

## Income and Expense Schedule

<b>Income:</b>	<b>12/31/2021</b>
Interest on Loans	\$1,514,333
Income from Investments	\$1,344,051
Other Operating Income	\$1,158,922
<b>Total Operating Income</b>	<b>\$4,017,306</b>
<b>Expenses:</b>	
Employee Compensation & Benefits	\$ 1,746,629
Travel and Education	\$ 12,668
Office Occupancy	\$ 270,421
Office Operations	\$ 195,828
Publicity and Promotions	\$ 56,044
Loan Servicing	\$ 174,503
Association Dues	\$ 2,161
Professional and Outside Services	\$ 956,229
Provision for Loan Loss	\$ 2,000
Examination and Supervision	\$ 36,424
Miscellaneous Operating	\$ 221,281
<b>Total Operating Expense</b>	<b>\$ 3,674,187</b>
<b>Income Before Dividends</b>	<b>\$ 343,119</b>
<b>Dividends on Shares</b>	<b>\$ -202,031</b>
<b>Net Income/Loss</b>	<b>\$ 141,088</b>

## Comparative Financial Statement

<b>Assets:</b>	<b>12/31/2020</b>	<b>12/31/2021</b>
Loans to Members	\$ 29,351,906	\$ 27,673,156
Cash & Equivalents	\$ 2,057,587	\$ 1,518,452
Investments	\$136,930,312	\$142,738,692
Other Assets	\$ 4,094,503	\$ 4,382,084
Fixed Assets	\$ 1,953,363	\$ 1,854,230
<b>Total Assets</b>	<b>\$ 174,387,671</b>	<b>\$ 178,166,613</b>
<b>Liabilities &amp; Equity:</b>		
Liabilities	\$ 3,563,121	\$ 2,240,511
Notes Payable	\$ 30,000,000	\$ 30,000,000
Members' Shares	\$118,702,854	\$126,063,669
Net Worth	\$ 22,121,697	\$ 19,862,433
<b>Total Liabilities and Equity</b>	<b>\$174,387,671</b>	<b>\$178,166,613</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, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020, 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. As we progressed through the second year of the pandemic, our team continued to leverage technology to provide the resources and attention our members needed during that time. Our credit union did not lose focus of its strategic goals in order to help its members achieve financial success.

Regardless of these challenges over the past year, it has been a solid performance for Best Reward Federal Credit Union, as you can see in the treasurer's report. We entered the pandemic in a very strong financial position and that allowed us to not only weather the storm, but to post financial gains as well. This is only possible because of our loyal members, strong leadership, great staff, and dedicated volunteers.

Branch offices are open, along with our ATMs and Drive-Up Lanes. Best Reward Online and our Mobile Banking App are available 24/7 from the comfort of your home (or anywhere) with secure internet access. Be sure to enroll for these remote services, as they offer access to your accounts when you can't visit a branch.

Our team is here to help you enroll for these services, so that you are prepared in the event of an emergency or unexpected branch closure. Please let us know how we can be of assistance.

Throughout the COVID-19 pandemic, the credit union has continued to offer its members the services they depend on and have been able to keep the wheels turning. The Board and I are proud of our growth and look forward to expanding on ways in which we can continue to focus on our members' financial needs and goals.

I want 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 will be here for many more years to come.

Lastly, I would like to express my sincerest appreciation to our members who place not only their money, but also their confidence and trust in Best Reward Federal Credit Union. At Best Reward, we continue to work to provide products and services that meet your needs. 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. I would be remiss if I did not acknowledge the challenges that the COVID-19 pandemic continues to cause – but I want you to know that Best Reward Federal Credit Union is here for you as your TRUSTED financial institution, so please do not hesitate to let us know how we can help.

As the President and CEO, it is my responsibility to ensure that Best Reward keeps pace with our members' evolving financial and technological needs; while remaining financially safe and sound. Overall, the credit union system continues to be healthy, even with very low rates causing credit unions to suffer depressed earnings. Thankfully Best Reward manages a strong balance sheet and was able to weather the storms of the ongoing pandemic and its impact on our economic environment; locally and globally.

Looking back on the last year, I am proud of our dedicated staff who did a great job maintaining normal operations as much as possible and the help we provided members who struggled with their loans, as a result of the pandemic. The low rate environment created opportunities for many members to obtain a home loan or refinance an existing home loan. And many members took advantage of our loan rates to buy out their auto lease as new cars were scarce and used car prices escalated.

Out of necessity we experienced more members willing to use digital alternatives for managing their accounts, making payments, transferring money, and other activities. Share deposits grew as members looked for a secure place to keep their funds. The technological upgrades in digital and cybersecurity that we have made were a result of strategies adopted by the Board of Directors to better serve members.

Using our secure messaging through Best Reward Online and joining our Mailing List is instrumental in keeping informed of important credit union changes, marketing promotions, local and national fraud alerts, financial resources, and more – conveniently from your smartphone, tablet, or PC.

I'm confident that whatever challenges are presented in 2022, Best Reward is committed to providing you with the highest level of member service while continuing to enhance its products, services, and technology. Our credit union always has been and always will be the place "Where Membership is the Best Reward" because of our commitment to remain a transparent and trusted financial institution for you, our members. 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 withstanding the challenges from 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 is well positioned to deal with rising rate and inflation, 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 2021, assets totaled \$178,166,613 shares totaled \$126,063,669 and loans totaled \$27,673,156. Assets and shares increased and loans decreased from last year's ending balance.

- Net worth stands at \$19,862,433 and is considered "Well Capitalized".
- Net operating expenses as a percentage of average assets ended the year at 1.79%, down from 1.93% last year.
- Average loan balance ended the year at \$8,326, up from \$8,125 last year.
- Average share balance per member ended the year at \$10,891, up from \$9,881 last year.
- Total members at year-end numbered 11,571.

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 2022 and beyond.

**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, 2021 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, 2021 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). An examination was conducted as of 3/31/2021. I am happy to report that there were no items identified in the exam that required the Board's immediate attention.

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