

Providing
Financial
Security
for Over
a Century

President's Message



Over the past three years, we have strengthened and modernized our Society in ways that will benefit our members for generations. We grew our assets by almost \$70 million, ensuring financial stability and the ability to invest in meaningful initiatives. We completed a full renovation of our Home Office and Museum, preserving our rich heritage while creating welcoming, modern spaces. Our comprehensive rebranding, including a refreshed logo, updated identity and a new website, reflects both our proud history and our vision for the future. We expanded our reach into 11 new states, allowing the FCSU to do business in 38 states and serve more families than ever before. At the same time, we enhanced support for our Branches and Districts, strengthening programs that foster fraternalism, community service, and member engagement.

Our commitment to heritage remains at the heart of everything we do. From hosting delegations from Father Furdek's hometown of Trstená, Slovakia, and strengthening ties with the Slovak Embassy, to supporting the Slovak Institute and Research Library, programs and festivals, we continue to honor and preserve the rich history and culture that inspired our founding.

I want to thank our members for their confidence and trust, and I am deeply grateful to our Board of Directors. It has been an honor and a pleasure to work alongside such dedicated leaders. These accomplishments, and the strong foundation we have built together, position our Society for continued growth, opportunity, and success in the years ahead.

*Fraternally,
Kenneth A. Arendt, President/CEO*

Rebranding and Renovation

Over the past several years, we have made significant progress in our rebranding initiative as part of our ongoing efforts to evolve and attract new members while preserving our rich heritage. We now do business as FCSU Financial®, a name that reflects a more modern image while continuing to honor our deep Slovak roots. Our

updated brand identity, including our logo and colors, is consistently used across our marketing and promotional materials.

We have enhanced our digital presence with our new website that offers greater flexibility in sharing information with both members and the public. The platform provides improved functionality, making it easier to explore our products, for members to access information and to stay informed about events and scholarship opportunities.

Jednota newspaper has also been refreshed and streamlined. It continues to serve as an important communication tool, sharing product information, Home Office updates, branch and district news, and engaging content for members. This year, we've enjoyed learning more about some of our members through the Member Spotlight, Scholar Spotlight and Travel Adventures articles. Our online archive of *Jednota* newspapers, dating back to 2006, remains a valuable resource.

Our website and *Jednota* newspaper are designated as official organs of FCSU. All Branch and District announcements are listed in both areas. Activity details and entry forms for Bowling and Golf Tournaments, Coloring Contests and monthly puzzles can be downloaded and printed from our website.

One of the major projects completed this year was the comprehensive redesign and compliance update of all Annuity and Life Insurance applications. This was a significant undertaking, as we maintain variations for multiple states, including Florida, South Carolina, and Texas, as well as both short- and long-form versions.

As a result of this effort, we have successfully updated and streamlined our most frequently used forms. All applications are now available online as fillable PDFs, making them more user-friendly for members while allowing our staff to efficiently process transactions and requests. Please note, that due to updated compliance requirements, previous versions of these forms will no longer be accepted as of April 8, 2026.

Email continues to be one of our primary communication

tools, allowing us to connect with more members as our contact list grows and to share timely, up-to-date information. We regularly use email to notify members about branch meetings, activities, and important updates.

We encourage both members and officers to communicate with the Home Office via email and to help us expand our outreach by providing current email addresses. This ensures that everyone stays informed and engaged. Members can contact us at fcsu@fcsu.com.

Office Remodel and Museum Update

We completed a major renovation of our office—the first significant update since 1988. The redesigned space offers a more open, modern, and welcoming environment, enhancing both comfort and functionality for our staff. This improvement allows our team to work efficiently while providing a positive and inviting atmosphere.

The remodel also enabled an expansion of the Slovak Heritage Museum. The museum features improved accessibility and larger exhibition areas, providing visitors with a more engaging and immersive experience. During this process, all of the museum’s valuable artifacts were meticulously cataloged and photographed, ensuring a thorough record for future generations. We continue to be grateful for the generosity of our donors, whose contributions help enrich the collection and support ongoing preservation efforts.

Expansion into 11 new states

We are now fully licensed in 11 new states, bringing our total to 38. The new states are Alaska, Arkansas, Delaware, Idaho, Kansas, Maine, New Hampshire, Oklahoma, Rhode Island, Utah and Vermont. This expansion is a significant milestone in our efforts to grow our presence and reach more members across the country. We are optimistic about the opportunities that this growth presents, and we believe it will play a pivotal role in increasing our market share and strengthening our overall position in the industry.

Our team is committed to continuing these efforts by working closely with other states to secure additional licenses and ensure we can continue to expand our reach.

Branch & District Liaison

The department provides guidance and support, helping officers with procedures and understanding guidelines. They coordinate activities, newspaper announcements, fraternal programs, national events, and contest awards, and manage administrative tasks keeping operations smooth while promoting engagement and recognition throughout the Society.

Send Branch announcements to
branch@fcsu.com

Send District announcements to
district@fcsu.com

District and Branch Programs

Over the past year, we have placed a strong emphasis on three key programs designed to engage and support our Branches and Districts.

The first is the *Branch Reimbursement Program*, an initiative that promotes fraternalism while helping reduce the expense of hosting events. This shared-cost program distributes expenses among the Home Office, the Branch or District, and participating members, making activities more affordable for everyone involved. By keeping costs low, we make it easier for families to come together, strengthen connections, and enjoy meaningful fraternal experiences. This program may be utilized up to four times per year.

Fraternalism in Action provides members with the opportunity to come together in service to those in need—whether through charitable donations or volunteer efforts—up to four times annually. In recognition of these efforts, the Home Office will contribute a \$250 donation for each qualifying project. We are proud to report increased participation and the positive impact made in our communities, including support for food banks, cancer initiatives, animal shelters, and organizations that distribute essential items such as coats, gloves, baby supplies, personal hygiene products, and school materials. We commend your dedication and look forward to the continued growth of this meaningful program.

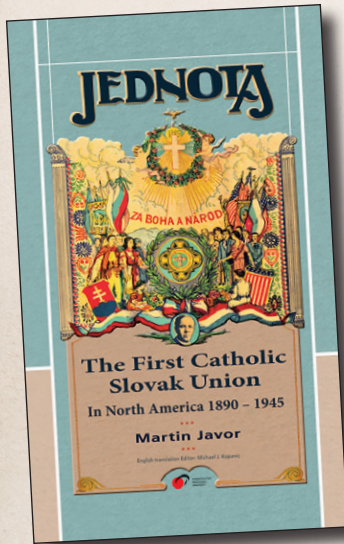
Finally, the *Branding Bucks Program* enhances our visibility within the community and helps spark conversations about who we are as an organization. Each Branch and District is eligible for reimbursement of up to \$300 per year. These funds can be used through our Gift Shop to purchase logo-branded items such as apparel, feather banners, table runners, and more—tools that help proudly showcase our identity and mission.

In 2025, we launched a new *Virtual Call Program*, led by Executive Secretary/COO Kevin Collins. Held monthly, these calls provide updates from the Home Office and cover a range of topics, including our products, website navigation, form completion, newspaper guidelines, and program support for Branches and Districts. They also address questions on Annual Reports and stipends, as well as highlight upcoming events and Convention updates.

Connecting With Our Heritage

Visitors from Trstená, Slovakia

The FCSU Home Office welcomed a delegation from Trstená, Slovakia—the hometown of our founder, Rev. Štefan Furdek—including Mayor PhDr. Ing. Magdaléna Zmarzláková, Fr. Branislav Kozuch, and members of the Letko family. During their visit, they toured the FCSU Museum, met with staff, and learned more about Father Furdek’s life and legacy, as well as Slovak culture. Their trip also included a visit to the Slovak Cultural Garden in Cleveland. The timing of the visit coincided with the



As part of our commitment to preserving and celebrating our 135-year history, we are collaborating with PhD Martin Javor, a history professor at the University of Prešov in Slovakia, on several meaningful projects. Last year, he authored *Jednota*, a book chronicling the first 55 years of our organization, from 1890 to 1945. The publication features a rich collection of historical narratives, photographs, and personal stories that highlight key milestones and honor the Slovak immigrants who came to North America and helped shape our Society. Previously available only in Slovak, we are pleased to share that *Jednota* is now offered in English. We extend our sincere thanks to Dr. Michael J. Kopanic—District 7 President and Branch 23 Recording Secretary—for his work in editing and translating the book, as well as for his continued dedication to preserving Slovak heritage. The English edition will soon be available through our Gift Shop.

In addition, Dr. Javor is leading an ambitious effort to digitize all past issues of the *Jednota* newspaper. This significant project will provide valuable access to our history and we look forward to sharing its progress. Together, these initiatives help preserve our legacy while creating lasting resources for future generations to better understand and appreciate the foundation of our Society.

unveiling of a new monument honoring Rev. Furdek in Trstená on September 25, 2025, marking the 170th anniversary of his birth and the 110th anniversary of his passing.

Slovak Embassy

We have continued to strengthen our relationship with the Slovak Embassy in Washington, D.C., an important step in staying closely informed about developments in Slovakia. As part of this ongoing collaboration, several Embassy representatives visited the Home Office in April 2025. Their visit provided a valuable opportunity to further build our partnership, exchange ideas, and explore ways we can support one another moving forward.

Additionally, following the FCSU Board of Directors Meeting in September, its members had the opportunity to visit and tour the Embassy, further reinforcing this important connection.

Slovak Institute and Research Library

The Slovak Institute and Research Library at St. Andrew Abbey in Cleveland, Ohio, stands as the world's largest repository of Slovak cultural, historical, and literary materials. Since its founding in 1952, the Institute has safeguarded an extensive collection of rare books, artwork, maps, correspondence, and the personal libraries of prominent Slovak intellectuals. It remains an invaluable resource for scholars, students, and individuals from around the globe who seek to study and celebrate Slovak heritage.

Recognizing the significance of preserving this important institution, the FCSU has proudly contributed \$100,000 toward its renovation and modernization. This support is helping fund essential upgrades, including improved climate control, enhanced security systems, updated flooring and lighting, expanded research and exhibition

areas, and the digitization of fragile materials to ensure broader global access.

Cleveland Cultural Gardens

The Cleveland Cultural Gardens are a unique collection of 38 landscaped spaces representing different nationalities, celebrating the individuals and traditions that have shaped world culture. Maintained by the Cleveland Cultural Gardens Federation, these gardens serve as both a cultural landmark and a symbol of unity within the region.

Among them, the Slovak Cultural Garden highlights important figures in Slovak history, including General Milán Štefaník, Jan Kollar, and Father Štefan Furdek. As part of our ongoing commitment to preserving this heritage, the FCSU provides annual support for garden maintenance. This year, we are especially proud to be assisting with the refurbishment of the bronze statue of Father Furdek, helping restore and honor the legacy of our founder for future generations.

NEW!!! FCSU Scholarship for student of Slovak Studies Minor Program at the University of Pittsburgh

The First Catholic Slovak Union established an annual scholarship for undergraduate students who successfully complete the Slovak Studies Minor program (15 credits) or newly prepared East European/Slavic Major program (with minimum 15 credits earned from the Slovak language and cultural classes) at the University of Pittsburgh. The name of the scholarship will be First Catholic Slovak Union Scholarship. The FCSU agrees to donate annually for next five (5) consecutive years an amount of (\$7,500) at the end of the Spring semester to the Slovak Studies Program at the Department of the Slavic Languages and Literatures. This amount will be equally divided by Director of the Slovak Studies Program, between undergraduate students at the University of Pittsburgh (juniors and/or seniors) who successfully completed the Slovak Studies Program.

University of Pittsburgh Slovak Language Department

The University of Pittsburgh remains the only university in the United States offering courses in Slovak language and culture. The FCSU has played a longstanding role in supporting this program, including helping to fund the establishment of the first Slovak chair and encouraging the department's growth from its early beginnings. This ongoing partnership reflects our commitment to preserving and promoting Slovak heritage, and we are proud to support such a distinctive and valuable academic program.

National and Fraternal Events

Tradition remains an important part of our organization, and we value opportunities that bring families together to create lasting memories. Our National Picnics continue to be well attended and well received. In 2025, we hosted events at Knoebels Amusement Park, Wiegand Lake Park, and Simmons Farm, where it was great to see families spending time together and forming new friendships. Members also enjoyed friendly competition at our Bowling and Golf Tournaments, and planning began for the 53rd Quadrennial Convention. Our members also enjoy participating in contests, with the pumpkin carving and Christmas coloring contests continuing to be popular traditions that engage families and encourage involvement.

Advertising

As part of our ongoing efforts to strengthen brand awareness and broaden our reach, we have established a partnership with Fox 8 in Cleveland, where our commercials air daily. In addition, we have participated in several segments on Good Day Cleveland, where we share valuable product information and insights with viewers. These appearances are also available on our website, providing continued visibility. We are currently exploring opportunities to expand our presence through additional Fox affiliates.

Staff

Our staff is available each day to assist with inquiries from both current and prospective members, ensuring questions are handled promptly and effectively. We are also pleased to share that several team members have recently obtained their state licenses, further expanding the expertise available to serve our membership.

For added convenience, a directory listing employee names, contact details, and areas of responsibility is accessible on our website and is also published regularly in Jednota. This resource helps both members and internal teams quickly connect with the appropriate contacts and information when needed.

We are also connecting with the Slovak community through advertising on two Slovak-language radio stations—one based in Cleveland and the other in Pittsburgh. Together, these efforts support our commitment to engaging a

FCSU Scholarship Program

We are proud to offer more than 130 scholarships to our members, supporting students from grade school through graduate school, as well as vocational and technical programs.

Over the past four years, we have expanded both the number and value of these awards, distributing over \$750,000 to help our next generation succeed. Scholarship amounts range from \$500 to \$5,000, and on average, we award more than \$202,000 annually—an investment in education that fills us with pride and demonstrates our enduring commitment to the future of our members.

FCSU Scholarship

| | |
|--|---------|
| Catholic Grade School (grades 5-8) | \$500 |
| Catholic High School | \$1,000 |
| Colleges | \$1,500 |
| Graduate School..... | \$1,500 |
| Vocational/Trade School | \$1,000 |

The Jednota Benevolent Foundation

This is separate from the Society's scholarship program and is available to any person pursuing post-secondary education. To be eligible for this one-time scholarship, the applicant must be of Slovak descent and Catholic faith. In 2025, ten non-renewable scholarships in the amount of \$500.00 each were awarded.

Stephen C. Matula Scholarship

In 2025, twenty \$5,000 scholarships were awarded to applicants of Slovak heritage.

NEW!!! First Catholic Slovak Union Scholarship for students of Slovak Studies Minor Program at the University of Pittsburgh

An annual scholarship was established for undergraduate students who successfully complete the Slovak Studies Minor program or East European/Slavic Major program at the University of Pittsburgh. The amount of \$7,500 will be equally divided between undergraduate students (juniors and/or seniors) who successfully completed the Slovak Studies Program at the end of the Spring Semester.

Information about all of our scholarship opportunities can be found on our website:

fcsu.com/membership/scholarships

Several branches also offer scholarships on a local level. We are proud of those branches and encourage others to create this gift for our future leaders. Local scholarship opportunities are also available on our website.

We Are Licensed in 38 States:

| | | | | | | |
|-------------|----------|---------------|---------------|----------------|----------------|-----------|
| Alaska | Florida | Kansas | Minnesota | New Jersey | Rhode Island | Vermont |
| Arkansas | Georgia | Kentucky | Missouri | New York | South Carolina | Virginia |
| Arizona | Idaho | Maine | Nebraska | North Carolina | Tennessee | Wisconsin |
| Colorado | Illinois | Maryland | Nevada | Ohio | Texas | |
| Connecticut | Indiana | Massachusetts | New Hampshire | Oklahoma | Utah | |
| Delaware | Iowa | Michigan | | Pennsylvania | West Virginia | |

broader audience and building stronger connections with both current and prospective members.

Cybersecurity

As part of our continued commitment to strengthening cybersecurity, we have introduced several new safeguards to better protect our members' personal information. Along with enhancing our internal security protocols, we have participated in webinars and industry seminars to stay current on emerging threats, trends, and best practices. These efforts help ensure we remain well-prepared in an ever-changing digital environment.

In addition to these internal initiatives, we are partnering with an external cybersecurity firm and working closely with our software team to further reinforce our systems. By leveraging both outside expertise and in-house resources, we are taking a comprehensive approach to security. These enhancements not only protect sensitive data but also provide our members with added confidence that their information is being handled with the highest level of care.

We continue to invest in ongoing staff training to ensure our team can recognize potential risks and adhere to proper data protection practices. By emphasizing education and awareness, we are fostering a culture of accountability and vigilance.

We have enhanced our computer systems to improve efficiency and ensure compliance with all state and NAIC requirements. Strengthening Home Office operations remains a priority, and we take every measure to safeguard our members' financial information. This includes maintaining up-to-date antivirus protection, firewalls, and regular system updates to defend against external threats.

In addition, we have secured Cyber Security Insurance to provide an extra layer of protection for our members. Our systems are tested annually, and independent audits are conducted by outside firms to ensure ongoing security and

reliability. Together, these efforts strengthen our ability to safeguard member information and maintain the integrity of our operations.

Conclusion

As your President, I have had the honor of representing the FCSU on the Board of Directors for the Slovak Catholic Federation. I have attended and represented our Society at fraternal events within the FCSU and other fraternal organizations. Throughout the year, I also participate in various branch and district meetings. Additionally, I attend numerous seminars, including the American Fraternal Alliance Seminar, the AQS Symposium, and the ENDePersis Fraternal Consulting Seminars. These events provide valuable insights into current insurance trends and potential state and NAIC regulations that may impact the FCSU. I maintain ongoing communication with state Departments of Insurance to ensure that the FCSU consistently meets all state regulations, and we continue to exceed these requirements.

My wife, Theresa, and I sincerely appreciate your trust and support during my time as President. I remain committed to working diligently on behalf of our Society, striving to build a stronger organization while addressing all matters with honesty and integrity. We are the First Catholic Slovak Union, and I pray for the continued growth of our Society. With our exceptional products and competitive rates, it's essential that we all actively engage in recruiting new members and promoting our Society.

In closing, I would like to express my gratitude to all my fellow officers and board members who have supported me throughout the year. A special thank you goes to our highly skilled Home Office staff for their dedication and hard work.

Ďakujem,
Kenneth A. Arendt, President/CEO



2025 ANNUAL REPORT

MARCH 23, 2026

Prepared by:

Kenneth A. Arendt, President, CEO

Kevin Collins, Executive Secretary, COO



Reverend Father and Members of the Board of Directors of the First Catholic Slovak Union of the United States and Canada, it is my pleasure to present the 2025 report. Over the past three years, we have strengthened and modernized our Society, growing our assets by almost \$70 million and ensuring the financial stability needed to invest in initiatives that will benefit our members for generations.

Operating results experienced for the Society in 2025 were mixed, with modest growth and an unusual operational loss due to the additional reserve requirements mandated by the NAIC. The Operating losses that broke a long consecutive string of operating gains were mainly due to lower investment income and larger reserve demand. Investment income was adversely affected due to the economy; Bond income did not increase at the rate consistent with prior years. This accounted for the lack of increase in investment income enjoyed in prior years. The Society experienced slightly lower premium income than prior years, mostly from reduced annuity production. This appears to be an industry trend. Dividend payments to members of \$459,041 were consistent with prior years. Total asset value increased 2.0% (\$11,873,018) as reported on the Annual Statement. Due to uncertain economic conditions and interest rates, mixed insurer results were expected. Realized capital losses were \$2,009,660, while unrealized capital gains were \$1,309,976. Liabilities increased \$17,455,357 (3.3%) mainly resulting from the \$22,331,070 increase in Annuity Reserves. Surplus decreased 10.3%. Details follow:

TOTAL OPERATION GAIN AND CAPITAL GAINS\LOSSES) FOR 2025:

| | |
|------------------------------------|---------------|
| Net Loss..... | (\$6,019,374) |
| Realized Capital Gains\Losses..... | (\$2,009,660) |
| Net Income..... | (\$8,029,034) |

Since 2009, the Society has employed the services of AQS (a fraternal benefit society experienced investment management firm) to assist in guiding its investment activity. There are no known items which would cause the financial results to be inaccurate.

FINANCIAL POSITION:

2025 Premium Income:

| | |
|---------------------|---------------|
| Life Insurance..... | \$ 5,663,135 |
| Annuities | \$ 56,939,905 |

Total Premium

Income \$ 62,603,040

2025 Investment Income:

| | |
|------------------------------|---------------|
| Government Bonds | \$ 759,391 |
| Bonds | \$ 22,108,039 |
| Preferred Stock | \$ 237,006 |
| Common Stocks | |
| Un-Affiliates | \$ 100,360 |
| Mortgage Loans | \$ 4,324,351 |
| Real Estate | \$ 289,124 |
| Certificate Loans | \$ 74,437 |
| Short Term Investments | \$ 1,032,109 |

Total Investment

Income \$28,924,817

Investment Expenses:

| | |
|---|----------------|
| Depreciation on Real Estate and Other Investment Expenses (Investment Taxes, License Fees, etc.)..... | \$ (2,343,625) |
|---|----------------|

Net Premium and Investment

Income \$26,581,192

There were Deferred Capital Losses (IMR) of (\$87,323).

The surplus decrease of 10.3% was mainly due to the operating loss, and partially due to realized capital losses. These were partially offset by unrealized capital gains \$1,309,976. Total premium funds were used to purchase additional assets. Unrealized gains/(losses) were as follows:

| | |
|---------------------------------|---------------------|
| (a) Common Stock (Unaffiliated) | \$ 43,856 |
| (b) Other Invested Assets | \$ 1,266,120 |
| | \$ 1,309,976 |

The following additional items affected Surplus:

| | |
|-------------------------------------|----------------|
| AVR Decrease..... | \$ 1,113,553 |
| Change in Non-Admitted Assets | \$ (10,254) |
| Accrued/Asset Adjustment | \$ 33,420 |
| 2025 Surplus Decrease | \$ (5,582,339) |
| 2025 Surplus..... | \$ 48,836,152 |

Insurance in force decreased \$4,673,000 in 2025 (This is smaller than the five-year decrease of \$14,409,000). Increasing Life insurance production remains a challenge and a priority for future operational success.

The Society investments emphasize Bonds (81.2%), Mortgages (9.9%) and Other Invested Assets as its main investments. As noted earlier, bond interest income for 2025 was not up to usual standard. Other Invested Assets include Hedge Funds, Strategy and Situation Funds. The Society also owns a small amount of Preferred and Common Stocks.

The Society had \$29,900,846 of cash.

2025 Common Stocks value is \$1,377,628 (0.2% of assets).

The Society is a member of the Federal Home Loan Bank and has used funds available at very favorable low interest rates to help generate investment income. The funds acquired through the FHLB are managed by an asset management company. During 2025, FHLB advancements decreased to \$5,894,389.

There are no known items which would cause the financial results to be inaccurate.

Financial Position

Summary: Realized capital losses of \$2,009,660; plus, operating losses of \$6,019,374; less, unrealized gains of \$1,309,976; less \$1,113,553 of AVR decrease; decreased surplus by \$5,582,339 (change in non-admitted assets and accrual adjustments were \$33,166).

The Society's IMR now stands at a small negative \$25,920, and the AVR is at \$4,455,512. The common stock and real estate components of the AVR are at maximum. Overall, the AVR is at 77.5% of total maximum.

The Society's solvency ratio is 108.9%. When the IMR

and AVR are combined with surplus, the solvency ratio is 109.75% (slightly down from prior years).

The Society experienced total premium income that was 92.3% compared to the previous year. Annuity premium income was 91.9% compared to the previous year. Investment income decreased 1.4%.

Bonds are 81.2% (-1.1%) of the Society's assets, with an average maturity of 10.9 years. The Organization enjoys excellent bond quality with 97.6% of the bonds in the two highest NAIC rating classes. Preferred Stocks make up 0.8% of invested assets, and Common stock 0.2%, which serve to provide diversity and balance to the portfolio, as well as provide growth benefit potential in the market. Other assets consist of mortgages (9.9%); and all others (2.5%), including cash on hand of \$29,900,846. About 15.1% of the cash is in Government securities.

The most significant changes to liabilities were: policy reserves increased 6.2%; Deposit type accounts decreased 27.7% (lower FHLB loans), Funds held as Trustee increased .8%. The AVR decreased 20.0% partially due to the Realized Losses. The AVR is 77.5% of the 2025 maximum. Average lapse ratio is very favorable for the past 5 years. The Society enjoys loyal membership.

The Organization's total admitted assets are \$599,328,981, a 2.0% increase despite the lower premium and investment income production, but benefiting from lower annuity benefits. Five-year asset growth is \$68,391,913 or 12.9%.

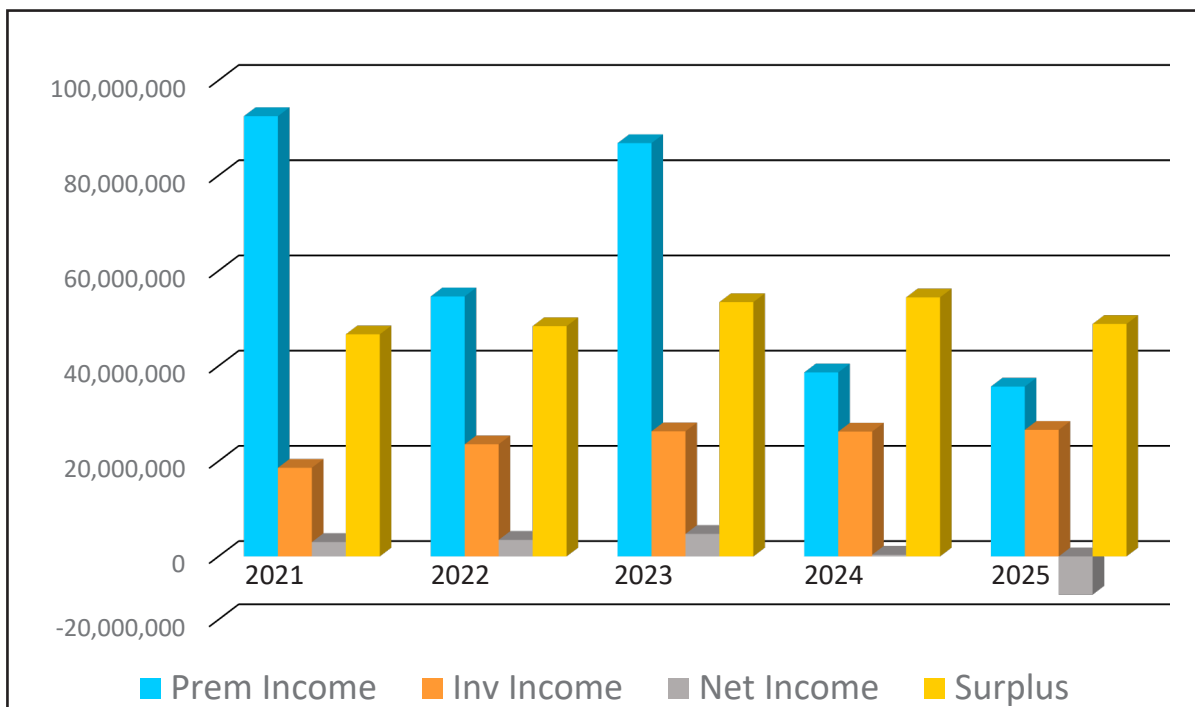
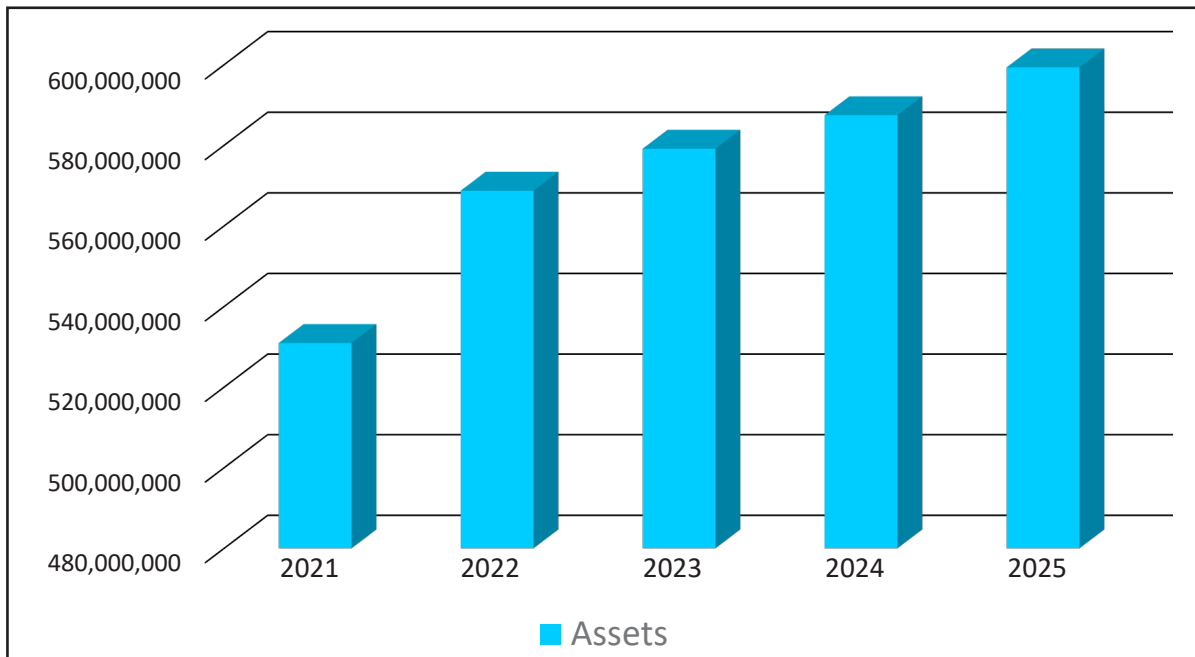
Operations

Life premium income decreased 2.5%, despite a 2.9% increase in Renewal Premium. Single life premium was higher by 2.6%. Annuity premium income decreased 8.1% and totaled \$34,365,042 versus \$37,374,411. Overall total premium income decreased 7.7%. Sales activity consists of contracted General Agencies, Independent Agents, and Member Agents. The Society had changes in the marketing area and continues its search for a Sales Director. Investment income was 1.4% higher, consistent with the overall asset growth but lower than prior years. Total income for the year was 4.1% lower.

Total member benefits were 10.8% lower primarily because of a 14.0% decrease in annuity benefits paid. There was a 4.8% decrease in surrenders paid; 1.4% decrease in Death benefits. Life reserve demand was 3.9% lower, and annuity reserve demand was \$7,870,091 (54.4%) higher, consistent with the lower annuity premium production and benefit activity, plus the lower CARVM allowance. Total Operation Expenses were 7.4% higher. Commissions were 10.9% lower, reflecting the decrease in annuity premium production. General Expenses were 12.1% higher. Management continues to monitor expenses, and expense levels in relation to income. Dividends to members were \$459,041 which is 4.3% higher than the prior year. The Society realized a loss from operations of \$6,019,374, after payment of dividends.

**Listed Below is a Five-Year Comparison of
Assets, Premium Income, Investment Income, Net Income and Surplus**

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Assets | 530,937,088 | 568,716,615 | 579,134,399 | 587,455,963 | 599,320,981 |
| Premium Income | 92,488,251 | 54,622,568 | 86,814,655 | 38,660,760 | 35,683,839 |
| Investment Income | 18,621,567 | 23,556,485 | 26,274,799 | 26,223,885 | 26,581,192 |
| Net Income | 3,022,244 | 3,473,008 | 4,729,876 | 357,391 | (8,029,034) |
| Surplus | 46,657,607 | 48,374,546 | 53,424,728 | 54,418,491 | 48,836,153 |



Net Loss was \$8,029,034. The AVR decreased by \$1,113,553, primarily due to realized capital losses.

There are no known items which would cause the financial results to be inaccurate.

Cash Flow and Liquidity

The items which provide liquidity are \$29,900,846 of cash, \$1,377,628 of common stock, \$63,644,849 of bonds maturing in less than one year; over \$35,000,000 of premium income; and over \$26,000,000 of investment income. Expected outgo for benefit payments, commissions, dividends and expenses are about \$45,557,000, if the same amount of withdrawals are incurred in 2026. The Society enjoyed \$17,477,208 of positive operation cash flow in 2025.

The Society experienced larger than normal operating losses, mainly due to annuity reserve increases and lower CARVM relief. Asset growth in 2025 was favorable. The net investment rate of return, although somewhat affected by the fluctuating interest rates available in 2025, will be at a higher level. The Society markets no other major interest

sensitive products other than annuities. There are no plans for any major expenses or outlays.

Risk Based Capital

The Risk Based Capital calculations indicate that total adjusted capital is \$53,491,664. The total for 50% of the calculated RBC was \$7,424,499. The RBC ratio was affected by the inclusion of new bond calculation factors introduced in 2021 into the RBC calculation.

The Society had three Insurance Regulatory Information System ratios outside NAIC designated ranges; Net and Gross change in Capital and Surplus and Net Income to Total Income. The items have been covered in this report.

Total security trading activity was \$203,156,108 (+\$76,986,482) in 2025 (higher than 2024 activity due to the 2025 economy).

Insurance in Force

The Society recorded a decrease of \$4,673,000 of insurance in-force. Insurance in-force has decreased 4.1% since 2021.

Financial Summary

In 2025 the insurance membership decreased by 865 members, attributed to death claims, cash withdrawals, and expelled policies, compared to a decrease of 1,232 members in 2024. The number of life insurance certificates issued decreased by 1,151 in 2025, compared to a loss of 1,090 in 2024.

At year-end, the society held 7,838 active annuity contracts with a total annuity account cash value of \$430.66 million, up from \$413.58 million in 2024. This represents a 4.1% year-over-year increase, continuing the upward trajectory illustrated in the annuity cash value growth trend.

Insight from the Growth Trend

Despite a modest slowdown in growth during 2022–2023, annuity cash values rebounded and accelerated through 2024 and 2025. This pattern highlights the resilience of the annuity portfolio and reflects both member retention and disciplined financial management. The consistent rise in cash value over the past five years underscores the long-term strength and stability of FCSU Financial's annuity products.

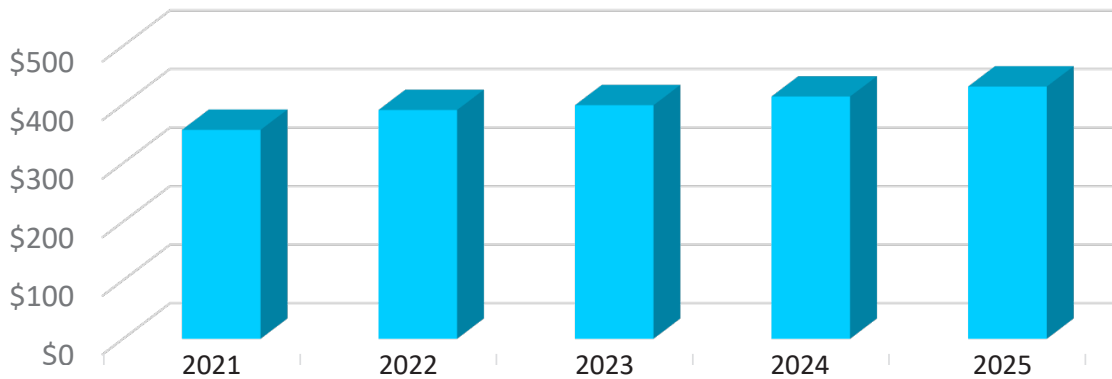
FCSU's insurance and annuity portfolio contains many products, which suit all insurance and annuity needs. The Membership and Marketing Team, along with our actuarial firm, Miller & Newberg Inc., and our Financial Consulting Firm, ENDePersis Fraternal Consulting, LLC, continues to explore avenues to improve and enhance our existing products and develop new products.

The Executive Secretary and the Home Office staff are developing new methods to expand our search for new independent insurance agents to sell our products. We have over 350 agents with signed contracts with our Society and they are making our products available to their clients. Our agents have access to our agent portal which allows them to view their client's accounts online. Our independent agents receive monthly emails on our annuity rates and insurance products. We are also developing a new method of paying commissions to the agents.

Insurance Rates, Rules & Recommender's

New insurance premium rates and application forms have been created to align with the updated mortality table used in developing our insurance products. The updated 2025 Commissioners Standard Ordinary (CSO) Table, adopted by the National Association of Insurance Commissioners (NAIC), has been in effect starting January 1, 2025. Additionally, in 2021, the NAIC required us to update all our annuity suitability applications to ensure compliance with the states in which we are licensed. This was a significant undertaking, as we maintain application variations for multiple states, including Florida, South Carolina and Texas. We are proud of the joint efforts of our staff with our Financial Consulting Firm to accomplish this task. All annuity applications and supporting documentation has been updated.

Historical Annuity Cash Value Growth (in millions)



| 2021 | 2022 | 2023 | 2024 | 2025 |
|--------|--------|--------|--------|--------|
| 356.69 | 390.57 | 398.77 | 413.58 | 430.66 |

Annuity cash values show steady growth averaging around 4% annually .

In addition, all Life Insurance applications have also been updated. Again, there are multiple state variations and a short and long form for each. Now that this project is complete, we can no longer accept applications on the old forms.

FCSU, like other fraternal benefit societies and insurers, is required by the states in which it operates to comply with the changes adopted by the NAIC. Since the 1940s, the insurance industry has been regulated by state laws to protect policyholders. These regulations are designed to ensure that insurance rates are not excessive, while also preventing rates from being set too low, which could lead to insurer insolvency and an inability to meet financial obligations to policyholders. Insurance regulations help

prevent unfair discrimination against policyholders based on factors unrelated to the risks being insured.

Our experienced Home Office staff is ready to assist with any questions regarding rates, application completion, or our insurance and annuity products. To enhance member service and improve efficiency, we offer an automatic premium payment service, allowing members to have their premiums automatically deducted from their bank accounts. Additionally, annuity holders can take advantage of automatic deposit for their annuity checks. For added convenience, they can pay or deposit only. For the convenience of our members, we accept Visa, MasterCard and Discover for premium payments, loan payments and newspaper subscriptions. We offer online premium payments, and annuity deposits through the members portal.

In accordance with state regulations, commissions will no longer be paid to non-licensed recommenders who sell insurance or annuity policies for FCSU Financial. Only licensed agents are eligible to receive commissions. Non-licensed recommenders will receive a \$25 referral fee for each insurance policy issued, provided that underwriting is complete and the first-year premium has been paid. This referral fee applies to the following policies: Whole Life or Single Premium Whole Life policies with a face amount of \$5,000 or more, and Term policies with a face amount of \$25,000* or more (excluding JEP policies).

A \$25 referral fee will be paid to non-licensed recommenders for each annuity policy once underwriting is complete and the policy has been issued. The referral fee applies to annuity policies with a deposit of \$2,000 or more.

In 2025, we continued to encourage our current recommenders to obtain their state insurance license. Typically, obtaining a full insurance license requires passing an exam and completing continuing education classes

APPLICATION FOR INDIVIDUAL LIFE INSURANCE

FIRST CATHOLIC SLOVAK UNION of the United States of America and Canada
 Herein called FCSU
 6611 Rockside Road, Suite 300, Independence, Ohio 44131
 800.233.6662 - fcsu@fcsu.com - www.fcsu.com

APPLICATION FOR INDIVIDUAL ANNUITY

FIRST CATHOLIC SLOVAK UNION of the United States of America and Canada
 Herein called FCSU
 6611 Rockside Road, Suite 300, Independence, Ohio 44131
 800.233.6662 - fcsu@fcsu.com - www.fcsu.com

We Are Licensed in 38 States:

| | | | | | | |
|-------------|----------|---------------|---------------|----------------|----------------|-----------|
| Alaska | Florida | Kansas | Minnesota | New Jersey | Rhode Island | Vermont |
| Arkansas | Georgia | Kentucky | Missouri | New York | South Carolina | Virginia |
| Arizona | Idaho | Maine | Nebraska | North Carolina | Tennessee | Wisconsin |
| Colorado | Illinois | Maryland | Nevada | Ohio | Texas | |
| Connecticut | Indiana | Massachusetts | New Hampshire | Oklahoma | Utah | |
| Delaware | Iowa | Michigan | | Pennsylvania | West Virginia | |

to maintain the license. A full license allows a person to solicit any amount of insurance or annuity products without restrictions. In some states, individuals may apply for a restricted fraternal license, which does not require an exam or continuing education classes, but it limits the types and amounts of insurance or annuity products that can be sold.

To support this initiative, we are offering an incentive plan for recommenders and any member interested in becoming a state-licensed insurance agent. The FCSU will cover 50% of the cost to obtain a life insurance/annuity license in their state, including the cost of required courses and the license fee (which varies by state). Additionally, based on productivity, the FCSU will cover 50% of the renewal cost. If you are interested in becoming a licensed agent in your state, please contact the Home Office for more information.

Branch Requirements

The Home office will continue to merge inactive branches with active branches. This is an ongoing procedure since many of our branch officers are unable to continue to service the members in their branches. Regional Directors are encouraged to contact the branches in their region. The information we obtain will be used to find out how we

can better serve our branches.

Per FCSU bylaws, branches are still required to meet the requirements set forth by our FCSU Convention to qualify for the branch stipend. We encourage our branch officers that if they are unable to perform their duties and cannot find anyone in their branches to take over their duties, to call the Home Office. We will try to merge them with an active branch. For those branches that do not wish to merge, the Home Office can offer you guidelines as to how you can meet the requirements and receive the stipend. The requirements for the financial obligations (bylaw section 4.05) has been mailed to all branch officers and published in the *Jednota* newspaper as a reminder of the expectations for each branch. The Board of Directors strongly recommended that branches hold in person or virtual meetings to help increase attendance. A virtual meeting will count as a meeting towards the branch stipend.

Prepared by:

Kenneth A. Arendt, President, CEO
Kevin Collins, Executive Secretary, COO

The Economic Success of Our Society Depends on Four Key Factors:

Effectively selling and promoting our insurance and annuity products to boost premium income

Managing our investment portfolio to increase investment returns

Controlling our operating expenses

Exploring new ways to attract new members

The addition of new members is essential to our continued growth.

