



# The Auditor's Report

## Cecil Maynard's Retirement

Cecil Maynard's retirement marks the end of an era at Nearman, Maynard, Vallez, CPAs. We will all come to appreciate Cecil even more when we try to fill the void he will leave. During his 33 years at the firm, Cecil has been a mentor to all of us. He has helped make this firm a leader in the credit union industry. Even more important are the friendships and partnerships he has developed over that time. Cecil has an unparalleled work ethic and always had time for his clients, no matter the question or issue. His intelligence, helpfulness, and humor were invaluable to our clients and associates. We will all miss him very much.

Thank you, Cecil, for all you have done and taught us. We send our very best wishes for a happy retirement.

## A Message From Cecil...

Before joining the firm in 1990, I was on my way to becoming an optometrist while attending an optometric school in Tennessee. However, I returned to Florida to pursue an accounting career because of several variables and a long-distance relationship. The transition from the medical field to the business world was a rude awakening, and at the start of my studies, I had never heard of terms such as "debits" and "widgets." Once I started taking the business and accounting courses, a smooth transition occurred in my new world of accounting.

I received a Bachelor of Accounting from Florida International University and a Master of Professional Accountancy from Barry University. Shortly after, I completed the requirements for the CPA (Certified Public Accountant) designation in Florida and several other states. I continued my studies and also earned the CFE (Certified Fraud Examiner) designation from the Association of Fraud Examiners, certification as a Forensic Certified Public Accountant (FCPA), and the designation of Certified in Financial Forensics (CFF). Forensic CPAs utilize their accounting and auditing skills and investigative skills to determine what events occurred in a financial setting.

When I interviewed with the firm Nearman and Lents in 1990, I was told that the firm exclusively provides services to the Credit Union Industry. After the interview and an offer to join the firm, I told the partner I would get back to them on his decision after I spoke to my wife. I told my wife that I was offered the job and only had one question for her: **"What was a credit union?"** Before the interview, I did not know what a credit union was because I had always used banks and savings institutions. My wife, who was formally a police officer, belonged to a local credit union in Miami and explained to me what a credit union was, how a credit union was owned by the members and the numerous advantages of belonging to a credit union. After accepting the offer from the firm, I never looked back, and I have been servicing the credit union industry my entire career.



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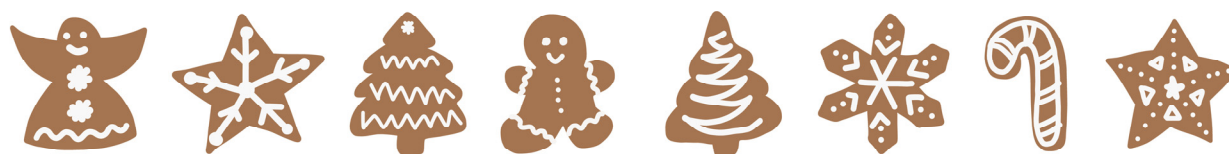
In 1996, the firm underwent a planned restructuring, resulting in several key positive changes. These changes included hiring and retaining good talent, increasing technology, and modifying our overall business plan to serve only the credit union industry, resulting in the firm today. The firm has been consistently rated as one of the nation's top three credit union auditors by Callahan and Associates over the years. The firm eventually changed its name to Nearman, Maynard, Vallez CPAs in 2006 when Steve Nearman, the firm's founder, retired, and Chris Vallez and I took over the helm.

Over the years, Jennifer Hoskins, Ellen Vargo, and Lynn Franzosa were promoted to firm partners. In addition, the firm has numerous associates who have been with the firm for over 20 years. The success of the firm was due to the hard work of our associates, and in addition, our growth in size was achieved without any mergers, or purchases of other CPA Firms, just hard work and an overall team effort! On January 1, 2024, Chris Vallez will be the new CEO/President of Nearman, Maynard, Vallez CPAs.

I will deeply miss working with our clients and our associates. However, my wife of 38 years, Kelli, and I plan to travel throughout the United States and Europe, continue to take fishing trips, and spend time with our new grandson.

I would like to express my heartfelt gratitude to all my incredible colleagues as I embark on this new chapter of my life. Throughout my years of service, you have consistently provided unwavering support, guidance, and camaraderie. Your professionalism and dedication have not only shaped me as a professional but have also enriched my personal growth. I am truly grateful for the opportunities to learn from each and every one of you. As I retire, I leave with a deep sense of satisfaction, knowing that I have had the privilege to work alongside such talented individuals. Thank you for your unwavering support and for making my journey in this company truly memorable. 🍷

*Cecil D. Maynard, CPA, MPA, CFE, FCPA, CFF, Partner  
Nearman, Maynard, Vallez, CPAs*



## Can You Guess Which Holiday Movie These Quotes Are From??

- A. "The best way to spread Christmas cheer is singing loud for all to hear."
- B. "Every time a bell rings an angel gets his wings."
- C. "You'll shoot your eye out, kid."
- D. "Son of a nutcracker!"
- E. "Will you please tell Santa that instead of presents this year, I just want my family back."
- F. "Remember, George: No man is a failure who has friends."
- G. "Just remember, the true spirit of Christmas lies in your heart."

*A. elf, B. It's A Wonderful Life, C. A Christmas Story, D. elf, E. Home Alone, F. It's A Wonderful Life, G. The Polar Express*

## Other Retiring Associates Of Note:

Not only are we losing Cecil to retirement, two other Associates are retiring as of the end of 2023.

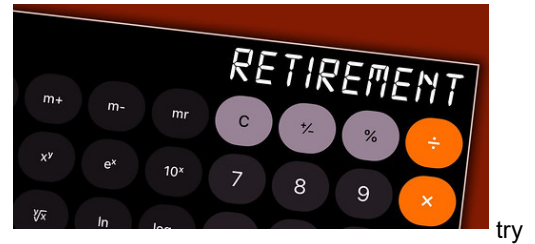
**Tammy Fletcher, Internal Audit Manager**—Tammy has been with Nearman, Maynard, Vallez for over 15 years. She has helped our clients with their compliance and consulting needs. Tammy has a background in both the banking and credit union communities, Tammy has a solid background in accounting and finance and human resources. Tammy was formerly the CFO for a \$550 million bank (a former credit union) in South Georgia. She has a wealth of knowledge of the industry and her expertise will be missed.

Tammy plans on spending more time with her husband, Bill, and their two dogs. And of course her pride and joy, her grandson.

**Sharon Hood, HR Coordinator**—Sharon Hood has been with Nearman, Maynard, Vallez for more than 18 years. Sharon started at the firm as an administrative associate and worked her way up to oversee the HR department. Sharon's attention to detail and professionalism made her a perfect fit for the department. Sharon also worked with our consulting department processing draft and final reports.

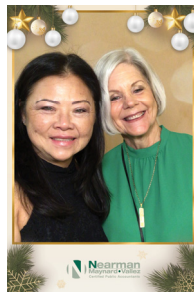
Sharon also plans on spending her time with her husband, Brian, their grandkids, and her extended family in Arizona.

Congratulations ladies, enjoy your well-deserved retirement! 🎉



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## Scenes From The Firm Holiday/Retirement Party





## ABOUT US

Since 1979, Nearman, Maynard, Vallez, CPAs has provided auditing and consulting services exclusively to credit unions throughout the United States. Our dedication to the credit union industry has given us the unique ability to provide exceptional service at a reasonable price. Our primary objective is to assist our clients in accomplishing their goals through our experience, service, and commitment. If your Supervisory/Audit Committee, Management, or Board of Directors is interested in obtaining information on the subjects in this issue or about our many services, call or email us today.

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## Credit Union Purchases of CDs From Other Financial Institutions: An In-Depth Analysis

One of the investment instruments credit unions commonly use is the purchasing of Certificates of Deposit (CDs) from various financial institutions. The classification of these certificates of deposit largely depends on their nature and terms.

### What are Certificates of Deposit?

Certificates of Deposit, or CDs, are financial products banks and credit unions offer to depositors. They are time-sensitive, fixed-income investments that offer a higher return than typical savings accounts. When depositors buy a CD, they agree to leave a particular sum of money in the account for a set period. In return, the financial institution pays interest on this deposit.

### Purchasing CDs: From Routine Savings to Other Investments

In the fiscal narrative of credit unions, CDs are categorically listed under 'other investments.' This classification changes when credit unions purchase CDs that are also negotiable instruments. But, what makes negotiable CDs different?

The simple answer is their distinct trait of being salable on the secondary market. This feature mandates these CDs to be classified distinctly as 'held to maturity' or 'available for sale' investments. The classification has a significant bearing on their handling and the subsequent implications for the credit union's balance sheet.

### Negotiable CDs: Insights from Held to Maturity or Available for Sale Classification

The fact that negotiable CDs can be sold in the secondary market sets them apart. The information on whether a CD is negotiable is usually provided in reports from third parties safekeeping these investments.

But how can one determine if a CD is negotiable? The key lies in the third party providing a market value for the CD. This is the easiest way to identify if the CD is negotiable. If a market value is given, it infers the potential of a resale in the secondary market. Also, a negotiable CD will have a Committee on Uniform Securities Identification Procedures (CUSIP) Number. A CUSIP number consists of a nine-character identifier using letters and numbers.

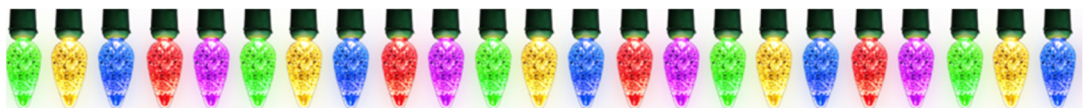
### Real Market Implications of Negotiable CDs

The application of negotiable CDs as a type of investment carries specific implications. On the one hand, selling the CD before its maturity offers flexibility for the credit union. On the other hand, this flexibility means the CD's value might fluctuate with changes in market interest rates.

It's crucial for credit unions to manage these implications carefully. They need to consider the potential effect of market value fluctuations on the overall performance of their investment portfolio.

Credit unions purchasing CDs from financial institutions represent a strategic investment option offering reward and risk. Credit unions can make more informed investment decisions by understanding the finer details such as the classification of CDs and their market implications. <sup>(1)</sup>

*Ian Kijanski, Senior Auditor  
Nearman, Maynard, Vallez, CPAs*



**Happy Holidays from all of us at Nearman, Maynard, Vallez, CPAs. Thank you to all of our clients for your trust in our firm. We hope your holidays will be filled with joy and laughter through the New Year.**

**Please take note our offices will be closed December 24th through January 1st for the holidays.**

