



**ANNUAL**  
**REPORT**  
**20**

## REPORT OF THE **CHAIRMAN**



2021 was a pivotal year as InTouch Credit Union (ITCU) achieved several key strategic initiatives focused on technology innovations, increasing financial strength to continue benefitting members and providing competitive products and services. In recognition of ITCU's dedication to serving our members, ITCU was selected as the first and second place winner of "Best Credit Union" in its Texas, Nevada and Michigan markets. This honor represents ITCU's unwavering commitment to its charter and primary reason for existence, which is to support the financial needs of our members by providing knowledgeable service combined with secure, efficient and convenient products and service channels.

As a result of the ongoing pandemic's impact on many aspects of business operations, ITCU continued to utilize its Business Continuity Plan to ensure member and staff safety while sustaining member service and access throughout 2021. ITCU promptly implemented disaster recovery and readiness plans, including "by appointment" operations at various branches and deployment of technology solutions to support remote work environments. In situations when staffing was limited due to the impacts of the highly contagious variants, branch lobby operations were temporarily closed at some locations. In each case, members were able to engage directly with ITCU via the Interactive Teller Machines (ITMs) or the dual-region call centers.

As 2021 came to an end, ITCU exceeded \$1 billion in assets, a milestone achievement. We thank our members for choosing ITCU and giving us the privilege to serve you. The Board of Directors, leadership team, and staff thank you for your support.

We will continue to strive to meet and exceed the service experience we provide as we remain dedicated to your financial needs. Thank you for your continued business, encouragement and loyalty.

Sincerely,

Nancy Pressel  
Chairman, Board of Directors



In 2021, as the global pandemic continued to impact lives, livelihoods, families and businesses, InTouch Credit Union remained diligent in its commitment to ensure safe and sound operations for members and employees.

The Audit Committee continued its focus on the Credit Union's adherence to regulatory requirements, operational accuracy, and industry standards by utilizing internal and external sources. Internal auditors, including Cornerstone Resources and TraceSecurity, completed several audits and tests on critical operational areas and functions. The Risk Management department performed internal controls reviews and risk assessments as additional measures to assess operational safety, soundness and regulatory compliance.

In addition, with the rise of cybersecurity threats across all industries, the Credit Union continued to strengthen its focus on cybersecurity testing and training. Frequent testing was conducted by the Risk Management department in partnership with the Cybersecurity department to reinforce the testing performed by internal auditors. The testing and training occurred throughout 2021 to ensure employees were adhering to cybersecurity and information security procedures and policies. In conjunction with internal cybersecurity training and testing, ongoing social engineering, penetration testing, and technology protocol audits were conducted by TraceSecurity to validate the Credit Union adheres to appropriate technology standards designed to protect member data.

Nearman, Maynard & Vallez, a certified public accounting firm, conducted the required comprehensive annual audit and discussed the results with the Audit Committee and senior staff. After the discussion, the Audit Committee noted no material internal control weaknesses related to the financial reporting process. In addition, the Audit Committee believes the Credit Union's financial statements are reported accurately and fairly.

A complimentary copy of the audited financial statements may be obtained at any branch, by contacting Member Care at (800) 337-3328 or by submitting an email request to [reports@itcu.org](mailto:reports@itcu.org).

The internal audits, internal controls reviews and risk assessments conducted in 2021 confirmed the Credit Union functions in an operationally secure manner.

Respectfully,

Theresa M. Tschirky  
Chairman, Audit Committee

## REPORT OF THE AUDIT COMMITTEE





## REPORT OF THE **PRESIDENT**



This past year produced more challenges than most years at InTouch Credit Union (ITCU). Due to the economic fallout from the pandemic, members and financial institution regulators asked for credit union assistance to help families “make ends meet” while remaining fiscally prudent and financially strong.

I am pleased to report that ITCU was able to exceed those requests with record performances in 2021.

With a focus on service, ITCU managed to help a vast number of members keep their loan obligations current through adjustments to some payment and maturity dates, and in certain cases interest rates based on individual financial hardships. In addition to those financial adjustments, ITCU waived numerous late fees and service charges, permanently eliminated all non-sufficient funds (NSF) fees, made processing adjustments to recognize electronic direct deposits up to two days earlier than their contractual deposit dates, expanded our free checking account offers, and provided enhancements to our free “picture of a check” mobile deposit capture services. All these gestures combined returned over \$1 million dollars back to the membership.

It was equally critical that ITCU remain financially strong. Although credit unions are considered not-for-profit entities, we are required as federally insured financial institutions to produce enough annual earnings to pay the premium charged by the government for deposit insurance plus cover salaries, benefits, operating expenses and taxes, and finally, make reserves contributions. Reserves represent the “rainy day fund” that a credit union uses to ensure its financial health when economic times become difficult, and reserves fund adequacy is measured in proportion to asset size. The larger ITCU becomes, the more annual earnings are needed to remain strong. To achieve this feat, management looked internally to improve operating efficiency wherever possible while making key investments to expand physical and electronic delivery channels. The result of our actions added over \$9 million to financial reserves, which were in perfect proportion to ITCU’s growth and current asset size.

On behalf of all ITCU employees, thank you for your loyalty, trust and membership. I am honored to serve as your president and CEO and look forward to new opportunities to exceed your expectations and deliver outstanding value.

Sincerely,

Kent L. Lugrand  
President & Chief Executive Officer



## STATEMENT OF INCOME

### January through December

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| INTEREST INCOME  |                     |                     |
| Interest on Loans to Members                             | \$31,459,327        | \$30,453,016        |
| Interest on Investments                                  | <u>\$1,799,991</u>  | <u>\$1,790,147</u>  |
| <b>Total Interest Income</b>                             | <b>\$33,239,318</b> | <b>\$32,243,163</b> |
| INTEREST EXPENSE   |                     |                     |
| Dividends on Members' Shares                             | \$2,006,659         | \$3,232,360         |
| Interest on Borrowed Funds                               | <u>\$706,228</u>    | <u>\$1,036,226</u>  |
| <b>Total Interest Expense</b>                            | <b>\$2,712,887</b>  | <b>\$4,268,586</b>  |
| <b>Net Interest Income</b>                               | <b>\$30,526,431</b> | <b>\$27,974,578</b> |
| Provision for Loan Loss                                  | <u>\$1,703,093</u>  | <u>\$5,830,284</u>  |
| <b>Net Interest Income After Provision for Loan Loss</b> | <b>\$28,823,338</b> | <b>\$22,144,294</b> |
| NON-INTEREST INCOME                                      |                     |                     |
| Service Charges, Fees, and Other Operating Income        | \$6,634,143         | \$6,612,481         |
| Gains (Losses) from Asset Market Value Changes           | \$5,742,558         | \$3,657,212         |
| Net Gains (Losses) from Sales/Disposals of Assets        | <u>\$424,461</u>    | <u>\$450,069</u>    |
| <b>Total Non-Interest Income</b>                         | <b>\$12,801,162</b> | <b>\$10,719,762</b> |
| NON-INTEREST EXPENSE                                     |                     |                     |
| Compensation and Benefits Operations                     | \$15,998,819        | \$11,541,578        |
|  | <u>\$16,265,283</u> | <u>\$16,319,003</u> |
| <b>Total Non-Interest Expense</b>                        | <b>\$32,264,102</b> | <b>\$27,860,581</b> |
| <b>Net Income</b>  | <b>\$9,360,398</b>  | <b>\$5,003,475</b>  |

## STATEMENT OF FINANCIAL CONDITION

### As of December 31

|  | <u>2021</u>            | <u>2020</u>          |
|--|------------------------|----------------------|
| ASSETS   |                        |                      |
| Cash and Cash Equivalents                          | \$92,408,380           | \$150,536,465        |
| Investments  | \$91,503,825           | \$66,627,692         |
| Loans to Members, Net                              | \$779,875,145          | \$672,330,037        |
| Accrued Interest Receivable                        | \$2,213,237            | \$1,961,006          |
| Property and Equipment                             | \$23,371,394           | \$14,659,994         |
| National Credit Union Share Insurance Fund Deposit | \$7,486,610            | \$6,978,190          |
| Other Assets                                       | <u>\$11,545,469</u>    | <u>\$7,852,376</u>   |
| <b>Total Assets</b>                                | <b>\$1,008,404,060</b> | <b>\$920,945,760</b> |
| LIABILITY AND MEMBERS' EQUITY                      |                        |                      |
| Liabilities  |                        |                      |
| Member Shares                                      | \$846,727,185          | \$776,020,199        |
| Accrued Expenses and Other Liabilities             | <u>\$71,094,895</u>    | <u>\$63,172,408</u>  |
| <b>Total Liabilities</b>                           | <b>\$917,822,080</b>   | <b>\$839,192,607</b> |
| Members' Equity                                    |                        |                      |
| Unrealized Gain (Loss) on Investments              | \$(190,518)            | \$341,053            |
| Reserves   | <u>\$90,772,498</u>    | <u>\$81,412,100</u>  |
| <b>Total Liability and Members' Equity</b>         | <b>\$1,008,404,060</b> | <b>\$920,945,760</b> |



## PRODUCTS AND SERVICES

InTouch Credit Union is proud to work for the financial well-being of our members, and we do so through an encompassing range of products and services.

### Products include:

- ✓ Auto Loans (new and used)
- ✓ Auto Leasing (where available)
- ✓ Motorcycle, Boat and RV Loans (new and used)
- ✓ Checking and Savings Accounts
  - Personal
    - Momentum One Checking
    - Momentum Plus Checking
    - Prime Checking
    - High-Yield Checking
    - Value Checking
    - Regular Savings
    - Save to Win® Savings Accounts (Not Available in All States)
    - Money Fund Accounts
    - Health Savings
    - IRAs
    - Holiday Club Savings
  - Business
    - Regular Checking
    - Nonprofit Checking
    - Regular Business Savings
    - Business Money Fund Savings
- ✓ Youth & Young Adult Checking and Savings Accounts
  - Chip's Kids Club (Ages 0-12)
  - Geared Up! (Ages 13-17)
  - On My Own (Ages 18-24)
- ✓ Certificates of Deposit (CDs)
  - 3-60 Month Terms
  - Business CDs
  - IRA CDs
  - High-Yield Checking CDs
- ✓ ITCU Mastercard® Platinum and Platinum Rewards Credit Cards
- ✓ Mortgages and Real Estate Services
- ✓ Home Equity Loans and Home Equity Lines of Credit (HELOCs)
- ✓ Personal Loans
- ✓ Seasonal Loan Specials
  - Holiday Loan (Available October–December)
  - Skip-A-Pay (Available Twice Yearly to Members via Mail)
- ✓ Business Loans
- ✓ Business Credit Cards

### Services include:

- ✓ Zelle®
- ✓ Financial Education Resources
- ✓ InTouch Teller® Interactive Teller Machines
- ✓ Payment Protection Advantage®/Debt Protection
- ✓ ACH and Wire Transfers
- ✓ Apple Pay®, Samsung Pay™ and Google Pay™ Digital Payments
- ✓ MobiMoney™ Card Management for Debit and Credit Card
- ✓ Electronic (Paperless) Services
  - eNotices, eStatements, eNewsletters
- ✓ Online and Mobile Banking
  - Bill Pay
  - Money Management Personal Financial Management
  - Credit Sense<sup>SM</sup> Credit Score and offers
  - Instant Balance (Mobile-Only)
  - Touch ID® (Mobile-Only)
  - Mobile Deposit Capture (Mobile-Only)
  - Text Message (SMS) Banking (Mobile-Only)
- ✓ The InTouch Credit Union Car Buying Service powered by TrueCar®
- ✓ Business Merchant Services
- ✓ Investment Services
- ✓ Safe Deposit Boxes (Where Available)
- ✓ Shared Branch Network Services
  - Access to 5,000+ Branch Locations
  - Access to 30,000+ Surcharge-Free ATMs
- ✓ Other Products and Services Partnerships for Discounts to Members
  - Accidental Death & Dismemberment Coverage
  - Travelers Auto/Home/Renters Insurance Program
  - TruStage® Auto/Home/Life Insurance Program
  - CU Solutions Member Discounts
  - IHC Specialty Benefits- Health & Pet Insurance

*(Visit ITCU.org for complete registration requirements, any applicable message and data rates, applicable fees and relevant disclosures.)*



InTouch Credit Union is proud to provide a wide range of deposit and loan products to its **91,793** members.

## BYLAW CHANGES

- None

## DIRECTORS AND MANAGEMENT

### BOARD OF DIRECTORS

|                             |                                     |
|-----------------------------|-------------------------------------|
| <b>Nancy Pressel</b>        | Chairperson, term ends in 2022      |
| <b>John Roberts</b>         | Vice-Chairperson, term ends in 2024 |
| <b>Jodie Robinson</b>       | Secretary, term ends in 2023        |
| <b>Dan Crouse</b>           | Treasurer, term ends in 2024        |
| <b>Theresa Tschirky</b>     | Director, term ends in 2023         |
| <b>Lisa Papageorge</b>      | Director, term ends in 2023         |
| <b>Terri Bryant-Harrell</b> | Director, term ends in 2022         |
| <b>John Shinneman</b>       | Director, term ends in 2022         |
| <b>Jon Hardesty</b>         | Director, term ends in 2024         |

### ADVISORY DIRECTORS

**Charleen Barnwell**  
**Michelle Mills**  
**Leanne Ferdig**  
**Ryan Bowen**  
**Michael Gallo**  
**Donnie Shepherd**

### SENIOR MANAGEMENT

|                         |  |
|-------------------------|--|
| <b>Kent Lugrand</b>     | President/Chief Executive Officer                              |
| <b>Robert McDonald</b>  | Sr. Vice President/Chief Financial Officer                     |
| <b>Sammie Cantrell</b>  | Sr. Vice President/Chief Administrative Officer                |
| <b>Tom Condos</b>       | Sr. Vice President/Chief Information Officer                   |
| <b>Kristen Schmieg</b>  | Sr. Vice President/Delivery Channel Operations                 |
| <b>Bridger Robinson</b> | Sr. Vice President/Lending & Branch Operations                 |
| <b>Tim McCoy</b>        | Sr. Vice President Marketing & eCommerce (effective 1/11/2021) |

### SENIOR MANAGEMENT DEPARTURES

**J. Diane Gerstner** Executive Vice President/  
Executive Operating Officer