

Income and Expense Schedule

Income:	12/31/2019
Interest on Loans	\$1,873,718
Income from Investments	\$2,538,455
Other Operating Income	\$ 682,456
Total Operating Income	\$5,094,630

Expenses:	
Employee Compensation & Benefits	\$ 1,712,312
Travel and Education	\$ 30,833
Office Occupancy	\$ 262,481
Office Operations	\$ 248,557
Publicity and Promotions	\$ 53,096
Loan Servicing	\$ 166,773
Association Dues	\$ 3,353
Professional and Outside Services	\$ 1,004,638
Provision for Loan Loss	\$ 83,000
Examination and Supervision	\$ 34,630
Miscellaneous Operating	\$ 668,614
Total Operating Expense	\$ 4,268,287

Income Before Dividends	\$ 826,343
Non-Operating Gains/Losses	\$ 39,841
Dividends on Shares	\$ -286,632
Net Income/Loss	\$ 579,552

Comparative Financial Statement

Assets:	12/31/2018	12/31/2019
Loans to Members	\$ 32,727,388	\$ 33,328,904
Cash & Equivalents	\$ 992,346	\$ 1,138,368
Investments	\$108,246,138	\$119,864,343
Other Assets	\$ 1,786,065	\$ 3,812,606
Fixed Assets	\$ 2,075,857	\$ 1,976,511
Total Assets	\$145,827,794	\$160,120,733

Liabilities & Equity:		
Liabilities	\$ 167,607	\$ 2,144,437
Notes Payable	\$ 30,000,000	\$ 30,000,000
Members' Shares	\$ 98,104,159	\$ 107,630,523
Net Worth	\$ 17,556,028	\$ 20,345,773
Total Liabilities and Equity	\$ 145,827,794	\$160,120,733

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 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 Credit Union, Inc. as of June 30, 2019 and 2018 and for the years then ended. Our report on these financial statements reads as follows:

Report on the Financial Statements

We have performed an audit of the financial statements of Best Reward Credit Union, Inc. as of June 30, 2019 and 2018 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 Credit Union, Inc. as of June 30, 2019 and 2018 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.

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 Credit Union, Inc. as of June 30, 2019 and 2018, 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.

Little & Company LLC
 Certified Public Accountants



2019 Annual Report

Best RewardSM

CREDIT UNION

Where Membership is the Best Reward



Report of the Chairman

Welcome and thank you for attending today's meeting.

Your financial health depends in part on your relationship with a trusted financial institution. Ideally, you want to partner with a financial institution that puts your interests and needs first. The right option offers the financial products you need and want, as well as helps you save money through lower fees and higher savings interest rates.

Credit unions and banks both provide a variety of financial products and services, including Share Draft Checking and Savings Accounts, Credit Cards, CDs, IRAs, Loans, and Online Access. The structure of both institutions differs, though. Credit unions are not-for-profit, member-owned cooperatives that prioritize member-care. Banks are corporations that offer numerous financial services but focus on profit for shareholders who may not have accounts at the bank.

As a not-for-profit organization, a credit union focuses on rewarding members rather than on making money. Plus, your savings and rewards increase as you fully utilize the financial services at your credit union and strengthen the cooperative.

When you're a member, you play an active role in making decisions that affect the credit union and its members. You can vote on certain initiatives, attend the Annual Meetings, and meet the Board of Directors who live locally and are credit union Members/Shareholders just like you. These are not options at a traditional bank where hired executives make decisions with the stockholders in mind. Rest assured, too, that your credit union leaders will work hard to serve you and prioritize your best interests as they guide the credit union.

I encourage you to recommend your family and friends to become a Best Reward Credit Union member like you! We can help them meet their financial needs with a Loan or a Savings Account. They will likely receive benefits that they can't find at a big bank and will start strengthening and preserving their financial health and well-being today.

On behalf of the entire Board of Directors, I'd like to thank you, our members, for your trust and membership.

Norman L. Alford
Chairman of the Board

Report of the President/CEO

Good afternoon and welcome. I wanted to share some high level statistics about federally insured credit unions this afternoon. As of 12/31/2019 there were 5,235 federally insured credit unions, 3,283 with a federal charter and 1,953 with a state charter. The credit union system's **net worth** increased by \$14.0 billion, or 8.5%, over the year to \$178.3 billion. The aggregate net worth ratio — net worth as percentage of assets — stood at 11.37% at year-end 2019, up from 11.30% one year earlier. Much of the 2019 financial data published by the National Credit Union Administrative indicates credit unions as a whole are doing well.

Credit Unions are typically divided up into one of six asset classes. Best Reward Credit Union is in the asset class with at least \$100 million but less than \$500 million. The number of federally insured credit unions in our asset class declined to 1,018 at year-end 2019 from 1,026 at year-end 2018. Credit unions in our asset class reported a 3.0% decline in total loans outstanding and membership fell 4.6%. Net worth edged up 0.6%.

As mentioned in the Treasurers Report, Best Reward completed a solid year in 2019. We recorded positive Net Worth Growth, Share Growth, Loan Growth, Asset Growth, and Membership Growth! That was not the case for all of the credit unions in our asset class.

As you conduct your financial transactions please take the time to visit our website where you will find our:

- Auto Buying Center
- Helpful Articles
- Current Promotions
- Current Loan & Deposit Rates
- Financial Calculators
- Forms & Applications
- Ways to Contact Us
- And More

If you provided us with your e-mail address we periodically send emails notifying you of current promotions, local fraud alerts, and other important updates. Be *sure* we have a good email, address, and phone number on file, so that we can contact *you* should it be necessary. At Best Reward, you can access your accounts in person, by phone, and electronically. However, you wish to conduct your business, we are always here to assist you and your family. 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 and reported positive growth percentages in major categories.

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 any of the multitude of risks facing the US Economy that might flare up over the upcoming months.

At year-end 2019, assets totaled \$160,120,733, shares totaled \$107,630,523 and loans totaled \$33,328,904. Assets, shares and loans all increased from last year's ending balance.

- Net worth stands at \$20,345,773 which is considered "Well Capitalized".
- Net operating expenses as a percentage of average assets ended the year at 2.06%, down slightly from 2.13% last year.
- Average loan balance ended the year at \$8,318, down from \$8,534 last year.
- Average share balance per member ended the year at \$8,155, up from \$7,947 last year.
- Total members at year-end numbered 13,200.

The merger transaction of The Ohio Operating Engineers FCU on October 1, 2019 contributed positively to the financial results in 2019.

Best Reward 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 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 2020.

Louis L. Pastor
Treasurer of the Board

Report of the Supervisory Audit Committee

Good Afternoon. The Supervisory Audit 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, 2019 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 Credit Union was completed as of June 30, 2019 and conferred a positive opinion. 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 Credit Union. We are also subject to examinations by our regulator, the State of Ohio Division of Financial Institutions (ODFI) and our insurer, the National Credit Union Administration (NCUA) on regular basis.

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 believe the financial statements presented to the membership present fairly the financial condition of Best Reward 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 Credit Union.

Dick Kistemaker
Chairman, Supervisory Audit Committee