Voice
Become a pre-eminent voice in the market by redefining the role of retail real estate in the public mindset.
- Public Relations
- Marketing
- Public Policy
- Research

Service
Serve as a strategic partner to by embracing a service culture.
- Membership
- Programs & Services
- Volunteer Engagement
- Innovation

Performance
Become best in class by responsibly investing in people, systems and processes.
- Modernize technology and processes
- Attract and retain top talent
- Measure results
Dear Valued Members,

This year has been one of continued industry change as well as progress for both our members and ICSC. Our As One strategy guided us as we focused on our three strategic priorities of Voice, Service and Performance and we have much to celebrate. We saw significant success in our public relations and public policy initiatives; launched new program initiatives to better serve our members; recruited new leaders and initiated a technology transformation.

Notably, after a decade-long fight, ICSC’s lobbying efforts paid off and the U.S. Supreme Court ruled in favor of free market principles, overturning the outdated standard set in the 1992 Quill decision that prevented states from collecting sales tax for online purchases. We also continued our work related to the Tax Cuts and Jobs Act, the American’s with Disabilities Act, and we entered the conversation on infrastructure by forming a member task force to share perspective with public policy officials.

We actively combatted negative headlines and helped shift the media narrative to one of a Retail Renaissance, due in part to the release of various consumer surveys and the successful launch of the signature thought leadership report: The Halo Effect: How Bricks Impact Clicks. As part of a commitment to member service, we brought the Innovation Exchange to RECon 2018 and reinvigorated New York Deal Making with Retail in Focus – an area dedicated to emerging brands showcasing their products and services while taking part in fireside chats, panels and podcasts. We also added key talent to our programs and events team and began implementing new technology and processes to help us better support the needs of our members.

ICSC is known for providing professionals in the retail and real estate industries the opportunity to connect, share best practices and grow their businesses, mostly through our 150 programs and events that take place over the year. We are fortunate to have a passionate and committed membership base, many of whom volunteer, and we appreciate your involvement in everything from program planning to advocacy and beyond. You also help us to see how the market is changing and that in order for ICSC to remain relevant, we must change with it. With this in mind, we launched ICSC 2.0. ICSC 2.0 is about enhancing the membership experience - investing in current and future members, and improving the quality and relevance of our service offerings. To do this, over the next several years we will focus on core areas such as programs and events, membership growth and diversification and industry talent initiatives. I’m confident that through these efforts, ICSC will continue to ensure the retail real estate industry is broadly recognized for the integral role it plays in the social, civic and economic vibrancy of communities across the globe.

This is a dynamic time in our industry and an important time for ICSC. The support of our Chairman, Valerie Richardson, as well as the Executive Board, our Board of Trustees and our dedicated volunteers has been invaluable and deeply appreciated by me. I am privileged to be the CEO of ICSC and excited to lead our organization into the future with you, As One.

Sincerely,

Tom McGee
President & CEO
Fellow Members,

It has been a great privilege to represent the ICSC Membership as our 59th Chairman during this past 12 months. As a retailer and a long-term ICSC member, this role has broadened my perspective on the challenges and opportunities available in the retail real estate industry.

First and foremost, the dedication and efforts of our members, volunteers and ICSC staff on behalf of our industry, is evident across the globe. We are fortunate to have industry leaders, committee members and presenters dedicate their time and offer their knowledge to make our programs and events relevant, educational and meaningful. ICSC’s networking and deal-making events are unparalleled in the professional trade association world, giving our members the opportunity to build relationships, careers and successful ventures.

The transformation of the retail industry, influenced by technology and customer behavior changes, is challenging our members – retailers and property owners alike – to find new ways to give consumers more from the shopping experience. Whether the future of retail will include holographic product displays, walk-through checkouts or 3D product printing stations is yet to be seen. But clearly the new retail environment includes the convergence of digital and physical offerings engaging the consumer, and enabling them to shop wherever and whenever they want.

As our industry designs the retail environment of the future, there is clear evidence of the retail renaissance taking place. Various alternative-use providers, such as food-and-beverage, and wellness and education, are emerging as valued additions to re-imagined consumer engagement offerings. In the past year, we have seen more examples of pure-play ecommerce retailers recognizing the next step in brand building and profitability through a bricks-and-mortar presence.

ICSC supports these emerging brands through our Retail in Focus program that debuted at New York Deal Making in December. At this year’s RECon, the program will feature digitally native brands, innovative retail concepts and experiential brands. In addition, ICSC is at the forefront of showcasing consumer-oriented tenants in health & wellness, and fitness and medical providers – all uses that serve communities and customers.

Going forward, the retail industry will be measured by our customers through ‘experiences per square foot’... innovative, personalized, compelling products, services and environments created by retail brands and shopping centers. Through ICSC, our members can leverage those experiences, resources, contacts and insights to lead our industry forward.

I greatly appreciate the support and leadership of Tom McGee, ICSC’s President and CEO, the ICSC Staff, the Executive Board and our Board of Trustees over this past year. Their collective commitment to our Association provides our membership with significant industry knowledge and thoughtful strategic direction. Our incoming Chairman, Dan Hurwitz, and Vice Chairman, John Morrison, will provide strong leadership continuity; I am grateful for their dedication and partnership. Thank you all for the opportunity to represent our industry and our membership.

We may not know for certain what the future of retail looks like, but we do certainly know that retail has a bright future.

All the best,

Valerie Richardson
ICSC Chairman, 2018 – 2019
Vice President – Real Estate
The Container Store
Halo Effect

In October, in keeping with our Voice strategic priority and to better serve our members, ICSC launched its first-ever signature thought leadership piece – *The Halo Effect: How Bricks Impact Clicks*. The “halo effect” – commonly defined as the tendency for an impression created in one area to influence another – is radically transforming how retailers do business and innovate. The research, the largest of its kind, explores and quantifies how physical locations impact a brand’s digital presence, why that relationship matters and why physical stores are essential to any successful retail strategy.

Retailers with physical stores experience higher web traffic, attract new customers and increase brand awareness in the market. The research revealed that opening a new physical store leads to a 37 percent average gain in overall traffic to a retailer’s website and increases its share of web traffic within that market by an average of 27 percent. The opposite is also true as web traffic tends to fall when stores close.

Physical stores have a material effect on the success of a brand not just through sales but also in driving market performance and boosting customer perception. Customers in markets where emerging retailers have stores tend to consider these brands 69 percent of the time, versus 51 percent in general.

We have long suspected that there is a direct and positive correlation between having both a physical and a digital presence, and we were excited the Halo Effect study confirmed this.

As part of the thought leadership launch, the team created a comprehensive public relations and marketing strategy to effectively share the findings with the key stakeholders including the media and analyst community, as well as ICSC members and the greater public. The result was wide-ranging media coverage and positive feedback from industry experts.

The full report can be found on www.icsc.org.
Opening a New Physical Store

in a market leads to an average increase in overall web traffic.

37%

Store Closings

Closing stores causes a drop in the share of web traffic.

- Apparel: -9.5%
- Department: -7.9%
- Home: -16.4%

On average, the share of web traffic increases 27% within a specific market when a new store opens.

Global Halo Effect

Building on the work produced in the Halo Effect report, ICSC conducted surveys in nine countries to gauge the impact of bricks on clicks globally. As we did in the United States, consumers in Europe and Canada were asked about their online shopping habits when a retailer opens a physical store in their market.

Globally, the majority of shoppers stated that when deciding to make an online purchase it is important for the retailer to have a physical store nearby. This further confirms that stores continue to play a vital role in consumers’ shopping journeys and are an integral part of the retailer’s ecosystem, regardless of where the final transaction takes place.
Media

Over the past few years, ICSC has been actively combatting the negative headlines around the demise of retail and retail real estate. We are seeing a shift away from the notion of a retail apocalypse toward that of a Retail Renaissance – a term coined by Tom McGee and picked up by the media. Our strategy has yielded tremendous success and media across the country now, as a standard practice, rely on ICSC for perspective. Examples of this include, The Wall Street Journal seeking comment on Amazon’s decision to open a new line of grocery stores and Bloomberg Businessweek highlighting ICSC’s generated Gen Z data both online and in print.

We frequently speak at both the national and regional levels and have become a go-to source for outlets such as Fox Business, NBC News, the Associated Press, CNBC and The Hill. Additionally, our local efforts over the past year resulted in 25 articles with coverage in outlets such as the Detroit Free Press, the Denver Post, Chicago Tribune and the Philadelphia Enquirer.

The release of the Halo Effect report generated significant media buzz for ICSC. As the biggest generator of media coverage for a single release ever, the report garnered 370 million impressions and 209 mentions with national and local outlets. Additionally, ICSC hosted two webinars to discuss the findings and what they mean for the future of retail real estate. Over 1,500 people registered for the sessions – the most registrants for any ICSC webinar. The report is also being presented at PRISM 2019 and Retail TouchPoints Live @RetailX in May and June, respectively.

In addition to the coverage received from the launch of the Halo Report and various consumer surveys, ICSC was once again prominent in the media throughout the holiday season. With over four dozen media opportunities and 510 million impressions, we appeared in both broadcast and print articles to include outlets such as Bloomberg, Good Morning America, USA Today, Axios, the Tampa Bay Times and NJTV.

Tom McGee, president and CEO, continued as a Forbes contributor. This past year he wrote about topics such as the habits of Gen Z and Baby Boomers, digitally native brands opening physical stores, mixed-use in top markets and the Halo Effect. Additionally, Tom wrote a number of bylines that appeared in publications such as Women’s Wear Daily, Chain Store Age and RetailDive.

Finally, with the goal of maintaining stakeholder relationships to continue to influence the industry narrative, ICSC hosted its annual Salon Dinner in New York City in November. Attendees included industry experts, analysts, reporters, researchers and academics. The evening’s discussion centered around the changing tenant composition, the Halo Effect study and shopping habits of Gen Z, and how they will shape the future of retail. The event helped make industry connections, as well as build and maintain important relationships.
We’re in the midst of a retail renaissance. I think retail is transitioning from what it was in the past to what it’s becoming - a consumer channel. There’s really only one channel and that’s what the consumer wants.

– Tom McGee on Bloomberg Radio

Customers want to be able to shop when it is most convenient for them, which could be in-store, online or a combination of the two.

– ICSC in the Wall Street Journal
ICSC Partnered Thought Leadership

Over the past two years, ICSC has more deeply explored consumer behavior and how habits are changing as demographics continue to shift. Through a series of 35 consumer surveys this year, we have started to document the trends and potential impact on retail and retail real estate. As part of this effort, ICSC partnered with the Retail Industry Leaders Association (RILA) to produce “Shopping Styles in the (R)Tech Age: Serving the (R)Tech Shopper.”

The report identifies ten primary shopping styles of Gen Z and Millennial consumers and lays out how retail and retail real estate are accommodating/can accommodate shifting generational habits. It sets forth a comprehensive look at the need for change in the age of technology, but also emphasizes the continued desire for brick-and-mortar retail.

The report was widely shared with media, members of both ICSC and RILA and discussed in another well-attended webinar co-hosted by both organizations.

The Basics
1. **Necessities** – I know what I need and am either loyal to a brand or go with whichever is most convenient.
2. **Grab & Go** – I want it now.

Research & Consult
3. **Compare & Consult**
4. **Fix it** – I want a specific service to improve myself or something I already own.
5. **Deeper Meaning** – I want to support a cause and feel good about myself.

Experiential
6. **Learn & Do** – I want to have fun and leave with something—a skill or an item I made.
7. **Socialize** – I want to be with people; the point is having an experience together.
8. **Gram Worthy** – I want novelty and social media bragging rights; it’s worth posting in Instagram.

Swap & Simplify
9. **Recycle & Upgrade** – I want a new one, but my old one is worth something.
10. **Rent** – I want to use it or try it out without being responsible for it.
ICSC’s Global Public Policy team was in the trenches this year tackling legislation at both the state and federal level to ensure that legislation that could negatively impact the industry does not get signed into law. Some of the issues the team advocated on include e-fairness, infrastructure and legislative corrections related to the tax reform bill from 2017. Additionally, with the addition of a new head of European Public Affairs in Brussels, ICSC continues to actively advocated on behalf of the industry in the European Union.

E-Fairness

For more than a decade, ICSC led the fight for legislation that would treat the collection of sales tax equally for both brick-and-mortar and online retailers. After Congress failed to remedy the problem, South Dakota passed legislation requiring collection of legally due sales taxes by online retailers selling to citizens of the state. Litigation ensued and ultimately made its way to the United States Supreme Court where the justices heard oral arguments.

In June 2018, the Court ruled in favor of overturning the outdated standard set forth in the 1992 *Quill Corp. v. North Dakota* decision that prevented states from collecting sales tax for online purchases. The decision in *South Dakota v. Wayfair* was 5-4 and signaled that the justices recognized the need to bring the law into the 21st century.

The Court noted that the physical nexus standard in *Quill* was “unsound and incorrect” and also harmful in the age of the internet. That standard hampered industry-wide competition and kept valuable tax revenues from local communities.

The victory means that state’s rights have been restored and they are now allowed to implement sensible laws to collect the sales tax they depend on. Not quite a year later, 40 of the 45 states with a sales tax - either by legislation or regulation - have adopted an economic nexus standard with the remaining five states continuing to work toward that goal.

“We’re thrilled with the decision. We think it’s a real victory for free market principles. The Court correctly identified that there was an uneven playing field for brick-and-mortar and online retailers. This is something we’ve advocated for years.”

– Tom McGee on *Fox Business*
Since the passage of the Tax Cuts and Jobs Act in December 2017, the Global Public Policy team has been working to correct technical errors in the original bill and to provide perspective relevant to guidance around implementation of the legislation. This includes providing extensive comments to the U.S. Treasury Department as it began writing guidance/regulations in response to the enactment of the new tax law; advocating for the correction of drafting errors in the legislation; and weighing in with general concerns regarding the overall tax bill.

ICSC also continues to work on Opportunity Zones, another portion of the 2017 tax law. These zones are designed to spur investment in economically challenged communities and allow investors to defer taxes on capital gains generated from the investment. Investments held for 10 or more years are not subject to tax on subsequent gains if certain requirements are met. Initial regulations were released in October with more expected throughout 2019.

The Global Public Policy team spent the year working with Congress to fix the drafting error in the Tax Cuts and Jobs Act that inadvertently lengthened the depreciation period of leasehold/retail/restaurant improvements from 15 to 39 years. As a result of these efforts, the United States Congress introduced the Restoring Investments in Improvements Act (S. 803 and H.R. 1869) designed to correct the error and restore the depreciation period to 15 years. ICSC will continue to work closely with Senate and House staff to ensure the passage of the bill.

Infrastructure

There is bipartisan agreement in Congress and a broad consensus among Americans that significant new investments in public infrastructure are critically needed. ICSC is taking the opportunity to weigh in and advance specific initiatives to benefit the retail real estate industry and the communities it serves.

To assist in these efforts, we have created the Infrastructure Task Force to help advise on issues relevant to the industry. Leveraging the experience of these members will help ICSC tell the story of how bad policy negatively impacts development and good policy further advances communities.

The task force is looking to issue a comprehensive white paper to be used to educate local, state and federal lawmakers about the importance of infrastructure to the retail real estate industry.
ICSC continues to work on securing legislation aimed at fixing loopholes in the American’s with Disabilities Act (ADA) that allows for drive-by lawsuits seeking monetary damages rather than compliance with the law. The number of lawsuits at the state level increased 33% from 2017 to 2018 – double the increase of the previous year.

Drive-by Lawsuits by City

- California (2016 – 2017)
- Florida (2017)
- New York City (2016 – 2017)
As part of our efforts to elevate the quality and effectiveness of our events, both RECon and New York Deal Making added new features for attendees to experience. Innovation Exchange took root in the Grand Lobby of the Las Vegas Convention Center and Retail in Focus was prominently featured in the Javits Center.

RECon 2018

The mood amongst RECon 2018 attendees was more upbeat than the prior year as the economy continued to be strong and consumer sentiment remained high. The event featured nearly two dozen emerging tech companies who were part of the Innovation Exchange showcasing the “Future of Retail.” Companies such as Appear Here, Farmer’s Fridge, iMirror and Retail Next demonstrated their products while also participating in panel discussions and fireside chats.

A record 839,000 net square feet of exhibit space was sold and featured 200 new companies. Additionally, 107 new retailers participated in the event and included JP Morgan Chase, Speedway, Sephora and Planet Fitness representing a variety of tenant classes.

ICSC, in collaboration with Cornell University’s Center for Real Estate and Finance, hosted the third annual international real estate case study competition. New York University took the coveted first place prize, followed by the Wharton School and Cornell University in second and third place respectively.

The Talent Development Pavilion hosted 18 colleges and universities, serving students and emerging professionals with industry-related workshops, speed networking sessions, resume/interview coaching, one-on-one mentoring opportunities and professional headshots.
The 2018 New York Deal Making generated significant buzz with the launch of Retail in Focus – a compilation of emerging brands shaping the future of retail. Participants included Candytopia, Allbirds, Foxtrot, Neighborhood Goods, M. Gemi and more. These brands are reshaping shopping by creating unique offline and online experiences to meet consumers where they are today. The area was an opportunity for emerging, digital and traditional retailers to connect with one another as well as ICSC members.

In addition to showcasing their products, the brands took part in a series of fireside chats, panels and podcasts that allowed them to talk about their business and what it means to go from digital to physical. Retail in Focus was an overwhelming success and well received by both participants and event attendees. The interest was so great that it will be featured again at RECon 2019.
Leadership Additions

As ICSC looks ahead to enhancing member experience and investing in our programs, we are pleased to announce two new additions to our leadership team. Melissa Ashley will focus on the quality and experience of our events and Karin Annus will focus on content development.

Melissa Ashley, EVP Programs and Events, comes to ICSC from Reed Exhibitions, the world’s largest events organizer, where she served as SVP, overseeing a portfolio of events including four of the top trade shows in the U.S. Melissa has nearly 25 years of experience in event management, sales, M&A and other innovative programs.

Karin Annus, Chief Content Officer, comes to ICSC from Dow Jones & Co. where she was the Director of Programming for WSJ Conferences and Events. Karin is an Emmy Award-winning Executive Producer who has developed and produced a wide range of content for a variety of live events and news programs.

PAC

The mission of ICSC PAC is to support candidates who champion issues important to the retail real estate industry on Capitol Hill. ICSC PAC supports candidates and elected officials based on a non-partisan budget created by the Global Public Policy team in coordination with the ICSC Committee on PAC Management.

Through direct appeals and hosting special events for its donors, ICSC PAC solicits eligible members of ICSC for personal contributions to encourage involvement in the attainment of the political and legislative goals of our industry.

ICSC PAC would like to thank all of its generous contributors throughout the country who made it possible to disburse over $750,000 during the 2018 election cycle to candidates who are aligned with ICSC’s legislative priorities.
In 2018, the ICSC Foundation adopted a new strategic plan making the development of the industry’s next
generation of talent its primary mission. The future of our industry is contingent on building a pipeline of bright,
ambitious and diverse talent that can excel in today’s evolving landscape and the ICSC Foundation is laser focused
on achieving this goal.

To this end, the Foundation launched the Talent Incubator Project – a series of best in class initiatives to develop a
vibrant workforce. Initiatives include:

- Scholarships
- Mentorships
- Internships
- University Partnerships and Student Engagement Activities
- Diversity Outreach

In 2018, the Foundation awarded 100 scholarships including 93 academic scholarships and six professional
education scholarships. New academic scholarships included the Edward J. DeBartolo, Sr. Graduate Scholarship,
the Federal Realty Undergraduate Diversity Scholarship and the Glenn and Mary Rufrano ICSC Foundation
Scholarship at Rutgers University. In addition, the Foundation started the process of enhancing current scholarships
to encompass increased recipient engagement with the industry.

The Foundation also introduced its first formal year-long mentorship program for undergraduate and graduate
students interested in the industry. A prominent list of industry executives signed on as mentors and the program
is well underway. Additionally, as a way to encourage students to enter the industry and to give member
companies access to upcoming talent, the Foundation unveiled a new summer internship program. Paid internship
opportunities are posted on the TalentHQ section of the ICSC website and applicants are recruited from amongst
the Foundation’s scholarship recipients, ICSC’s student membership and select universities.
I loved seeing how passionate everyone was about their job and the communities they are in... The visit reminded me why I love retail real estate and what drove me to want to grow within the industry through furthering my education. That education went beyond the classroom thanks to Jim and ICSC’s Mentorship Program. This was truly an invaluable experience for me...I now have a better understanding of the role I hope to go into upon graduation.

– Anisha Yadav on her mentor, Jim Wittman
The ICSC Partners in Diversity & Inclusion initiative (PIDI), launched in September 2017, is a forum for members to discuss the state of diversity and explore how to build more inclusive workplace cultures in our industry. As part of this program, ICSC hosted a series of events and panels to help further the dialogue around human differences.

ICSC featured its first PIDI panel during RECon. The panel offered a provocative discussion amongst industry leaders about the lack of women, people of color and other underrepresented groups in the CRE C-suite and the efforts our members are taking to level the playing field. Participants learned the fundamentals of a successful diversity initiative; how employing a diverse workforce impacts the bottom line; and how to develop a strong network of diverse suppliers and strategic partners. Panelists included Wendy Mann, CEO of CREW network; John Gates, CEO of Markets for JLL; Lyneir Richardson, CEO of Chicago TREND and Executive Director CUEDD; Jocelyn Moore, EVP, Communications and Public Affairs for the NFL; and Emmitt Smith, Chariman of E Smith Advisors.

The “Tapping into Underserved Markets” panels presented at Western Conference and New York Deal Making delved into the misnomers often associated with underserved communities and their potential buying power. Panelists provided strategic advice to help attendees identify underserved markets, properly estimate the potential buying power of that market and attract a diverse workforce that can help engage and adequately respond to unfamiliar markets. Panelists included representatives from Ulta Beauty, Starbucks Coffee Company, Nike Inc., Cedar Realty Trust and Primestor Development Inc. Both panels attracted a standing room only crowd.

As a part of PIDI, ICSC became a signatory of the CEO Action for Diversity & Inclusion, making a commitment to support a more inclusive workplace for our employees, our communities and society at large. As part of this effort, we hosted a seminar at New York Deal Making and nearly 80 ICSC members participated in the three hour discussion led by the world-renowned unconscious bias expert, Dr. Mahzarin Banaji.
Early this year, ICSC launched the University Partners Program – a formalized university engagement strategy and partnership program. The goal is to build credibility with academic programs and universities and attract young talent.

The new program not only creates a formal relationship between ICSC and the school, but also allows for those schools to host innovative programs for ICSC members and volunteers. As part of the program, ICSC will develop robust student tracks that will be utilized in select academic programs.

The University Partners Program will not only add to the over 5,000 student members we already have, but also will expand our influence to reach more students who might be interested in a career in retail or real estate.
ICSC’s Global Awards program provides industry professionals the opportunity to showcase their cutting-edge properties, innovative solutions and creative responses to market trends on a global scale.

Categories for Global Awards include design and development, marketing and retail store design. There are eight programs, distinguished by region. The winners of each region are automatically entered for the international VIVA Award, which stands for vision, innovation, value and achievement. These “Best-of-the-Best” awards include participation from over 100 countries, with each winning property embodying what is possible when visionaries think outside the box.

2018 ICSC VIVA Award Winners
(Pictured clockwise from top left)

**Design and Development**
The Exploratoreum
Bangkok, Thailand

**Retail Design** (Small Format)
Riedel Wine Bar & Cellar
Bangkok, Thailand

**Retail Design** (Large Format)
Saks Food Hall by Pusateri’s
Toronto, Ontario

**Global Marketing**
FashionCAN
Yorkdale Shopping Centre
Toronto, Ontario
## Consolidated Statements of Financial Position

### December 31,

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<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
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<td><strong>Assets</strong></td>
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<td>Cash and cash equivalents</td>
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<td>Investments, at fair value (Note 5)</td>
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<td>Accounts and pledges receivable less allowance for doubtful accounts of $20,158 and $90,014, respectively (Note 6)</td>
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<td>Prepaid expenses for future projects</td>
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<td>Goodwill and intangible assets (Note 3)</td>
<td>-</td>
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<td>Other assets</td>
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<td>Property and equipment, net (Note 7)</td>
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<td><strong>Liabilities and Net Assets</strong></td>
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<tr>
<td><strong>Liabilities</strong></td>
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<td>Accounts payable and accrued liabilities</td>
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<td>Advance registrations and subscriptions</td>
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<td>Deferred revenue</td>
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<td>Employee retirement obligations Notes 8 and 9)</td>
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<td><strong>Commitments and Contingencies (Notes 8, 9 10, 12 and 13)</strong></td>
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<td><strong>Net Assets</strong> (Note 13):</td>
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<tr>
<td>Without donor restrictions</td>
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<td>With donor restrictions</td>
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<td>Restricted to programs and future periods Note 13)</td>
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<td>Scholarship Fund (Note 13)</td>
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<td><strong>Total Net Assets</strong></td>
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<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$151,953,979</td>
<td>$160,740,525</td>
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## Consolidated Statements of Activities

*Years ended December 31,*

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<tr>
<th>Revenue and support:</th>
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<th>2017</th>
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<tr>
<td>Membership dues and state issue contributions</td>
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<td>Programs and services</td>
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<td>Advertising and publications</td>
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<td>Political Action Committee contributions</td>
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<td>Other income</td>
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**Total Revenue and Support** | $73,514,873 | $79,494,598 |

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<td></td>
<td></td>
</tr>
<tr>
<td>Member services</td>
<td>$4,064,364</td>
<td>$4,294,119</td>
</tr>
<tr>
<td>Programs and services</td>
<td>$31,395,868</td>
<td>$34,272,958</td>
</tr>
<tr>
<td>Global public policy and advocacy</td>
<td>$6,084,626</td>
<td>$5,186,409</td>
</tr>
<tr>
<td>Advertising and publications</td>
<td>$3,417,208</td>
<td>$4,376,845</td>
</tr>
<tr>
<td>Affiliate expenses</td>
<td>$959,247</td>
<td>$1,150,679</td>
</tr>
</tbody>
</table>

**Total Program Services** | $45,921,313 | $49,281,010 |

<table>
<thead>
<tr>
<th>Supporting services - salaries, rent and administrative expenses</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$26,600,935</td>
<td>$27,202,207</td>
</tr>
</tbody>
</table>

**Total Operating Expenses** | $72,522,248 | $76,483,217 |

**Change in Net Assets Before Nonoperating Income (Expenses)** | $992,625 | 3,011,381 |

**Non-operating Income (Expenses):**

<table>
<thead>
<tr>
<th>Income from investments and foreign currency transactions, (Loss) Income from investments and foreign currency translation, net</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment of goodwill</td>
<td>$1,800,000</td>
<td>-</td>
</tr>
<tr>
<td>Reserve fund expenditures</td>
<td>-</td>
<td>$3,862,420</td>
</tr>
</tbody>
</table>

**Change in Net Assets From Operations** | $(4,649,735) | $14,392,885 |
## Consolidated Statements of Cash Flows

**Years ended December 31,**

<table>
<thead>
<tr>
<th>Cash Flows From Operating Activities</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$13,601,192</td>
<td>$10,637,377</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,477,780</td>
<td>1,180,841</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>1,800,000</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized loss (gain) on investments</td>
<td>5,536,150</td>
<td>(11,893,050)</td>
</tr>
<tr>
<td>Realized gain on sale of investments</td>
<td>(2,603,738)</td>
<td>(100,045)</td>
</tr>
<tr>
<td>De-risking of pension plan - initial payment</td>
<td>(6,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in pension and other postretirement benefit plans</td>
<td>(18,250,927)</td>
<td>3,755,508</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts, pledges and accrued income receivable</td>
<td>1,412,922</td>
<td>292,548</td>
</tr>
<tr>
<td>Prepaid expenses for future projects</td>
<td>(148,843)</td>
<td>162,966</td>
</tr>
<tr>
<td>Other assets</td>
<td>(1,209,463)</td>
<td>(2,920,495)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(1,088,937)</td>
<td>(1,448,523)</td>
</tr>
<tr>
<td>Advance registrations and subscriptions</td>
<td>2,158,086</td>
<td>(898,399)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(1,341,166)</td>
<td>(1,155,552)</td>
</tr>
<tr>
<td>Employee retirement obligations</td>
<td>2,135,206</td>
<td>5,610,674</td>
</tr>
<tr>
<td><strong>Net Cash (Used In) Provided By Operating Activities</strong></td>
<td>(2,521,738)</td>
<td>3,223,850</td>
</tr>
</tbody>
</table>

**Cash Flows From Investing Activities**

| Purchases of property and equipment | (571,326) | (1,474,895) |
| Proceeds of sale of investments     | 73,198,797| 43,123,435  |
| Purchase of investments             | (65,881,432)| (44,346,725)|
| **Net Cash Provided By (Used In) Investing Activities** | 6,746,039 | (2,698,185) |

| Net Increase                          | 4,224,301 | 525,665    |
| Cash and Cash Equivalents, beginning of year | 12,428,814| 11,903,149 |
| Cash and Cash Equivalents, end of year  | $ 16,653,115| $ 12,428,814|