audited the accompanying statements of financial condition of Best Reward Federal Credit Union as of June 30, 2020 and 2019 and the related statements of income and comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the credit union's preparation and fair presentation of the financial statements 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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, 2020 and 2019, 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.

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

*Lillie & Company LLC*  
 Certified Public Accountants



## Report of the Chairman

Welcome and thank you for attending today's meeting. The COVID-19 pandemic has wreaked havoc on the global economy, causing radical changes in the needs and behaviors of our members. As stay-at-home orders were utilized in the first quarter of 2020, Best Reward had to adjust to an uncertain and rapidly-evolving environment while trying to protect its members, staff, and maintain accessible member services.

I am proud to say that we were able to meet the needs of our members despite the challenging circumstances. Now, one year later much still remains unclear: How long will distancing measures remain in place? Will members want to visit branches again or have they switched permanently to remote and digital banking channels? How long will it take for our nation's unemployment to return to pre-pandemic levels? When will members who sought loan deferment or forbearance be able to meet those obligations? How effective will government stimulus measures be? 2020 was a year most of us would never have anticipated, but Best Reward's loyalty and focus continues to be on you – our members.

Branch offices are open with limited lobby access, but we encourage members to keep branch visits for transactions that cannot be conducted at our ATM, drive-up, or digitally. Best Reward Online and our Mobile Banking App are available 24/7 and are strongly encouraged from the safety and comfort of your home or anywhere with secure internet access. Use our secure messaging within Best Reward Online and our Mobile Banking App to contact a credit union staff member; and be sure to enroll for Account Alerts so that you can stay on top of your daily transactions and proactively watch for any suspicious activity.

Credit unions are financial first responders so please rest assured; Best Reward's leaders will work hard to serve you and prioritize your best interests in these uncertain times.

I would like to take this opportunity to acknowledge and thank the entire Best Reward Federal Credit Union staff for their tireless efforts to make this credit union the best it can be. I would also like to thank the Board of Directors for volunteering their time and making the commitment to ensure that this credit union will be here for many more years to come. Lastly, on behalf of the entire Board of Directors, I'd like to thank you, our members, for trusting us with your financial journey. We look forward to serving you and your families in the years ahead.

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

## Report of the President/CEO

Good afternoon and welcome. Although the impact of the COVID-19 pandemic has been felt by us all, I want to assure you that Best Reward Federal Credit Union continues to focus on being your TRUSTED financial institution.

In the spring of 2020, we began sheltering at home in an effort to flatten the curve and slow the spread of the virus. Many businesses shut down and consumers were dealing with restricted travel and a lack of essential supplies as they tried to navigate working from home, schooling children from home, ordering groceries online, and managing day-to-day life. It has most certainly been unprecedented times for Americans.

Thankfully, long before this pandemic hit the United States, Best Reward FCU had been enhancing its online and mobile services. Due to our strong digital strategy, we were able to make a smoother transition to a socially-distanced environment.

With four branch offices; two with Drive-Up Lanes, two with full service Drive-Up ATM's, and numerous remote services - we did our very best to assist members. Some of these remote services include: ATM & Debit Card, Phone 24, Best Reward Online, Account Alerts by Email, Mobile Services & Mobile Apps, Online Bill Pay, Online Forms & Applications, Online Draft/Check Ordering, Sign Your Loan Documents from Anywhere Using Email Access, and more.

At the March 4, 2018 Annual Meeting the Chairman asked the membership to vote on a resolution to allow the board to take the necessary steps to revert back to a Federal Charter so that the credit union can operate as efficiently as possible in the years to come. On August 17, 2020 Best Reward Credit Union officially became Best Reward Federal Credit Union.

As mentioned in the Treasures Report our balance sheet was well positioned to deal with the negative economics of the pandemic and has sufficient net worth to weather the remaining financial risks facing the US economy that might flare up over the upcoming months. Members did and continue to look to your credit union as a safe place to deposit their funds as the average share balance per member grew by more than 20%.

Be sure we have a good email address, home address, and phone number on file, so that we can contact you should it be necessary. Being able to communicate with members will be even more important as we continue to adapt under ever-changing circumstances. On behalf of the Best Reward Team, thank you for your membership and trust.

**John J. Shirilla**  
President/CEO

## Report of the Treasurer

Your credit union remains in a strong financial condition despite the pandemic. Members continue to look to the credit union as a safe place to deposit their funds during these unique times.

We constantly review and modify strategies to identify and protect against cyber security issues. We adopted a closely monitored Return on Equity (ROE) Strategy in 2015 which we will continue to deploy as long as it provides an economic benefit. Furthermore, our balance sheet was well positioned to deal with the negative economics of the pandemic and has sufficient net worth to weather the remaining financial risks facing the US Economy that might flare up over the upcoming months.

At year-end 2020, assets totaled \$174,387,671 shares totaled \$118,702,854 and loans totaled \$29,351,906. Assets and shares increased and loans decreased from last year's ending balance.

- Net worth stands at \$22,121,697 an increase from last year and is considered "Well Capitalized".
- Net operating expenses as a percentage of average assets ended the year at 1.93%, down from 2.06 last year.
- Average loan balance ended the year at \$8.125, down from \$8,318 last year.
- Average share balance per member ended the year at \$9,881, up from \$8,155 last year.
- Total members at year-end numbered 12,014.

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 2021.

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

## 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, 2020 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, 2020 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. We were also subject to joint examinations by our regulator, the State of Ohio Division of Financial Institutions (ODFI) and our insurer, the National Credit Union Administration (NCUA) up until our conversion back to a Federal Charter on August 17, 2020. Examinations after August 17, 2020 will be conducted singularly by the National Credit Union Administration (NCUA) the same as it was done when we were previously a Federal Charter.

In addition, 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 rely on, 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 members'.

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

**Richard Kistemaker**  
Chairman, Supervisory Committee