

■ Treasurer's Report

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

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

We have begun to see signs of a sustained recovery in the housing and commercial real estate markets. We remain optimistic that the U.S. economy will continue to improve. We are confident that working together we will continue to meet the challenges and continue to succeed in our Mission.

In 2013, ICC consolidated revenues were \$57.7 million, an increase of \$6.9 million compared to 2012. The 2013 expenses were \$53.2 million, a decrease of \$3.8 million compared to 2012. The three-year code adoption cycle improved substantially during 2013 from its low point in 2012. The cyclical improvement has continued into 2014 with the launch of the 2015 I-Codes and multiple state adoptions. ICC Evaluation Service and the International Accreditation Service revenues are also ahead of the prior year. We expect revenue from the sale of goods and services to exceed our 2014 budget target and anticipate we will exceed our operating net margin target for 2014.

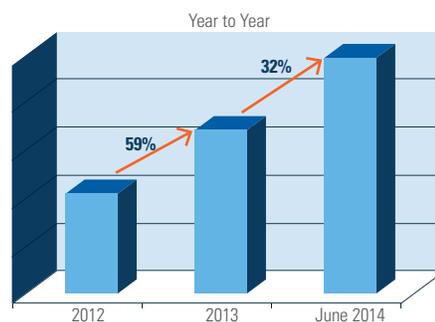
Our recent financial performance allowed us to replenish ICC's cash reserves that were drawn down during the economic downturn and slow recovery. Improved finances allow ICC to maintain a robust package of Member benefits, including a full-day Chapter Education benefit, free code opinions, special pricing on ICC products, Code of Honor Scholarships, Chapter outreach efforts, the ICC Annual Conference and other Membership Department support programs.

We are also investing in technology which is key to ICC's future. In 2013-14 we successfully launched the cdpACCESS™ system that provides greater access to and participation in the code development process. The cdpACCESS system received 525 code changes for Group C codes. Since the publishing industry continues to evolve toward digital publications, ICC has invested in this technology to provide enhanced publication options for our Members. More Members and other customers are choosing to transact online with ICC. We have begun a redesign of the website and plan to launch in 2015. The new website design will make it easier for Members and all customers to do business with ICC.

We continue to manage working capital, accounts receivable and inventory, to help maintain cash reserves. Accounts receivable increased in 2013 due to the increase in sales for the year. We continue to reduce inventory while maintaining the ability to service our orders. Steady reductions in inventory have allowed ICC to reduce the square footage in its warehouse by 70%. Working capital management is of critical importance to maintaining cash flow. As a percentage, inventory and accounts receivable were less than 8% of total revenue in 2013 and below 18% of revenue for a ninth consecutive year.

Charts demonstrating ICC's recent growth in net assets and cash reserves are below. The 2013 audited financial statements are also included as part of this 2014 annual report.

International Code Council & Subsidiaries Cash and Investment Growth



International Code Council & Subsidiaries Net Asset Growth



■ Alex "Cash" Olszowy III
Secretary/Treasurer