

TREASURER'S REPORT

By Stephen D. Jones, Secretary/Treasurer, ICC Board of Directors

As Secretary/Treasurer of the International Code Council Board of Directors, it is my privilege to report to the Membership on the financial condition of the organization.

We continue to be challenged by economic conditions; the slowly recovering housing and commercial real estate markets have fostered some positive signs for the future of the construction industry. Constrained state and local government budgets have created challenges for the ICC and its Members. The slowly recovering economy and an improved outlook for the future bode well for tax collections and a recovery in the government sector. ICC and its Members have risen to many challenges to adapt and do more with less. We are confident, that together, we will continue to meet the challenges and succeed in our Mission.

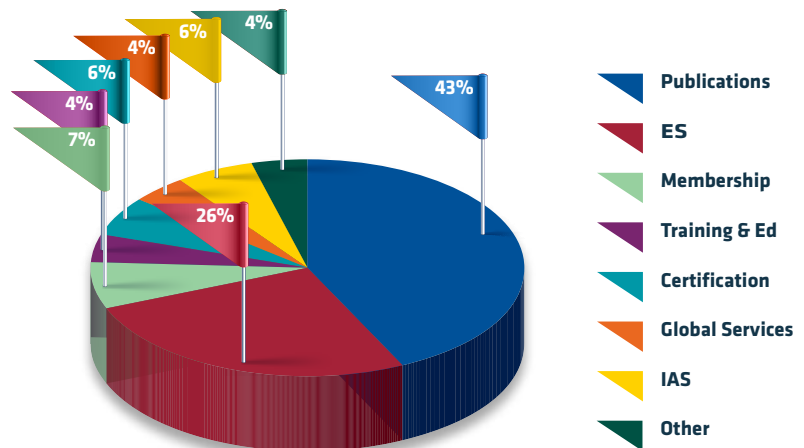
The ICC Board remains focused on our Mission to provide the highest quality codes, standards, products and services for all concerned with the safety and performance of the built environment.

During 2012, the Year of the Member, the ICC Board has been a strong proponent of enhancing and improving the benefits we provide to our Members. We have restored the full-day Chapter Education benefit, expanded the Code of Honor Scholarship program, improved our Member services with our new call center and increased support of our Chapter outreach efforts. These new and expanded initiatives build upon the existing Member benefits such as code opinions, the ICC Annual Conference, and Membership Department support programs. We continue to invest in technology to foster greater access and participation in the code development process. We are changing our publications business so it can adapt to the market trends in digital publishing. The new Codes and Standards Forum, ICC online store, and updated website will make it easier for our Members to communicate and transact with ICC.

In 2011, ICC total revenues were \$59.4 million, an increase of \$1.8 million compared to 2010. The 2011 expenses were \$58.4 million, an increase of \$0.1 million compared to 2010. In 2012, code adoptions have been at the low point of the three-year cycle. In addition, the economy continues to have a negative impact on our operating results. We expect revenue from the sale of goods and services to be below our 2012 budget target. In response, we have taken immediate actions to reduce our 2012 expenses by more than \$3 million. We anticipate an operating loss in 2012 which will be funded from our cash reserves. The total cash and investments of ICC were \$13.1 million on October 1, 2012.

We continue to manage working capital, accounts receivable and inventory to help maintain our cash reserves. We were able to decrease our year-end accounts receivable balance due from customers by \$1.2 million in 2011 compared to 2010. Inventory, net of reserves, has decreased \$0.8 million from 2010 as extensive efforts to control our investment in inventory have taken hold. Working capital management is of critical importance in maintaining our cash flow. As a percentage, inventory and accounts receivable are less than 18% of total revenue for the seventh consecutive year. A graphical breakout of 2011 revenue by category as a percent of total revenue is displayed below. ICC's consolidated 2011 audited financial statements are also included as part of this 2012 annual report.

% OF TOTAL 2011 ICC REVENUE



Stephen D. Jones, C.B.O.

Secretary Treasurer
International Code Council

A strong financial base allows us to provide services that help Members achieve their career goals and support their efforts to build safer communities.