



## Board of Directors Meeting

Thursday, August 9, 2018, 6:00-9:00 PM

Location: U.T. Student Union – Room 4.206 (Chicano Cultures Room)

Time	Page	Item	Presenter	Action
<b>6:00</b> (5 min)		<b>1. ENDS POLICY READING, COMMUNITY AGREEMENTS READING &amp; DIRECTOR QUALIFICATIONS CHECK</b>	Laura	LISTEN
<b>6:05</b> (10 min)		<b>2. MEMBER OPEN TIME</b>		SHARE / LISTEN
<b>6:15</b> (10 min)		<b>3. HOUSE UPDATES</b>	All	SHARE / LISTEN
<b>6:25</b> (10 min)	5 17	<b>4. CONSENT AGENDA</b> July 19 <sup>th</sup> Board Meeting Minutes August Occupancy Report	Laura	VOTE
<b>6:30</b> (10 min) (0 min) (10 min) (0 min) (5 min) (5 min) (10 min)		<b>5. COMMITTEE WORK</b> ECC Report GMM Committee Nominations & Recruitment Committee Audit Committee Committee for Combatting Oppression (CCO) Bylaws Committee Legal Search Committee Formation	ECC  NomCom  CCO Chair Bylaws ECC	LISTEN
<b>7:10</b> (10 min) (15 min) (15 min)	19 23 41	<b>6. GOVERNANCE, Part 1</b> Monthly Operations Report Quarterly Financial Report CCO Charter	Billy Staff CCO	LISTEN / VOTE DISCUSS / VOTE DISCUSS / VOTE
<b>7:50</b> (10 min)		<b>7. BREAK</b>		ENJOY!
<b>8:00</b> (10 min)	44	<b>8. POLICY MONITORING</b> B8 – Emergency Executive Director	Billy	DISCUSS / VOTE
<b>8:10</b> (15 min) (20 min)	48 53	<b>9. GOVERNANCE, Part 2</b> Referendum Follow-up Discussion ED Evaluation Selection	ECC Lain	DISCUSS / VOTE DISCUSS / VOTE
<b>8:45</b> (15 min)		<b>10. MEETING SUMMARY / EVALUATION</b>	All	SHARE / LISTEN
<b>9:00</b>		<b>11. ADJOURN</b>	Laura	

# ICC Austin Board Community Agreements

## **Agreements toward generative discussions consistent with cooperative values.**

Act cooperatively and collaboratively.

Engage in inquiry before judgment.

Speak your truth kindly.

Acknowledge intention while recognizing impact.

Speak and act respectfully toward everyone.

Think systematically and structurally.

Be aware of your privilege and how it shows up; don't use it to make a point or dominate space.

Listen with curiosity and openness.

Don't interrupt; respect the stack.

Move up; move back.

Use a racial and social equity lens: Avoid weaponizing oppressions, assuming identities or experiences, comparing oppressions, and silencing techniques.



## Packet Notes

### READ THIS FIRST

to get the big-picture view of the meeting and other useful information!

#### **ICC Austin Ends Policy**

(revised and approved 8/3/17)

The purpose of ICC Austin, a Texas non-profit corporation, is to create a mutually beneficial, diverse, and inclusive community so as to promote the transformation of society toward cooperation, justice, and non-exploitation. To achieve this vision, ICC Austin provides affordable housing to students, primarily those who might otherwise be unable to secure higher education, on a cooperative basis, in an environment that enhances member education, encourages the formation of long lasting communities, and fosters responsible citizenship.

#### **Identity Affirmation**

Confirmed by the Board in March 2018

ICC Austin provides affordable housing to students and exists as an anti-racist organization that applies a social justice and equity lens to its structures, policies, language, and strategic plan.

**Items in bold labeled “meeting preparation” indicate new tasks that Board Directors should work on prior to the meeting.**

#### **1. ENDS POLICY, COMMUNITY AGREEMENTS READING, & DIRECTOR QUALIFICATIONS CHECK**

#### **2. MEMBER OPEN TIME**

During Member Open Time, ICC Austin members and others are invited to speak briefly to the Board on any matter that is important to them.

Member input during Member Open Time serves to provide the Board with useful feedback and ideas for future meetings. If you can't make it to the meeting in person, there are many other avenues available including talking to your house Board Rep, having someone else attend on your behalf, emailing the ECC (ecc@iccaustin.coop), emailing the entire Board (board@iccaustin.coop), attending an ECC meeting, etc.

All comments made during Member Open Time will be addressed by the ECC in their written and/or verbal committee report at the following Board meeting. Member Open Time will rarely change the Board agenda.

#### **3. HOUSE UPDATES & OPENING ROUND ROBIN(S)**

Briefly share house updates that would enrich the knowledge and function of other houses, e.g. how the house successfully mediated a conflict, or how two houses cooperated to start purchasing food in bulk. We may go around the room twice so that all questions can be answered. **Outcome:** General information sharing and loosening up for meeting conversation

**Please be prepared to discuss these question(s): Are you running for your house board rep for the fall semester? If not, do you know anyone who is interested? What can you do to recruit your replacement?**

# Packet Notes

## 4. CONSENT AGENDA

As always, please attempt to have any clarifying questions resolved prior to the Board meeting by contacting the Executive Coordinating Committee (ecc@iccaustin.coop) and/or ICC Operations Manager, Ashleigh (ashleigh@iccaustin.coop). However, any item may be pulled from the Consent Agenda if you believe substantive discussion is required. Otherwise, the items on the Consent Agenda will be passed as a group without discussion so that the Board can spend their time on more important matters. **Outcome:** The Board efficiently approves material not needing discussion.

## 5. COMMITTEE WORK

Committee chairs will provide verbal updates to the Board.

### Audit Committee Update:

The Audit Committee will meet at some point between August 21st and 24th. The auditors will be here looking at Wheatville financials and will audit us at the same time. Financial training will take place either at the Board retreat or directly after.

### August Committee Meetings

All meetings listed below are from 6-8pm at the ICC Austin meeting room (2<sup>nd</sup> floor, New Guild).

ECC: Thursday, August 16<sup>th</sup> & Monday, August 27<sup>th</sup>

NomCom: Wednesday, August 1<sup>st</sup> (meeting cancelled)

Bylaws: Tuesday, August 7<sup>th</sup>

GMM: Wednesday, August 8<sup>th</sup>

CCO: No meetings scheduled as of Board packet printing.

## 6. GOVERNANCE, Part 1

### Operations Report

Each month, staff members will take a few moments during the Governance section to answer any questions or concerns from the board. Members are encouraged to use this time to ask any questions that they may have had while reading this. **Meeting Preparation:** Read the Operations Report in the Governance section of the packet. **Outcome:** Board members gain a better understanding of short and long term operational activities.

### Quarterly Financial Report

**Meeting Preparation:** Review report and come prepared with your questions. **Outcome:** Consider accepting quarterly financials.

### CCO Charter

The CCO met in July to review and revise their charter using board and member feedback. **Meeting Preparation:** Review proposed charter and come to the meeting with any questions and/or final proposed changes. **Outcome:** Consider adopting new CCO charter.

## 7. BREAK

## 8. POLICY MONITORING

### Policy B8

- Step 1 – Review the decision tree that is included in your Board manual (under Directors' Guide)
- Step 2 – Read the B8 monitoring reports and use the decision tree to help you answer the key questions
- Step 3 – Be prepared to share the results of your review

Some key considerations are:

- Does the report contain a reasonable interpretation of the Board policy?
- Does the report demonstrate compliance with the Board policy? If not, is there an acceptable plan for compliance?
- Is this the policy you want?

## 9. GOVERNANCE, Part 2

### Referendum Follow-up Discussion

In May 2018, a member-led referendum was initiated. The Board will discuss the referendum and consider referendum procedures. Note that referendum procedures are also being discussed by the Bylaws Committee.

**Meeting Preparation:** Review member referendum and the memo from Xavier Medina regarding suggested Bylaws changes. [Memo from Xavier was tasking from the July 2018 Board meeting.] **Outcome:** Board discusses referendum process.

### ED Evaluation

The Board is responsible for evaluating Executive Director performance. **Meeting Preparation:** Review policy D4. **Outcome:** Board reviews and considers proposals for outside consultants for ED evaluation.

## 10. MEETING SUMMARY/EVALUATION

#### 4. Consent Agenda – July Board Meeting Minutes

### ICC Austin Board Meeting Minutes Thursday, July 19, 2018, 6:00-9:00pm Location: UT Student Union, Room 4.206

Time	Page	Item	Presenter	Action
<b>6:00</b> (5 min)		<b>ENDS POLICY, COMMUNITY AGREEMENTS &amp; DIRECTOR QUALIFICATIONS CHECK</b>	Rose Marie	Listen
<b>6:05</b> (10 min)		<b>MEMBER OPEN TIME</b>		Share / Listen
<b>6:15</b> (20 min)		<b>HOUSE UPDATES</b>	All	Share/ Listen
<b>6:25</b> (5 min)		<b>CONSENT AGENDA</b> June 21 <sup>st</sup> Board Meeting Minutes July Occupancy Report Board Calendar	Rose Marie	Vote
<b>6:30</b> (7 min) (0 min) (3 min) (0 min) (0 min) (0 min)		<b>COMMITTEE WORK</b> ECC Report GMM Committee Nominations & Recruitment Committee Audit Committee Committee for Combatting Oppression Bylaws Committee	ECC  NomCom	Listen
<b>6:40</b> (15 min) (10 min) (30 min)		<b>GOVERNANCE, Part 1</b> Monthly Operations Report Retroactive Officer Compensation Referendum Procedure Discuss w/ Lawyer	Billy Mila Xaiver	Listen/Vote Discuss / Vote Discuss
<b>7:35</b> (10 min)		<b>BREAK</b>		Enjoy!
<b>7:45</b> (15 min)		<b>POLICY MONITORING</b> B6 – Board Communication B5 – Staff Treatment & Compensation	Billy	Discuss / Vote
<b>8:00</b> (15 min) (15 min) (10 min) (10 min)		<b>GOVERNANCE, Part 2</b> ECC Resignation / Appointment / Officer Roles Quarterly Financial Report ED Evaluation – current process ED Evaluation – external evaluation	Julia / Lain Staff Lain / Susie Lain / Susie	Discuss / Vote Discuss / Vote Discuss Discuss / Vote
<b>8:50</b> (10 min)		<b>MEETING EVALUATION/SUMMARY</b>	All	Share/ Listen
<b>9:00</b>		<b>ADJOURN</b>	Rose Marie	

NOTE: See minutes for changes to draft agenda.

**Facilitator:**

- Rose Marie Klee

## 4. Consent Agenda – July Board Meeting Minutes

### **Board Directors Present:**

#### ECC Officers:

- Julia Mitchell – Secretary
- Lain Jackson – Vice President
- Susana Lugo – Treasurer, left at 7:34

#### House Representatives:

- Will Hoinoski – Arrakis
- Andrew Browne – Avalon
- Greg Cerna – French House, arrived at 7:46
- Morgan Laird – Helios
- Mekenna Marak – House of Commons
- Gracie Bulgerin – New Guild
- Mila Santana – Royal

#### Community Trustees:

- J.T. Harechmak, arrived at 6:12

### **Board of Directors absent:**

- With communication
  - Greer Gregory - President
  - Christina Severson – Eden
  - Natalie Briscoe – Community Trustee
- Without communication
  - Brenna Briles – Seneca

### **ICC Austin Staff:**

- Billy Thogersen – Executive Director
- Laura J. Khalil – Cooperative Experience Director
- Ashleigh R. Lassiter – Operations Manager

### **Other guests:**

- Noah Vaught – Avalon Member
- Jax Freasier – Former Avalon Member
- Alex Sanchez – Arrakis Member
- Shane Molina-Soto – Arrakis Member
- Xavier Medina – ICC Austin Legal Counsel
- Paula Pierce – ICC Austin Legal Counsel

**\*\*\*Rose Marie called meeting to order at 6:03\*\*\***

### **1) ENDS Policy Reading, Community Agreements Reading, Director Qualification Check (6:03)**

Time Allotted: 5 min/Time Spent: 2 min

Ends policy reading. Community agreements reading. Director qualifications check; all directors are qualified.

#### 4. Consent Agenda – July Board Meeting Minutes

Rose Marie asks the Board about facilitation preferences for the meeting. Andrew & Mila ask how facilitator was selected for position. Julia explains there was misunderstanding regarding availability of another facilitator. Andrew notes that he believed the original intention (back in 2014) was for a current ICC Austin member to learn to facilitate meetings. [ECC tasked with providing update to the Board about the facilitator selection process.](#)

#### **2) MEMBER OPEN TIME (6:09)**

Time allotted: 10 min/Time spent: 0 min

No members were present to address the Board.

#### **3) HOUSE UPDATES (6:10)**

Time allotted: 10 min/Time spent: 7 min

Board members provide updates about their house and answer the question: Do you have any questions/comments/concerns about using Loomio as the Board's primary communication and work channel?

- Morgan: Everything is fine at Helios. Hasn't had a chance to use Loomio yet.
- Mila: Royal is falling apart. The internet is not working well, haven't had a dryer for 3 weeks, the kitchen was closed for a re-tile, and personal fridge stopped working. Royal believes ICC should be coordinating basic housing needs and not relying on busy students to take care of these issues – especially reliable internet and laundry facilities. Hasn't had a chance to use Loomio.
- Andrew: Avalon is fine. Cheyenne was able to use Loomio and there didn't appear to be any issues.
- Noah: Joined Loomio but not sure how useful it is for discussion.
- JT: Nothing to share/ has not joined Loomio.
- Gracie: New Guild is very empty this summer. Looking forward to a full house in the fall. In the process of re-writing house manual. Signed up for Loomio but hasn't had a chance to use.
- Mekenna: Nothing going on at HoC. Fire sprinkler system is being connected to city water line so garden was destroyed in the process. No issues with Loomio – just getting used to it. Would like to see more discussion happening on the platform.
- Will: Arrakis is doing well – just replaced a lot of light bulbs. Hasn't done much on Loomio but plans to download app.
- Julia: Hasn't used Loomio yet.
- Lain: Echo Mila; but things are getting better. Likes Loomio. It's very user friendly and likes not having to scroll through emails to find links and google docs.
- Susana: Likes Loomio but we need to use it more so it will be better. Not feeling well so will be leaving early.
- Ashleigh notes that she will be switching Board over to hosted Loomio site to avoid connection issues. Board members may need to register one more time depending on transition.

#### **4) CONSENT AGENDA (6:17)**

Time Allotted: 5 min/Time Spent: 10 min

Andrew would like to pull the occupancy report. Lain would like to pull the Board meeting minutes.



#### 4. Consent Agenda – July Board Meeting Minutes

MOTION: Accept the 2018-19 Board calendar.  
motioned. Susana  
seconded. Lain  
**VOTE: 10 – 0 – 0 → PASSED**

##### Minutes:

Lain has question regarding June minutes (page 12). Where are the minutes from the ECC appointment discussion? Laura reminds Board she was asked not to record minutes.

Julia notes that Mila's exit letter was not included with the minutes. Julia would like to make an amendment that Mila's letter be included in the next packet.

MOTION: Accept the June 2018 minutes with Mila's letter added as an amendment and included in the August 2018 board packet.  
motioned. Lain  
seconded. Mekenna  
**VOTE: 10 – 0 – 0 → PASSED**

##### Occupancy Report:

Andrew asks about the need-based financial aid chart and how the data compares between 2017 and 2018. Ashleigh explains that in 2017 the only effort made to prioritize need-based financial aid recipients was during the structured signing period. This year, 2018, not only did we prioritize during the signing process, but we have created a separate financial-aid waitlist, so financial-need students have been receiving priority on vacant rooms on a rolling basis.

Mila asks about the total membership of ICC Austin and notes that this should be included on the summer chart. Mila also points out that she thinks the interpretation of the exit survey responses are very subjective.

MOTION: Accept the July occupancy report.  
motioned. Will  
seconded. Susana  
**VOTE: 6 – 0 – 4 → PASSED**

#### 5) COMMITTEE WORK (6:27)

Time Allotted: 10 min/Time Spent: 5 min

##### ECC Report:

Julia & Lain provide an ECC update:

- ECC will now have 2 meetings per month. There is too much work to do in 1 meeting.
- Bylaws committee met on Tuesday, 7/17, and will be meeting again on Tuesday, 7/24.
- CCO meeting will be on Wednesday, 7/25, at 6pm at Royal.
- ECC decided to postpone discussion of CCO charter until after CCO has had a chance to meet. This also allowed for more time at today's meeting for the referendum discussion.
- ECC has requested the second referendum from Noah and is reviewing the information.

#### 4. Consent Agenda – July Board Meeting Minutes

- Board will begin referendum discussion tonight which will probably continue into the fall. The Bylaws committee will also be discussing referendum procedures at their meetings.

#### **NomCom Report:**

Julia & Lain provide a NomCom update:

- NomCom met on Wednesday, 7/18, and will meet again on Wednesday, 8/1.
- After the Ruth Schulze closing, there is expected to be a vacancy on the ECC (Greer); also expecting a community trustee vacancy.
- NomCom recommendations regarding vacancies and elections to be discussed later in the meeting (during Governance, Part 2).

#### **6) GOVERNANCE, Part 1 (6:32)**

Time Allotted: 55 min/Time Spent: 2 hours 11 mins

#### **Monthly Operations Report:**

Time Allotted: 15 min/Time Spent: 10 mins

Billy introduces the operations report, provides a brief overview, and highlights the major work staff has been doing over the last month.

Questions:

Andrew: This is the third time staff has been restructured in the last three years. Is this it?

Billy: Yes, thinks this is a good/ideal structure for ICC.

Andrew: Will CCO still be getting bids for social justice consultant? And will you [Billy] be working with CCO to get independent bids?

Billy: Yes, I am willing to work with CCO. I did not engage Martha on behalf of the board. The ECC decided to move forward with Martha as an immediate need for the spring semester. I am not attached to Martha and open to other options.

Mila: What happened to strategic planning group (SPG) and why aren't members still engaged in the strategic planning process?

Ashleigh: The SPG was formed and driven by Mission Capital. Staff has compiled all of member input in the strategic plan, and we are waiting to get on the Board agenda to present the plan.

Billy: Reiterates that the SPG was led by MC. Notes that the business plan is dynamic and can be changed as members wish.

Will: There is an incomplete sentence on page 29 (last sentence of the top paragraph). What word is missing?

Billy: Sentence should read: "Keeping Avalon would result in a \$35-40k reduction to the ICC Austin bottom line (in addition to providing a home for 22 members)."

Lain: What are the three phases of the business planning process?

Billy: Asks to email response (does not have information available). [Billy tasked with following-up on the three phases of the business planning process.](#)

Mekenna: When will Laura start training with Martha?

#### 4. Consent Agenda – July Board Meeting Minutes

Billy: This fall. Martha will lead an equity training for the Board and all ICC Austin members in September. Laura will begin learning the materials and receive coaching from Martha.

JT: Follow-up to Andrew's question & comments regarding CCO and social justice consultant. States that CCO never brought any bids for consultants forward and thought it was a mutual decision to move forward with Martha.

Andrew: Believes it was disingenuous. The board voted and tasked the CCO with finding a consultant; yet at the same time they were supposed to be doing this work, they were also being asked to modify their charter. All of this work was uncompensated.

Rose Marie: The CCO is working on modifying their charter, correct? (Unanimous head nods from group.) Does the Board agree that CCO is/should be getting bids? (More unanimous head nods)

Andrew: The CCO was tasked with this. Our social justice consultant should be transparent and independent (like our auditors).

#### **Retroactive Officer Compensation:**

Time Allotted: 10 min/Time Spent: 20 mins

Susana: Last August, the Board talked about how board officers should be compensated more. This past year, during the fall and spring, ICC was in a difficult place and the ECC had to meet a lot more than usual and had a big burden placed on them; so this proposal is to compensate the past ECC for all of the work they had to do – work that affected their lives very personally. We should be paying our own students for the work they are doing – like we are paying our consultants.

Mila: The proposal is for spring officers to receive a one month rent credit at the current rate of a private room (\$775); would like to explain her reasoning and request for additional compensation. [Ppasses out a chart showing the amount paid towards external consultants.] Since January this year, ICC has compensated external consultants \$55k; but we have only compensated members through member education at \$24k. Should our money be going to compensate consultants or our own students?

Mila: Look at policy B5 (page 59). We pay contract and hourly employees at \$11.50/hour. ECC are not hourly or contract employees but they shouldn't be compensated less than everyone else. From September to May, ECC members were able to earn a maximum of \$975. The estimated time spent on ECC work during this period was roughly 165 hours, which means ECC was only being compensated at \$5.90 per hour.

Mila: Finally, all of the actions taken by ECC and all of the extra meetings were made on the advice of the ED and lawyer who said the work was necessary for the continuation of our organization. As a student, followed this advice and no one on the ECC quit because we didn't want to spread the work to just three people. ECC compensation has been a topic for discussion since at least spring of 2017, but it hasn't always made it on the Board agenda because the ECC has prioritized other conversations.

Mekenna: Do we need to put compensation on the agenda for the ECC moving forward?

Julia: We can put in on for the fall, but we don't have time this summer.

Mekenna: Will we talk about it again?

Julia: Probably in early fall.

Mila: This exemplifies ECC prioritizing other things over their own compensation.

Lain: These two proposals are in the form of rent credit. Are these just for current members?

Mila & Rose Marie help the group clarify that, if the proposals pass, any former ECC who is not a current member will be compensated via a check at half the private room rate.

#### 4. Consent Agenda – July Board Meeting Minutes

Andrew: First, sorry that you felt pressured to attend those meetings. Can't vote in good conscience for this proposal since CCO was not compensated for their efforts in the spring despite coming to the Board. Were any of the additional meetings announced to the membership?

Mila: No, the meetings were in executive session with our lawyer.

Andrew: Were these meetings designated in the ECC charter? (Mila: No). Were there minutes taken?

(Mila: No, executive session.) The ECC charter states that meetings will be announced and minutes will be provided.

Mila: The work that the ECC did is in the charter:

- ECC purpose is to provide leadership to – and coordinate the activities of the Board;
- Ensure that the connection between the board and operations is effective.

Lain: Feels like there are other people who deserve compensation and how do we decide to compensate one set of people over others. Thinks that chair who were not ECC officers should be compensated for their time and work.

Mekenna: Sympathizes with concerns and would like to look into proposals to compensate those who were also not compensated.

Andrew: Would the group be opened to an amendment to the proposal to include discussion of CCO compensation at the August meeting? [General group head nodding.]

JT: What part of the budget should this come from? I am not convinced that just because we have already spent money we should spend more money.

Mila: ED has indicated we are going to cut back on contractors; doesn't think the amount of the proposal is a strain on the budget.

Gracie: Doesn't think giving people extra money in the form of rent credit is going to hurt us.

Will: Seems like this is a conflict of interest since there are multiple directors on the board who would be receiving the retroactive compensation. [Mila & Julia both state they will abstain from voting.]

Jax: As a former CCO chair, doesn't want any money from the organization that kicked them out. Doesn't think anyone should be compensated for secret meetings.

**MOTION:** Accept the retroactive officer compensation proposals with 2 amendments:

- Add CCO compensation discussion to the August agenda.
- Alumni members will be compensated at half the rate of current members.

motioned. Gracie

seconded. Mekenna

**VOTE: 3 – 2 – 5 → NOT PASSED**

Rose Marie: We are over time. Where do we want to cut/extend time? Group agrees to cut 5 minutes from break and add 5 minutes to the end of the meeting.

Julia and Mila leave room.

#### 4. Consent Agenda – July Board Meeting Minutes

**MOTION to REVOTE:** Accept the retroactive officer compensation proposals with 2 amendments:

- Add CCO compensation discussion to the August agenda.
- Alumni members will be compensated at half the rate of current members.

motioned. Gracie

seconded. Mekenna

**VOTE: 3 – 2 – 3 → NOT PASSED**

Mila: Members of the Board of this organization did not approve compensating our own members, who, in very good faith, served the organization while doing work they believed was the right thing to do at the guidance of professional staff. We [members] are claiming that we want more empowerment to our members yet we just disempowered those who have done the hard work.

#### **Referendum Procedure Discussion:**

Time Allotted: 30 min/Time Spent: 1 hour 31 mins

Mila: This advice is about to cost us \$300 per hour.

Xavier & Paula join the table. Xavier requests for the Board to enter executive session.

Mekenna: Why do we need to enter executive session?

Xavier: To protect attorney-client privilege and so neither Xavier nor the Board can be subpoenaed.

Mekenna: Concerned because the membership is part of ICC. Entering into executive session means we are restricting information and information is power.

Will: It would do less to empower members and more to empower those who may seek to do us harm. Not entering executive session is a violation of our fiduciary duties.

Mekenna: Former members have indicated no intention of legal action. How would this violate our fiduciary duties?

Paula: There is a concern for transparency and we [legal counsel] support you in that. One thing to consider doing to keep transparency and not violate attorney-client privilege would be to enter executive session and then as a board construct the communication to be sent to members.

Mekenna: Nothing discussed in executive session can be talked about, correct?

Paula: The Board can choose what to information is released and communicate that to members.

Gracie: If we are doing things that can get us sued, why are we doing them?

Andrew: (response to Will) We have a duty to our current and future members who may be subjected to the same unjust targeting as members from this spring semester.

Susana: We can ask anyone we want to leave the room without going into executive session, correct?

Xavier: This is only to protect the attorney-client privilege. Once you exit executive session, the board can decide what to present to the membership.

#### 4. Consent Agenda – July Board Meeting Minutes

Rose Marie: Going into executive session means the board has an opportunity to hear the information. Then, the board can decide how to use that information.

Mila: Clarifying question: can any previous executive session that happened in this organization be waived as long as the current board votes?

Paula: Attorney-client privilege cannot be waived without board permission.

Jax: Whether or not you go into executive session, consider the quality of advice you are receiving and what it takes to run a cooperative organization.

**MOTION:** To enter executive session with only current board members and legal counsel present.

motioned. Will

seconded. Julia

**VOTE: 4 – 5 – 1 → NOT PASSED**

Xavier: Request for only board members to meet with legal counsel, but not in executive session.

Mila: Could we have a staff member present to take minutes? [Yes]

JT: Asks Rose Marie to further explain executive session and when other boards decide to use it.

Rose Marie: It is a standard practice for boards to enter executive session as long as it makes sense. Minutes taking is an interesting question. She has been on boards that have taken minutes but have chosen not to release the minutes until a later date, for example: real estate transaction. Your responsibility is to protect the organization from harm.

Paula: Because you are a nonprofit, your books and minutes are public record and open for anyone to look at. Loss of attorney-client privilege may come back to haunt you on something completely unrelated.

Xavier: As a board, you can never be wrong going into executive session, but you can be wrong not going into executive session.

Mekenna: So if anything that is said can come back to us, this would be true of every meeting and we don't go into executive session for every meeting.

Will: It is not every meeting that we talk about sensitive legal matters.

Gracie: What are we trying to keep confidential and why?

**MOTION:** To maintain attorney-client privilege, the Board will enter a session with only current members of the organization and Ashleigh, as interim ED and minutes taker, present.

motioned. Mila

seconded. Gracie

**VOTE: 5 – 3 – 1 → PASSED**

#### 4. Consent Agenda – July Board Meeting Minutes

Board has conversation with legal counsel. Board tasks Xavier with preparing a recommendation memo for the Bylaws committee.

MOTION: Form a committee to research secondary legal advice.  
motioned. Mila  
seconded. Andrew  
**VOTE: 6 – 2 – 1 → PASSED**

ECC tasked with adding this to August agenda.

#### 7) BREAK (8:43)

Time Allotted: 10 min/Time Spent: 0 min

#### 8) POLICY MONITORING (8:43)

Time Allotted: 15 min/Time Spent: 0 min

Postponed.

#### 9) GOVERNANCE, Part 2 (8:43)

Time Allotted: 50 min/Time Spent: 36 min

#### ECC Resignation / Appointment / Officer Roles:

Time Allotted: 15 min/Time Spent: 13 mins

Julia: Greer will resign effective after the Ruth Schulze bond closing, so we need to appoint new Board officers.

MOTION: Upon the closing of the Ruth Schulze bond loan, ICC Austin officers will be: Lainey Jackson, President; Julia Mitchell, Vice-President & Treasurer; J. Susana Lugo, Secretary.  
motioned. Julia  
seconded. Greg  
**VOTE: 8 – 0 – 2 → PASSED**

Julia: NomCom would like to suggest that instead of doing a typical board appointment to fill Greer's vacancy, we hold a membership-wide election in September. This will encourage participation and increase number of potential candidates. Natalie B. is also likely to resign at the end of the summer so we will need to fill the community trustee seat.

MOTION: Hold off ECC and Community Trustee appointments for now with a plan to call for candidates and election announcement at the August 9<sup>th</sup> board meeting. The ballot will be open to all current members and distributed Thursday, September 13<sup>th</sup>. It will close on Thursday, September 20<sup>th</sup> before the board meeting, where the board will honor the election by appointment.  
motioned. Julia  
seconded. Lain  
**VOTE: 9 – 0 – 1 → PASSED**

#### 4. Consent Agenda – July Board Meeting Minutes

##### **Quarterly Financials:**

Time Allotted: 15 min/Time Spent: 0 min

Postponed to August 2018 meeting.

##### **ED Evaluation:**

Time Allotted: 20 min/Time Spent: 15 min

MOTION: Board enters a session with only current ICC Austin members present  
motioned. Lain  
seconded. Gracie  
**VOTE: 6 – 0 – 2 → PASSED**

Someone: Turn to page 82, Policy D4

Someone: ED Evaluation has typically been in the form of an internal review done by policy monitoring of the B Policies.

Someone: Members have historically raised issues with this, as the process is generally introduced and lead by staff and/or Billy. Last year's board (I don't remember exactly what point in the year, but as far as my knowledge goes they were talking about it starting at least last summer) decided that an external evaluation would be more appropriate at this time.

Someone: List of possible outside evaluators was distributed during the meeting break. This process would take more or less a month. I am not familiar with how the process would look, and would like to open discussion about how to get the ball rolling on this.

Someone: This will take about a month to get scheduled, and then a month to actually do.

Someone: If this is going to take awhile, I suggest that we just make a list of suggestions for the fall board to follow.

Someone: If we keep kicking the can down the road, will it ever happen? Mekenna and I are still catching up and we're going to have to repeat that with the new fall board.

Someone: I'm not saying we should delay starting it, but it's gonna take awhile.

Someone: Can everyone pull up the email I sent out about possible evaluators?

Someone: I don't think we should be using CDS. Billy and CDS have a long history together and would be a pretty clear and present conflict of interest.

Someone: What about NASCO?

Someone: NASCO can't directly evaluate the ED, because we're a member of NASCO. However, they can provide good potential evaluators.

Someone: So how do we move forward from here? I'll take on reaching out to potential organizations for ED evaluation.



#### 4. Consent Agenda – July Board Meeting Minutes

Someone: We can reach out to NASCO for recommendations on what organizations can help us, find a list of organizations, and then bring that list to the August board meeting.

Someone: Let's task ECC with this officially, but Lain can take the lead.

Someone: I'm happy to help as well.

Someone: Let's bring everyone else back inside as well.

**MOTION:** Motion to use Chatham House Rules for this discussion.

motioned.

seconded.

**VOTE: 10 – 0 – 0 → PASSED**

[All names have been redacted from the previous conversation.]

#### **11) MEETING SUMMARY/EVALUATION (9:11)**

Time Allotted: 10 min/Time Spent: 8 mins

Board reflects on the meeting and shares take-aways.

Gracie: Lots of questions answered; but also no one has answers.

Mekenna: Informative and enlighten but not as much as would have liked - thanks for time

Will: Meeting went well.

Julia: Thank you for coming. Exhausting meeting but decently productive. Tell people to run for ECC in September & board rep for the fall.

Lain: All right with how conversations went and productivity levels.

Greg: Sorry for being late. Glad to talk to Xavier and about ED evaluation. Not happy with lawyer discussion.

Morgan: Nice to see everyone.

Mila: Upset that retro officer compensation wasn't passed. It goes against what organization has been talking about and honoring internal member leadership. Has concerns about advice and has some concerns with executive session conversation. Overall upset.

Andrew: Ok.

Noah: Ok. Last board meeting as an ICC Austin member.

JT: Thank you for listening. Looks forward to Ruth Schulze as a cooperative.

**\*\*\*Lain adjourned the meeting at 9:19pm\*\*\***

## 4. Consent Agenda – Occupancy Report

### Occupancy Report

Prepared by staff for the August 9<sup>th</sup> board meeting

Occupancy has bumped one percentage point since the July board meeting and is now at 53% . As reported throughout the summer, this is still the lowest summer occupancy ICC Austin has ever experienced. Staff will continue to monitor market trends and re-evaluate occupancy predictions during the budgeting season.

<b><u>Summer 2018</u></b>	
<u>House</u>	<u>Occupancy</u>
Arrakis	55%
Avalon	59%
Eden	37%
French	71%
Helios*	72%
HOC	49%
New Guild	27%
Royal	69%
Seneca	57%
<b>Totals:</b>	<b>53%</b>
Budgeted Occupancy	76%
Current Occ. Revenue	\$ 190,439
Budgeted Revenue	\$ 276,435
Variance	<b>\$ (85,996)</b>
*Helios has one private room converted to a double increasing total occupancy to 18 members.	

<b>Membership Numbers</b>	
Total members as of the 1st of each month.	
June	94
July	96
August	110

<b><u>Summer Occupancy Comparisons</u></b>			
	Occupancy projections*	Budgeted Occupancy	Actual Occupancy (end of summer)
Summer 2014	76%	76%	77%
Summer 2015	71%	76%	71%
Summer 2016	83%	83%	85%
Summer 2017	72%	79%	73%
Summer 2018	53%	76%	-
*Based on occupancy report at the August Board Meetings.			

## 4. Consent Agenda – Occupancy Report

Fall occupancy is still at 101% which on par for this time of year and setting up ICC Austin for a strong fall. The Board can expect occupancy to meet or exceed budget for the fall semester.

<b>Fall 2018</b>				
	<u>Occupancy</u>	<u>Signed</u>	<u>Pending</u>	<u>Available</u>
Arrakis	100%	20	0	-
Avalon	100%	22	0	-
Eden	100%	15	0	-
French	100%	19	1	-
Helios*	106%	18	0	-
HOC	100%	26	1	-
New Guild	100%	31	0	-
Royal	100%	17	0	-
Seneca	100%	19	0	-
<b>Totals:</b>	<b>101%</b>	<b>187</b>	<b>2</b>	<b>-</b>
Budgeted Occupancy				98%
Anticipated Revenue				\$581,138
Budgeted Revenue				\$573,436
Variance				\$7,702
*Helios has one private room converted to a double increasing total occupancy to 18 members.				

<b>Fall Occupancy Comparisons</b>			
	Occupancy projections*	Budgeted Occupancy	Actual Occupancy (end of December)
Fall 2014	100%	98%	101%
Fall 2015	100%	98%	98%
Fall 2016	98%	98%	99%
Fall 2017	98%	98%	98%
Fall 2018	101%	98%	-
*Based on contracts signed as of August Board Meeting			

Finally, this last chart shows ICC Austin's need-based financial aid recipients for the fall semester. Staff began asking for this information and prioritizing housing for students receiving need-based financial aid in spring 2016 (for fall 2017). (Numbers have not changed since the July occupancy report.)

<b>Need-Based Financial Aid Recipients</b>		
<b>Year</b>	<b>Total Verified</b>	<b>% of Membership</b>
Fall 2017	13	7%
Fall 2018	52	28%

**Occupancy information current as of August 1, 2018.**

## 6. Governance Part 1 – Monthly Operations Report

### Operations Report Prepared for August 9, 2018 Board meeting

#### EXECUTIVE SUMMARY

There have been no major changes over the past three weeks to ICC Austin operations. For a more detailed and strategic view of the organizational trajectory, you may want to look at the [July 19th report](#).

The bulk of forward-looking staff time this month went to getting the Ruth Schulze project across the starting line, setting New Guild up for success this fall, and updating membership orientation and training processes.

#### STAFF STRATEGY AND OPERATIONAL REPORTING

Staff continues implementing a set of high-level strategies to accomplish Board priorities. These plans were recently altered to accommodate the August 2017 Board Ends policy change to primarily serve a membership who would otherwise be unable to attain a higher education, and incorporate the recent Board identity decision directing ICC Austin to move forward applying an equity, anti-racist lens *to all its activities*. Strategic projects:

- Anti-Racism (make changes to policies and practices until race no longer predicts outcomes for our members within the context of ICC Austin's specific mission)
- Ruth Schulze Expansion Project (stabilize operations, increase affordability, turn away fewer student members, attract broader membership, ADA accessibility, at least 30% of members will be required to be need-based financial aid recipients)
- Strategic Business Planning with Mission Capital (build organizational consensus on medium-term goals - cooperation, improve ongoing operations)
- External Engagement and Internal Community-Building (improve health/safety of house communities and student success, move towards racial and economic equity)

Starting fall 2018, staff Operational Reports will be based on the ICC Austin strategic business plan which has been under development since fall 2017. My hope is that this will better tie together the membership, house community, Board, and staff activities into a more impactful ICC Austin.

## 6. Governance Part 1 – Monthly Operations Report

### ANTI-RACISM

The January 2018 equity training from Dr. Martha Ramos-Duffer was very well received. To follow up, ICC Austin has scheduled membership-wide fall equity training with Martha on September 8th. The full-day event will provide members, house communities, Board, and staff with self awareness and tools for continuing the challenging process of ICC Austin anti-racist transformation. As previously mentioned, Martha has graciously agreed to provide her program and support to Laura so that ICC Austin can develop an internal capacity for ongoing equity training throughout the year.

Martha and her partner Lorenzo will also be providing feedback and input on the strategic business plan (see below) so that the ICC Austin organizational plan has the equity/anti-racist lens baked into how we move forward.

### RUTH SCHULZE UPDATE

The final financing details proved much more complicated and complex than I think anyone on the financing team anticipated, and getting to the end required an inordinate amount of time and effort. Although it took about three weeks, project financing is now in place and construction has begun.

There will no doubt be additional unforeseen challenges as construction moves ahead, but we have no reason to believe they will be as difficult as the financing issues were. There is two month construction delay buffer, and large contingency budget, built into the project to cover any construction problems.

After construction gets going in earnest in August, the next important step will be getting a Ruth Schulze committee together to begin thinking about the brand new house community. We have the opportunity to build a structure from scratch using the best of our traditions and aspirations. This member, staff, and external stakeholder group will start meeting in the fall.

#### Current Project Timeline:

Aug 18	Financing closed Building construction start
--------	---

Aug 18-Jul 19	Ruth Schulze house community development
---------------	--

Aug 2019	Grand opening ceremony Fall 2019 member move-in
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### STRATEGIC BUSINESS PLANNING

The business plan draft continues to be refined and reviewed in preparation for presentation to the Board. I hope this can be a major part of the September Board retreat.

While the Board has tasked staff with developing business plans (business planning policy B2), we recognize the need to have input and buy-in from all levels of the community - members, house communities, Board, staff, and external stakeholders. The current business plan draft comes out of a grassroots process. The other thing to keep in mind is that the planning is flexible, non-dogmatic, and always open to change and improvements. The primary aim is to get ICC Austin working together on a shared plan, rather than competing ones.

### OTHER ACTIVITIES

- New Guild Status

New Guild conditions are rapidly improving, both in terms of physical house condition and processes. Chris and a group of members continue deep cleaning and minor repairs. After quite a bit of diplomacy, the pet waste problem has finally been resolved. We still have an extreme flea problem in one of the bedrooms, but feel confident that it will be controlled before the new member moves in.

The house officers have been working with Laura on an intentional member-onboarding process, with the trustee, membership officer, and labor czar involved in making sure new members are welcomed *before* arriving, get what they need, and are plugged into the house labor system. Everyone is hopeful that the new community agreements will lead to a healthy student living environment this fall.

- Financial status (same as July report)

The 4th quarter financial report is on the agenda for the July Board meeting. While performance was good from a pure financial perspective, it's important to note that budgeted revenue for the year was ~\$50K less than budgeted due to poor summer and spring occupancy and that this was offset only by curtailing expenses quite a bit - which is not sustainable long-term.

There are four important things impacting current and future financial status. First, current summer occupancy is at its lowest level in a very long time (see section above). The second factor impacting ICC Austin finances will be the anticipated Ruth Schulze construction project. The Ruth Schulze project is a big deal for ICC Austin, and part of the risk mitigation involves conserving cash during construction. The poor summer occupancy cuts into our risk management strategy a bit, but we are compensating by being more conservative with facilities capital spending (see below). The third factor is communication from the Avalon owners indicating that it is unlikely the Avalon lease will be extended beyond May 31, 2019. They've

## 6. Governance Part 1 – Monthly Operations Report

certainly communicated intent to not renew before only to renew the lease, so we have to wait until the November-December renewal period before we get a definitive answer. Keeping Avalon would result in a \$35-40K to the ICC Austin bottom line (in addition to providing a home for 22 members).

Finally, and most important, the west campus student housing market is changing, with upwards of 5,000 new beds coming online in the next three years. There is a strong probability that student housing cooperatives will not be able to compete on the basis of cost alone in the next few years, and it is imperative that the ICC Austin Board take a forward-looking, visionary approach to ensuring the organization remains viable. This is a big conversation with no easy answers.

- Mattress Donation

The Alpha Epsilon Phi sorority donated about 40 gently-used, high-quality twin mattresses to ICC Austin. So, we should have plenty of beds for members for awhile. Interestingly, the sorority house only has double, triple, and quadruple rooms - and the shared rooms are for the most part smaller than most of the ICC Austin private rooms. If ICC Austin were to change all (or most) rooms to shared rooms, with some of the very large shared rooms being triples or quadruples, we could immediately get rates down to \$425/member//month for shared rooms. Just something to think about.

Communications to Board (This is where the Executive Director communicates information to the Board, including both issues falling under the B6.3 Board policy and other important matters not conveyed by other means.)

- Nothing to report this month.

-Billy Thogersen – Executive Director

**Executive Summary**

ICC Austin had exceptional first two quarters of the fiscal year, but ran into serious last minute vacancy issues at the beginning of the spring semester. As of the end of February, revenue is about \$18K shy of its budgetary goals, but expenses are significantly lower than budgeted. The expected result for the year will likely be a wash with the organization still meeting its goal of 10% profitability by the end of the fiscal year.

Financial Statements are at the back of this report and the following are notes and comments for material variations from the previous year.

**Note 1 (Statement of Financial Position)**

ICC Austin has several bank accounts holding cash, internally the organization segregates and monitors:

- cash held in house bank accounts for house operations (food, internet, cleaning supplies)
- central operating funds (utilities, maintenance, staff payroll, loan payments)
- money internally designated for capital improvements (renovations, big purchases, and large projects)
- money held in escrow (prepaid rent and security deposits) – see Note 2
- Emergency and expansion reserve funds – see Note 4

Generally, cash on hand increased about \$74K compared to this time last year. This is largely due to last year's successful fiscal year which generated an extra \$31K in cash after funding the reserve accounts followed by a very successful summer. Money held by the houses was essentially the same year over year, which indicates that houses are spending their food allocation in full - but not overspending. Funds designated for capital improvement increased \$21K, which is largely due to reduced spending on house improvements. This was primarily due to the organization being conservative with cash until the Ruth Schulze bond financing is secured, which will likely happen in May. Furthermore, a significant portion of the Capital Improvement fund is being held for planned improvements on Royal Co-op as will be required as part of the bank financing agreement expected to close in March 2018. Staff also expects significant closing costs on the non-profit bond, which will require liquid funds.

**Note 2 (Statement of Financial Position)**

Member security deposits (\$85.5K) and member pre-payments (\$56.4K) are shown as equal assets (cash) and liabilities on the balance sheet. This is basic accounting showing that even though ICC Austin is holding this money, these funds do not technically belong to the organization. For example, security deposit money is held in escrow and generally returned to members when they leave (unless they damage their room or have an outstanding balance).

Similarly, member prepayments happen when people pay rent in advance and it doesn't become "ICC money" until the 1<sup>st</sup> of each month when rent is due. Deferred revenue related to member pre-payments increased ~\$17K from this time last year. This is purely due to timing of when rent payments are received from members. Many members pre-pay for the semester or academic year at the beginning of their contracts. Under accounting rules, these funds are held as a liability on the Balance Sheet and ICC Austin recognizes a portion of the pre-payment each month as revenue until the end of the contract.



## 6. Governance, Part 1 - Q3 Financial Report

### **Note 3 (Statement of Financial Position)**

Changes in property, plant and equipment for the year so far are as follows:

	<b>YTD FY2017-18</b>
Beginning Balance May 31, 2017	2,945,885
Ruth Schulze Pre-construction	30,266
Arrakis Dishwasher	4,135
Seneca Refridgerator	3,500
HoC sprinklers	685
Royal Fence	1,760
Depreciation	(133,916)
Ending Balance at Feb 28, 2018	2,852,315

### **Note 4 (Statement of Financial Position)**

Restricted funds represent ICC Austin reserve funds designated for specific purposes in the Bylaws. All reserve expenditures were related to the Ruth Schulze development. During the last fiscal year, ICC Austin released \$64K in expansion reserve funds for the Ruth Schulze development project and another \$17K so far this year. This is consistent with the budget plan.

Emergency funds increased \$17.4 this year and it has reached its cap. Per Board instructions, funds in excess of the cap have been re-allocated to the expansion reserve. Once the Ruth Schulze Co-op opens up and revenue stabilizes, ICC Austin should anticipate additional funding needed for the Emergency reserve. ICC Austin staff have built this anticipation into the budget plan.

	<b>Feb-18</b>	<b>May-17</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
Board Designated Reserves:				
Emergency Reserve	260,240	242,858	17,382	7.2%
Expansion Reserve	941	17,561	(16,620)	-94.6%
Scholarship Funds	3,600	58	3,542	6159.0%
	<b>264,780</b>	<b>260,476</b>	<b>4,304</b>	<b>-87.5%</b>
Other Designated Funds (not reserves):				
Capital Improvement Funds	123,852	104,964	18,888	18.0%

### **Note 5 (Statement of Financial Position)**

ICC Austin paid down \$178.8K of outstanding loans and debt over the fiscal year.

### **Note 6 (Statement of Activities and Budget)**

Rental revenue for the first three quarters of FY2017-2018 was ~\$53K higher than the same period last year, primarily due to an exceptional summer. However, revenue is ~\$23K below expected budget due to dropped contracts and lower than expected occupancy at the beginning of the Spring semester. The result will likely be a “wash” between the exceptional summer vs low occupancy spring semester.

**Note 7 (Statement of Activities and Budget)**

Staff and administration costs are 17% below budget and only increased \$3.6K compared to this time last year. This is really good considering ICC Austin restructured from a 3-person staff model to a 4-person model last Spring by eliminating the Financial Director position and creating Laura and Chris' positions. ICC members are getting more services for not that much more money.

**Note 8 (Statement of Activities and Budget)**

Maintenance costs dropped \$21K compared to this time last year and is currently \$19K below budget. This is primarily due to many of the maintenance costs that were outsourced in the past are now absorbed by the new maintenance staff that was hired last year with the staff restructuring. The decrease is also due to staff being very conservative with cash until the financing for the Ruth Schulze development closes (anticipated in May). The bank has requested repairs to collateral property which should bring maintenance expense up towards the end of the year.

**Note 9 (Statement of Activities and Budget)**

Professional expenses have increased to \$57K, which is significantly higher than last year. Professional services are usually comprised of legal costs, outsourced accounting and other advisory services like CDS & Mission Capital. This year's balance to date is primarily comprised of:

- \$16.3K for legal services to review ICC Austin policies and advise on other legal matters.
- 15.0K for external business planning and consulting work (Mission Capital)
- 8.8K for audit and tax preparation (Wegner)
- 8.6K for racial justice and business operations consulting (Dr Martha Ramos Duffer)
- 6.3K for advisory and financial consulting (Nick Hill)

**Note 10 (Statement of Activities and Budget)**

Loan interest expense is slightly lower than last year, but significantly higher than budgeted. This is because the original budget based interest cost on a March 2017 Wells Fargo debt refinancing, which has been delayed over a year due to the Ruth Schulze development hold-ups. While waiting for the project to get started, ICC Austin has continued paying down the original debt. This means there will be less outstanding debt to refinance, which is a good thing.

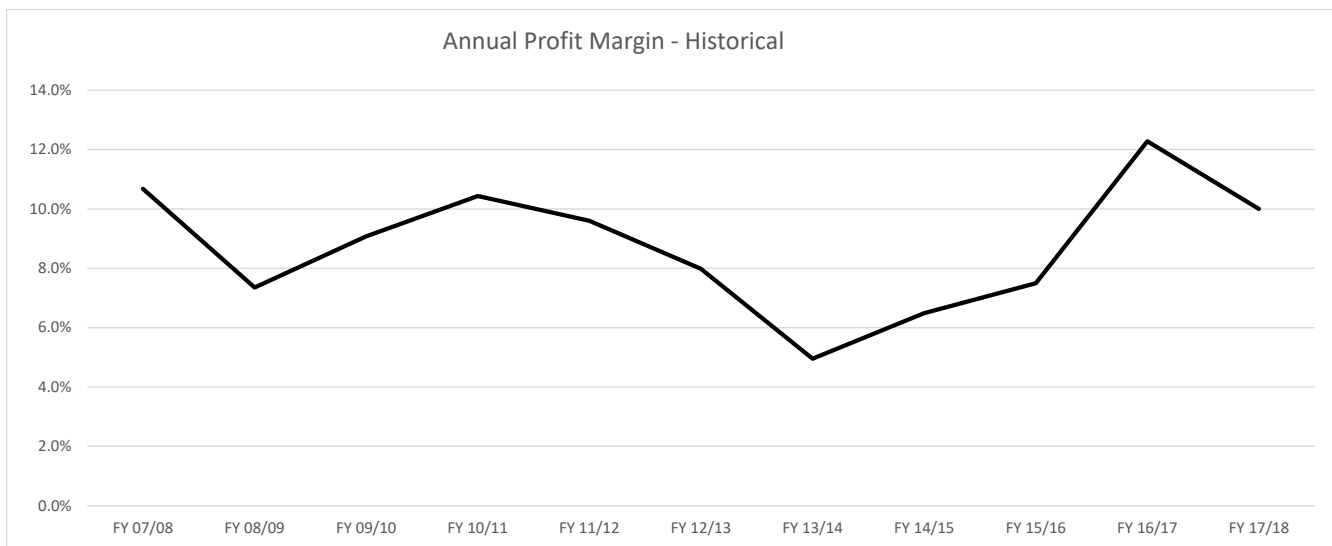
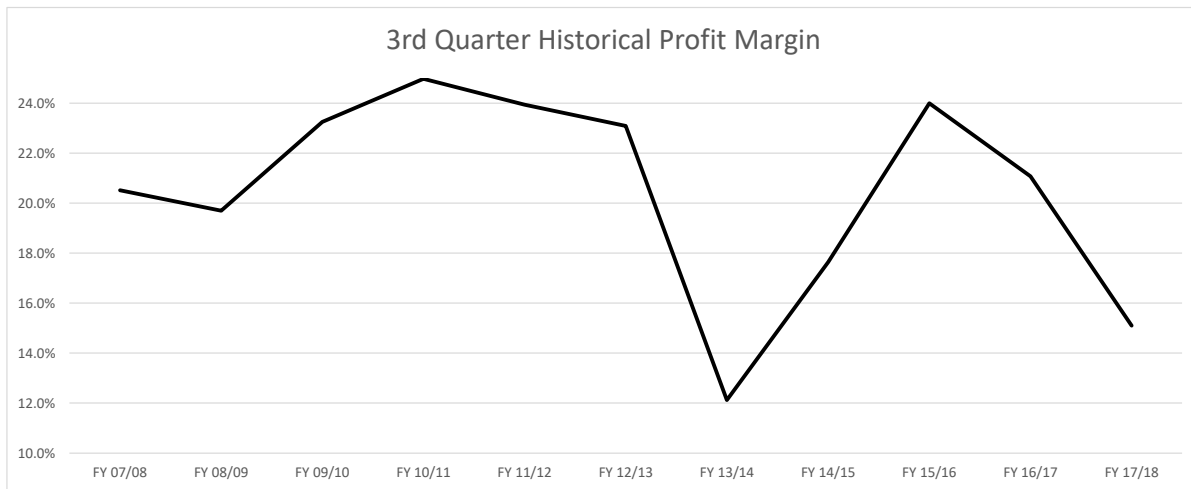
## 6. Governance, Part 1 - Q3 Financial Report

### **Note 12 (Ratio Analysis):**

IMPORTANT – There are definitions and calculations on the following page that will help clarify some of the below ratios.

ICC Austin’s liquidity has improved from this time last year and remains well above the Board designated goal of 0.7 because the organization is no longer running at a loss during the summer.

Supplemental Information - Key Ratios	Feb 2018	Feb 2017	Annual Target
Liquidity w/o designated reserves	1.26	1.10	minimum 0.7 (higher the better)
Liquidity w/ emergency reserves	1.26	1.10	minimum 1.2 (higher the better)
Solvency / Leverage (Debt to Equity ratio)	0.29	0.40	max 2.0 (lower the better)
Profit Margin	11.44%	9.99%	minimum 10% (annual)



# **FINANCIAL MONITORING – KEY RATIO DESCRIPTIONS**

**Liquidity ratio** (also called the *current ratio*) is primarily used to give an idea of the company's *short-term* ability to pay back its liabilities (such as loans and bills due). It is used to take a rough measurement of a company's financial health. The higher the current ratio, the more capable the company is of paying its obligations. The higher the ratio, the better.

$$\text{Q3 Liquidity Ratio 1.26} = \frac{\text{Current Assets } \$525,538}{\text{Current Liabilities } \$416,154}$$

**Solvency Ratio** (also called debt to equity ratio) is used to measure *long-term* solvency and specifically a company's financial leverage. It indicates how much debt ICC Austin is using to finance renovations and expansion of its co-op houses. This ratio is used by lenders to gauge whether ICC Austin has taken on too much debt, with a lower result indicating a greater solvency (ability to stay in business). The lower the ratio the better. However, having debt is not always a bad thing. If applied appropriately, debt can be used to finance future projects and potentially generate more earnings than it would have without this outside financing.

A good example of use of leverage is ICC Austin using debt to build the Ruth Schulze house. Borrowing money allows ICC Austin to expand without current members having to pay for the project out of pocket (making the project feasibly impossible). If the project is successful, ICC Austin will bring in more revenue from Ruth Schulze Co-op than the interest expense it pays on the debt to finance it. Expanding membership also spreads out ICC Austin's overhead costs between more people, resulting in lower rent rates for the same services. However, if the cost of this debt financing (i.e. interest expense) ends up being more than the Ruth Schulze income -- than the organization may take a big hit. If the cost of debt becomes too much for a company to handle, it can even lead to bankruptcy, which would leave members with nothing. ICC Austin saw this happen in the 1980's. The Board, our lenders and staff monitor this ratio to help ensure ICC Austin takes out the right amount of debt and is appropriately leveraged.

$$\text{Q3 Solvency Ratio 0.29} = \frac{\text{Total Liabilities } \$825,517}{\text{Net Assets } \$2,832,117}$$

**Profit margin** is reflected as net income (or loss) as a percentage of revenue. ICC Austin's target annual profit margin is at least 10%. Nearly all of ICC Austin's annual profit margin is allocated to our two reserve funds and the Capital Improvement fund. This is different than a for-profit corporation where profits are distributed to owners.

$$\text{YTD Profit Margin (11.44\% Profit)} = \frac{\text{Net Profit } \$128,198}{\text{Revenue } \$1,120,899}$$

## 6. Governance, Part 1 - Q3 Financial Report

### ICC AUSTIN QUARTERLY FINANCIAL REPORT STATEMENTS OF FINANCIAL POSITION FEBRUARY 28, 2018 AND 2017

			Change	
	Feb 28, 18	Feb 28, 17	\$	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash - Central Operating Funds	193,401	139,422	53,979	38.7% <a href="#">Note 1</a>
Cash - Capital Improvement Funds	123,852	102,950	20,902	20.3% <a href="#">Note 1</a>
Cash - House Operating Funds	53,925	54,244	(319)	-0.6% <a href="#">Note 1</a>
Cash - Member Security Deposits Held	85,500	91,500	(6,000)	-6.6% <a href="#">Note 2</a>
Cash - Member Prepayments Held	56,393	39,071	17,322	44.3% <a href="#">Note 2</a>
Prepaid Insurance and other	6,540	6,484	56	0.9%
Accounts Receivable	3,427	7,885	(4,457)	-56.5%
Deposits	2,500	2,500	-	0.0%
Total current assets	525,538	444,055	27,505	6.2%
Property and Equipment - net	2,852,315	2,949,762	(97,447)	-3.3% <a href="#">Note 3</a>
<b>OTHER ASSETS</b>				
Designated Cash - Reserves	261,181	270,318	(9,137)	-3.4% <a href="#">Note 4</a>
Designated Cash - Scholarship fund	3,600	44	3,556	100.0%
Investments in Other Cooperatives	15,000	15,000	-	0.0%
Total other assets	279,780	285,362	(5,581)	-2.0%
<b>Total Assets</b>	<b>\$ 3,657,634</b>	<b>\$ 3,679,179</b>	<b>\$ (21,544)</b>	<b>-0.6%</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	7,375	3,042	4,333	142.4%
Accrued Expenses (wages, utilities, other)	28,767	28,528	239	0.8%
Member Security Deposits Held - Liability	85,500	91,500	(6,000)	-6.6% <a href="#">Note 2</a>
Deferred revenue (member prepayments)	56,393	39,071	17,322	44.3% <a href="#">Note 2</a>
Current portion of notes payable	238,119	240,333	(2,215)	-0.9% <a href="#">Note 5</a>
Total current liabilities	416,154	402,475	13,679	3.4%
<b>LONG TERM LIABILITIES</b>				
Notes payable less current portion	409,363	643,430	(234,067)	-36.4% <a href="#">Note 5</a>
<b>Total liabilities</b>	<b>\$ 825,517</b>	<b>\$ 1,045,905</b>	<b>\$ (220,388)</b>	<b>-21.1%</b>
<b>NET ASSETS</b>				
Unrestricted				
Undesignated	2,567,337	2,362,912	204,425	8.7%
Designated	264,780	270,362	(5,581)	-2.1%
<b>Total net assets</b>	<b>2,832,117</b>	<b>2,633,273</b>	<b>198,844</b>	<b>7.6%</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,657,634</b>	<b>\$ 3,679,179</b>	<b>\$ (21,544)</b>	<b>-0.6%</b>

## 6. Governance, Part 1 - Q3 Financial Report

### ICC AUSTIN QUARTERLY FINANCIAL REPORT STATEMENT OF ACTIVITIES FOR THE NINE MONTHS ENDING FEBRUARY 28

	2018	2017	Change	
			\$	%
<b>REVENUE</b>				
Rental Income	1,075,417	1,022,356	53,061	5.2% <span>Note 6</span>
Penalty Fees	24,552	22,638	1,914	8.5%
Membership Dues	10,270	6,864	3,406	49.6%
Credit Card Fee Revenue	6,851	8,529	(1,677)	-19.7%
Interest Income	2,095	1,913	182	9.5%
Scholarship Fund - Contributions	1,703	35	1,668	100.0%
<b>Total Revenue</b>	<b>1,120,889</b>	<b>1,062,335</b>	<b>58,554</b>	<b>5.5%</b>
<b>EXPENSES</b>				
Staff and Administration	237,598	234,032	3,567	1.5% <span>Note 7</span>
Groceries and Other House Discretionary	179,925	172,220	7,705	4.5%
Depreciation	133,916	127,980	5,936	4.6%
Utilities	127,198	125,494	1,704	1.4%
Maintenance	57,658	78,712	(21,054)	-26.7% <span>Note 8</span>
Avalon Lease	53,253	52,488	765	1.5%
Insurance	39,740	44,103	(4,363)	-9.9%
Professional Services	57,203	14,349	42,854	298.7% <span>Note 9</span>
Interest	33,743	41,060	(7,317)	-17.8% <span>Note 10</span>
Member Engagement	22,584	22,886	(302)	-1.3%
Board and governance	12,739	16,064	(3,325)	-20.7%
Office	18,899	12,876	6,023	46.8%
Community Engagement	6,436	6,048	388	100.0%
Credit Card Fee Expense	6,840	7,429	(589)	-7.9%
Bad Debt	4,958	430	4,528	0.0%
<b>Total Expenses</b>	<b>992,691</b>	<b>956,171</b>	<b>36,520</b>	<b>3.8%</b>
<b>Change in net assets (Net Income)</b>	<b>128,198</b>	<b>106,164</b>		
<i>Profit Margin (Loss)</i>	<i>11.44%</i>	<i>9.99%</i>		

## 6. Governance, Part 1 - Q3 Financial Report

### ICC AUSTIN QUARTERLY FINANCIAL REPORT BUDGET TO ACTUAL ANALYSIS FOR THE QUARTER ENDING FEB 28, 2018

REVENUE	Actual	Budget	Change	
			\$	%
Rental Income	1,075,417	1,099,357	(23,940)	-2.2% <a href="#">Note 6</a>
Penalty Fees	24,552	20,421	4,131	20.2%
Membership Dues	10,270	9,900	370	3.7%
Credit Card Fee Revenue	6,851	6,200	651	10.5%
Interest Income	2,095	1,750	345	19.7%
<b>Total Revenue</b>	<b>1,119,186</b>	<b>1,137,628</b>	<b>(18,442)</b>	<b>-1.6%</b>
EXPENSES				
Staff and Administration	237,598	255,416	(17,818)	-7.0% <a href="#">Note 7</a>
Groceries and Other House Discretionary	179,925	184,826	(4,901)	-2.7%
Depreciation	133,916	168,557	(34,641)	-20.6% <a href="#">Note 3</a>
Utilities	127,198	134,411	(7,213)	-5.4%
Maintenance	57,658	77,493	(19,835)	-25.6% <a href="#">Note 8</a>
Avalon Lease	53,253	54,288	(1,035)	-1.9%
Professional Services	57,203	7,492	49,711	663.5% <a href="#">Note 9</a>
Insurance	39,740	40,970	(1,230)	-3.0%
Interest	33,743	21,782	11,961	54.9% <a href="#">Note 10</a>
Member Engagement	22,584	25,954	(3,370)	-13.0%
Office	18,899	24,563	(5,664)	-23.1%
Board and governance	12,739	29,063	(16,324)	-56.2%
Community Engagement	6,436	15,629	(9,193)	-58.8%
Credit Card Fee Expense	6,840	6,200	640	10.3%
Bad Debt	4,958	377	4,581	1215.1% <a href="#">Note 11</a>
<b>Total Expenses</b>	<b>992,691</b>	<b>1,047,021</b>	<b>(54,330)</b>	<b>-5%</b>
<b>Net Income (Budget vs Actual)</b>	<b>126,495</b>	<b>90,607</b>		

## 6. Governance, Part 1 - Q3 Financial Report

### ICC AUSTIN QUARTERLY FINANCIAL REPORT STATEMENT OF CASH FLOWS (DIRECT METHOD) FOR THIRD QUARTER ENDING FEBRUARY 28, 2018

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#### CASH RECEIVED FROM (USED BY) OPERATING ACTIVITIES

##### Cash receipts from:

Members (net)	1,118,794
Interest Income	2,095
Total Cash Receipts	<u>1,120,889</u>

##### Cash payments for:

House operating costs	(307,123)
Administrative overhead (Staff and Office)	(256,497)
Property operating costs	(188,774)
Insurance	(39,740)
Interest	(33,743)
Board expenses	(12,739)
Member engagement	(22,584)
Total Operating Cash Payments	<u>(861,200)</u>

**Net cash provided in operating activities** **259,689**

#### CASH RECEIVED FROM (USED BY) INVESTING ACTIVITIES

Ruth Schulze Development (Contributions) Expenditures	16,620
Emergency Funds (Contributions) Expenditures	(17,382)
Scholarship Funds (Contributions) Expenditures	(3,542)

**Net cash used in investing activities** **(4,304)**

#### CASH RECEIVED FROM (USED BY) FINANCING ACTIVITIES

Repayment of fire sprinkler loans	(25,619)
Repayment of primary debt	(147,051)
Ruth Schulze Project land loan	(6,145)

**Net cash provided by (used in) financing activities** **(178,816)**

**Net change in cash** **76,569**

**Cash - beginning of period** **436,502**

**Cash - end of period** **513,071**



Financial Statements are at the back of this report (starting page 7) and the following are notes and comments relate to variations from the previous year.

→ See page 7 of this report for the numbers to which these notes are referring.

### **Executive Summary**

From a financial perspective, ICC Austin had exceptional fiscal year. Even after running into some serious last-minute vacancy issues at the beginning of the spring semester, the organization ended the year in a very strong position. Revenue was 3.4% higher than last year, but where the organization really stood out was through the significant cut back in expenses. This was primarily through efforts by staff to conserve cash while the Ruth Schulze project was in limbo. It is important to note that some of the expenses, like deferred maintenance, will need to be caught up once the Ruth Schulze financing is finalized. This means that the organization should expect maintenance and other similar charges to normalize in FY2018-19 or be slightly higher to make up for maintenance and improvements that were not performed this year.

### **Note 1 (Statement of Financial Position)**

ICC Austin has several bank accounts holding cash, internally the organization segregates and monitors:

- cash held in house bank accounts for house operations (food, internet, cleaning supplies)
- central operating funds (utilities, maintenance, staff payroll, loan payments)
- money internally designated for capital improvements (renovations, big purchases, and large projects)
- money held in escrow (prepaid rent and security deposits) – see Note 2
- Emergency and expansion reserve funds – see Note 4

Cash designated for operations increased about \$46K since this time last year. This is largely due to a very successful summer and spring semester occupancies and efforts from staff to cut back on any unnecessary spending before Ruth Schulze financing was finalized.

Money held by the houses was essentially the same year over year, which indicates that houses are spending their food allocation in full - but not overspending. There was some significant last minute spending in the New Guild co-op (~\$5K) to use up excess savings at the end of the semester, which cleared out virtually all of their cash cushion but only caused a small decrease of 3.5% for the year when looking at house balances as a whole.

Funds designated for capital improvement increased \$25K, which is largely due to reduced spending on house improvements. This was primarily due to the organization being extremely conservative with cash until the Ruth Schulze bond financing is secured, which will likely happen in mid-July. Furthermore, a significant portion of the Capital Improvement fund is being held for planned improvements on Royal Co-op as will be required as part of the bank re-financing agreement. Staff also expects significant closing costs on the non-profit bond, which will require liquid funds. As noted above, spending on capital improvements will return to normal levels going forward.

### **Note 2 (Statement of Financial Position)**

Member security deposits (\$136.5K) and member pre-payments (\$26K) are shown as equal assets (cash) and liabilities on the balance sheet. This is basic accounting which is indicating that even though ICC Austin is holding this money, these funds do not technically belong to the organization. For example, security deposit money is held in escrow and generally returned to members when they leave (unless they damage their room or have an outstanding balance).

## 6. Governance, Part 1 - Q4 Financial Report

Similarly, member prepayments happen when people pay rent in advance and it doesn't become "ICC money" until the 1<sup>st</sup> of each month when rent is due. Deferred revenue related to member pre-payments decreased ~\$5K from this time last year. This is purely due to timing of when rent payments are received from members. Many members pre-pay for the semester or academic year at the beginning of their contracts. Under accounting rules, these funds are held as a liability on the Balance Sheet and ICC Austin recognizes a portion of the pre-payment each month as revenue until the end of the contract.

### **Note 3 (Statement of Financial Position)**

Changes in property, plant and equipment for the year so far are as follows:

	<b>YTD FY2017-18</b>
Beginning Balance May 31, 2017	2,945,885
Ruth Schulze Pre-construction	63,912
Arrakis Dishwasher	4,135
Seneca Refridgerator	3,500
HoC sprinklers	685
Royal Fence	1,760
Depreciation	(172,782)
Ending Balance at May 31, 2018	2,847,095

### **Note 4 (Statement of Financial Position)**

Restricted funds represent ICC Austin reserve funds designated for specific purposes in the Bylaws. All reserve expenditures were related to the Ruth Schulze development. During the *last* fiscal year, ICC Austin released \$64K in expansion reserve funds for the Ruth Schulze development project and another \$64K *this* fiscal year. This is consistent with the budget plan.

Emergency funds increased \$19.8K this year and it has reached its cap. Per Board instructions, funds in excess of the cap have been re-allocated to the expansion reserve. Once the Ruth Schulze Co-op opens up and revenue stabilizes, ICC Austin should anticipate additional funding needed for the Emergency reserve (to account for the larger organization). ICC Austin staff have built this anticipation into the budget plan.

	<b>May-18</b>	<b>May-17</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
Board Designated Reserves:				
Emergency Reserve	262,652	242,858	19,794	8.2%
Expansion Reserve	5,258	17,561	(12,304)	-70.1%
Scholarship Funds	4,828	58	4,770	8294.5%
	<b>272,737</b>	<b>260,476</b>	<b>12,261</b>	<b>-61.9%</b>
Other Designated Funds (not reserves):				
Capital Improvement Funds	130,569	104,964	25,605	24.4%

**Note 5 (Statement of Financial Position)**

ICC Austin began funding a Board Designated scholarship program at the end of last fiscal year. This year funding primarily came from donations from exiting members and interest earned from investments and bank accounts being re-allocated from operating funds.

**Note 6 (Statement of Financial Position)**

ICC Austin paid down \$255K of outstanding loans and debt over the fiscal year.

**Note 7 (Statement of Activities and Budget)**

Rental revenue for this fiscal year was ~\$49K *higher* than the same period last year, primarily due to an exceptional summer. However, revenue is ~\$47K *below* expected budget due to dropped contracts and lower than expected occupancy at the beginning of the Spring semester. In summary, while the organization did very well for the year, it still fell short of expectations set in the budget.

**Note 8 (Statement of Activities and Budget)**

Staff and administration costs are essentially the same as last fiscal year, with a small \$4K decrease. These costs are 21% below budget.

**Note 9 (Statement of Activities and Budget)**

Maintenance costs dropped \$24K (24.2%) and fell ~25% below budget. The decrease is primarily due to staff being very conservative with cash until the financing for the Ruth Schulze development closes (anticipated in mid-July).

As noted above, the organization should expect a significant increase in maintenance in the coming year to make up for deferred maintenance that built up this year while the organization was conserving cash while the Ruth Schulze project was in limbo.

**Note 10 (Statement of Activities and Budget)**

Professional expenses have increased to \$37K, which is *significantly* higher than last year. Professional services are usually comprised of legal costs, outsourced accounting and other advisory services like CDS & Mission Capital. This year's balance is primarily comprised of:

- \$25.2K for legal services to review policies and advise on other legal matters (Xavier Medina)
- 13.7K for racial justice and business operations consulting (Dr Martha Ramos Duffer)
- 8.8K for audit and tax preparation (Wegner)
- 6.9K for advisory and financial consulting (Nick Hill)

Legal services are normally around \$5K per year, but increased to ~\$22K. Financial consulting services started in March 2017 and were a planned change accounted for in the budget plan. Racial justice and business operations consulting services were also a planned change accounted for in the budget plan.

**Note 11 (Statement of Activities and Budget)**

Loan interest expense is slightly lower than last year, but significantly higher than budgeted. This is because the original budget based interest cost on a March 2017 Wells Fargo debt refinancing, which has been delayed over a year due to the Ruth Schulze development hold-ups. While waiting for the project to get started, ICC Austin has continued paying down the original debt. This means there will be less outstanding debt to refinance, which is a good thing.

**Note 12 (Statement of Activities and Budget)**

Business planning was outsourced to Mission Capital and was part of the approved budget plan as a reallocation of staff costs.

**Note 13 (Statement of Activities and Budget)**

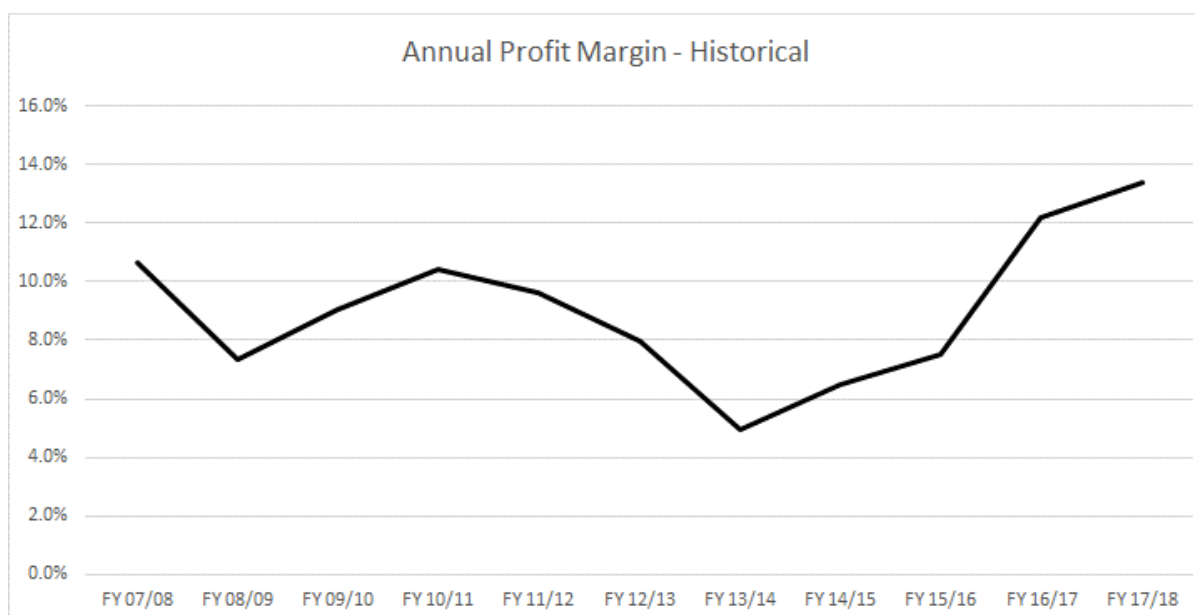
Bad debt expense increased significantly this year due to some last minute contract cancellations made by new members who decided not to move in due to lack of cleanliness in the houses; particularly New Guild. Normally bad debt is less than \$1000, but it was \$7,600 this year.

**Note 14 (Ratio Analysis):**

IMPORTANT – There are definitions and calculations on the following page that will help clarify some of the below ratios.

ICC Austin's liquidity has improved from this time last year and remains well above the Board designated goal of 0.7 because the organization is no longer running at a loss during the summer.

	May 2018	May 2017	Annual Target
Supplemental Information - Key Ratios			
Liquidity w/o designated reserves	1.25	1.19	minimum 0.7 (higher the better)
Liquidity w/ emergency reserves	1.25	1.19	minimum 1.2 (higher the better)
Solvency / Leverage (Debt to Equity ratio)	0.27	0.38	max 2.0 (lower the better)
Profit Margin	13.39%	12.21%	minimum 10% (annual)



**FINANCIAL MONITORING – KEY RATIO DESCRIPTIONS**

**Liquidity ratio** (also called the *current ratio*) is primarily used to give an idea of the company's *short-term* ability to pay back its liabilities (such as loans and bills due). It is used to take a rough measurement of a company's financial health. The higher the current ratio, the more capable the company is of paying its obligations. The higher the ratio, the better.

$$\text{Q4 Liquidity Ratio 1.25} = \frac{\text{Current Assets } \$560,548}{\text{Current Liabilities } \$450,002}$$

**Solvency Ratio** (also called debt to equity ratio) is used to measure *long-term* solvency and specifically a company's financial leverage. It indicates how much debt ICC Austin is using to finance renovations and expansion of its co-op houses. This ratio is used by lenders to gauge whether ICC Austin has taken on too much debt, with a lower result indicating a greater solvency (ability to stay in business). The lower the ratio the better. However, having debt is not always a bad thing. If applied appropriately, debt can be used to finance future projects and potentially generate more earnings than it would have without this outside financing.

A good example of use of leverage is ICC Austin using debt to build the Ruth Schulze house. Borrowing money allows ICC Austin to expand without current members having to pay for the project out of pocket (making the project feasibly impossible). If the project is successful, ICC Austin will bring in more revenue from Ruth Schulze Co-op than the interest expense it pays on the debt to finance it. Expanding membership also spreads out ICC Austin's overhead costs between more people, resulting in lower rent rates for the same services. However, if the cost of this debt financing (i.e. interest expense) ends up being more than the Ruth Schulze income -- than the organization may take a big hit. If the cost of debt becomes too much for a company to handle, it can even lead to bankruptcy, which would leave members with nothing. ICC Austin saw this happen in the 1980's. The Board, our lenders and staff monitor this ratio to help ensure ICC Austin takes out the right amount of debt and is appropriately leveraged.

$$\text{Q4 Solvency Ratio 0.27} = \frac{\text{Total Liabilities } \$790,956}{\text{Net Assets } \$2,904,424}$$

**Profit margin** is reflected as net income (or loss) as a percentage of revenue. ICC Austin's target annual profit margin is at least 10%. Nearly all of ICC Austin's annual profit margin is allocated to our two reserve funds and the Capital Improvement fund. This is different than a for-profit corporation where profits are distributed to owners.

$$\text{YTD Profit Margin (13.39\% Profit)} = \frac{\text{Net Profit } \$200,504}{\text{Revenue } \$1,497,805}$$

## 6. Governance, Part 1 - Q4 Financial Report

### ICC AUSTIN ANNUAL FINANCIAL REPORT STATEMENTS OF FINANCIAL POSITION MAY 31, 2018 AND 2017

	May 31, 18	May 31, 17	Change \$	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash - Central Operating Funds	158,427	113,107	45,320	40.1% <span style="color: red;">Note 1</span>
Cash - Capital Improvement Funds	130,569	104,964	25,605	24.4% <span style="color: red;">Note 1</span>
Cash - House Operating Funds	50,419	52,242	(1,823)	-3.5% <span style="color: red;">Note 1</span>
Cash - Member Security Deposits Held	136,500	135,000	1,500	1.1% <span style="color: red;">Note 2</span>
Cash - Member Prepayments Held	25,739	31,132	(5,393)	-17.3% <span style="color: red;">Note 2</span>
Prepaid Insurance and other	51,223	49,260	1,963	4.0%
Accounts Receivable	5,170	10,967	(5,797)	-52.9%
Deposits	2,500	2,500	-	0.0%
Total current assets	560,548	499,173	16,055	3.2%
Property and Equipment - net	2,847,095	2,945,885	(98,790)	-3.4% <span style="color: red;">Note 3</span>
<b>OTHER ASSETS</b>				
Designated Cash - Reserves	267,910	260,419	7,491	2.9% <span style="color: red;">Note 4</span>
Designated Cash - Scholarship fund	4,828	58	4,770	8294.5% <span style="color: red;">Note 5</span>
Investments in Other Cooperatives	15,000	15,000	-	0.0%
Total other assets	287,737	275,476	12,261	4.5%
<b>Total Assets</b>	<b>\$ 3,695,380</b>	<b>\$ 3,720,534</b>	<b>(25,155)</b>	<b>-0.7%</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	15,473	3,647	11,826	324.3%
Accrued Expenses (wages, utilities, other)	25,817	25,997	(179)	-0.7%
Member Security Deposits Held - Liability	136,500	135,000	1,500	1.1% <span style="color: red;">Note 2</span>
Deferred revenue (member prepayments)	25,739	28,595	(2,856)	-10.0% <span style="color: red;">Note 2</span>
Current portion of notes payable	246,473	227,469	19,005	8.4%
Total current liabilities	450,002	420,707	29,295	7.0%
<b>LONG TERM LIABILITIES</b>				
Notes payable less current portion	340,953	595,908	(254,954)	-42.8% <span style="color: red;">Note 6</span>
<b>Total liabilities</b>	<b>\$ 790,956</b>	<b>\$ 1,016,615</b>	<b>(225,659)</b>	<b>-22.2%</b>
<b>NET ASSETS</b>				
Unrestricted				
Undesignated	2,631,687	2,443,443	188,244	7.7%
Designated	272,737	260,476	12,261	4.7%
<b>Total net assets</b>	2,904,424	2,703,920	200,504	7.4%
<b>Total liabilities and net assets</b>	<b>\$ 3,695,380</b>	<b>\$ 3,720,534</b>	<b>(25,155)</b>	<b>-0.7%</b>

## 6. Governance, Part 1 - Q4 Financial Report

### ICC AUSTIN ANNUAL FINANCIAL REPORT STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDING MAY 31

			Change	
	2018	2017	\$	%
<b>REVENUE</b>				
Rental Income	1,428,950	1,384,475	44,475	3.2%
Penalty Fees	32,335	29,789	2,546	8.5%
Membership Dues	24,627	19,914	4,713	23.7%
Credit Card Fee Revenue	6,851	11,762	(4,911)	-41.8%
Interest Income	2,933	2,299	634	27.6%
Scholarship Fund - Contributions	2,108	58	2,051	100.0%
<b>Total Revenue</b>	<b>1,497,805</b>	<b>1,448,297</b>	<b>49,508</b>	<b>3.4% Note 7</b>
<b>EXPENSES</b>				
Staff and Administration	310,149	314,470	(4,321)	-1.4% Note 8
Groceries and Other House Discretionary	243,126	240,193	2,932	1.2%
Utilities	166,617	165,461	1,156	0.7%
Depreciation	172,782	177,698	(4,916)	-2.8%
Maintenance	77,228	101,823	(24,595)	-24.2% Note 9
Avalon Lease	71,004	69,984	1,020	1.5%
Insurance	60,470	57,280	3,190	5.6%
Professional Services	54,312	16,909	37,402	221.2% Note 10
Interest	32,444	43,441	(10,997)	-25.3% Note 11
Member Engagement	23,343	23,922	(579)	-2.4%
Office	23,054	18,276	4,779	26.1%
Business Planning	22,513	-	22,513	100.0% Note 12
Board and governance	17,819	23,494	(5,675)	-24.2%
Bad Debt	7,601	430	7,171	1669.3% Note 13
Credit Card Fee Expense	7,306	11,272	(3,966)	-35.2%
Community Engagement	6,436	6,773	(337)	-5.0%
Loss on disposal of Equipment	1,097	-	1,097	100.0%
<b>Total Expenses</b>	<b>1,297,301</b>	<b>1,271,425</b>	<b>25,876</b>	<b>2.0%</b>
<b>Change in net assets (Net Income)</b>	<b>200,504</b>	<b>176,872</b>		
<i>Profit Margin (Loss)</i>	<i>13.39%</i>	<i>12.21%</i>		

## 6. Governance, Part 1 - Q4 Financial Report

### ICC AUSTIN ANNUAL FINANCIAL REPORT BUDGET TO ACTUAL ANALYSIS FOR THE FISCAL YEAR ENDING MAY 31, 2018

			Difference	
	Actual	Budget	\$	%
REVENUE				
Rental Income	1,428,950	1,484,601	(55,651)	-3.7%
Penalty Fees	32,335	27,243	5,092	18.7%
Membership Dues	24,627	22,968	1,659	7.2%
Credit Card Fee Revenue	6,851	8,000	(1,149)	-14.4%
Scholarship Fund Donations	2,108	-	2,108	100.0%
Interest Income	2,933	2,200	733	33.3%
<b>Total Revenue</b>	<b>1,497,805</b>	<b>1,545,012</b>	<b>(47,207)</b>	<b>-3.1%</b> <span>Note 7</span>
EXPENSES				
Staff and Administration	310,149	309,574	575	0.2% <span>Note 8</span>
Groceries and Other House Discretionary	243,126	251,160	(8,034)	-3.2%
Depreciation	172,782	224,741	(51,959)	-23.1% <span>Note 3</span>
Utilities	166,617	179,800	(13,183)	-7.3%
Maintenance	77,228	103,323	(26,095)	-25.3% <span>Note 9</span>
Avalon Lease	71,004	72,384	(1,380)	-1.9%
Professional Services	54,312	26,045	28,267	108.5% <span>Note 10</span>
Insurance	60,470	54,626	5,844	10.7%
Interest	32,444	22,786	9,658	42.4% <span>Note 11</span>
Member Engagement	23,343	26,335	(2,992)	-11.4%
Office	23,054	22,000	1,054	4.8%
Business Planning	22,513	22,500	13	0.1% <span>Note 12</span>
Board and governance	17,819	23,708	(5,889)	-24.8%
Community Engagement	6,436	17,639	(11,203)	-63.5%
Credit Card Fee Expense	7,306	8,000	(694)	-8.7%
Bad Debt	7,601	-	7,601	100.0% <span>Note 13</span>
Loss on Disposal of Equipment	1,097	-	1,097	100.0%
<b>Total Expenses</b>	<b>1,297,301</b>	<b>1,364,621</b>	<b>(67,320)</b>	<b>-5%</b>
<b>Net Income (Budget vs Actual)</b>	<b>200,504</b>	<b>180,391</b>	<b>20,113</b>	<b>11%</b>



## 6. Governance, Part 1 - Q4 Financial Report

### ICC AUSTIN ANNUAL FINANCIAL REPORT STATEMENT OF CASH FLOWS (DIRECT METHOD) FOR THE FISCAL YEAR ENDING MAY 31

#### CASH RECEIVED FROM (USED BY) OPERATING ACTIVITIES

Cash receipts from:	
Members (net)	1,494,872
Interest Income	2,933
Total Cash Receipts	<u>1,497,805</u>

Cash payments for:	
House operating costs	(409,743)
Administrative overhead (Staff and Office)	(333,203)
Property operating costs	(215,005)
Insurance	(60,470)
Interest	(32,444)
Board expenses	(17,819)
Member engagement	(23,343)
Total Operating Cash Payments	<u>(1,092,028)</u>

**Net cash provided in operating activities** **405,778**

#### CASH RECEIVED FROM (USED BY) INVESTING ACTIVITIES

Ruth Schulze Development (Contributions) Expenditures	(76,216)
Emergency Funds (Contributions) Expenditures	(19,794)
Scholarship Funds (Contributions) Expenditures	(4,770)

**Net cash used in investing activities** **(100,780)**

#### CASH RECEIVED FROM (USED BY) FINANCING ACTIVITIES

Repayment of fire sprinkler loans	(33,977)
Repayment of primary debt	(197,530)
Ruth Schulze Project land loan	(8,338)

**Net cash provided by (used in) financing activities** **(239,845)**

**Net change in cash** **65,152**

**Cash - beginning of period** **436,502**

**Cash - end of period** **501,654**

## Committee For Combating Oppression (CCO) Charter

Updated and Board Approved February 25th, 2016

### Expectations

The primary purpose of CCO will be to monitor, recommend, direct, and take action with anti-oppressive work in line with ICC Austin's mission.

### The CCO will

- Identify oppressive environments within ICC Austin and create methods of combating those problem areas in a constructive manner.
- Define and monitor goals for the organization regarding its efforts to combat oppression.
- Reinforce ICC Austin's mission of equality and social responsibility in all endeavors.

The CCO will continuously monitor ICC Austin's Board of Directors to ensure it is upholding our shared values of inclusivity and equity.

- Coordinate Board learning conversations which might include preparing materials for the Board packet, contacting potential speakers, and/or investigating outside organizations that might be able to provide further support.

Coordinate educational conversations and events for membership and/or staff which might include researching and preparing resource material, contacting potential speakers, and/or investigating outside organizations that might be able to provide further support.

Direct and task staff with operational opportunities to combat oppression.

- Determine what other issues of inclusivity and equity the organization should be acted on
- Promote education opportunities and trainings for potential and current members, the Board of directors, and staff to learn about systemic oppression.

### Composition

The CCO will be a joint membership and board committee open to and comprised of ICC Austin members. The CCO will have two co-chairs. The CCO will elect a co-chair from the general membership at the start of each semester. At no point should the general membership co-chair position be held by a member of the Board of Directors. The Board of Directors will elect a co-chair at the start of each semester. No CCO member or co-chair will have authority beyond any other member or co-chair.

### Authority

The CCO will have no authority beyond coordinating the activities described above.

### Duration

This is a standing committee.

### Resources

The CCO has access to reasonable amounts of administrative staff support related to CCO meeting logistics.

The CCO will have no financial resources at its disposal, instead all expenditures will be subject to a board vote.

**Commented [1]:** This seems to be more suited toward an organization w/o an anti-oppressive mission. I suggest something along the lines of , "monitor the Board of Directors' compliance with ICC's mission of anti-oppression work, and to recommend and plan for additional board learning discussions..."

**Commented [2]:** change this phrase to "will combat" ("create methods" is not the objective- the objective is to take action)

**Commented [3]:** Add a bullet:  
"The CCO will regularly audit the function of ICC's Board of Directors to ensure ICC is upholding our shared values of equality and social responsibility at our highest level."

**Commented [4]:** who will be verified at the next board meeting (?)

**Commented [5]:** What are the powers/duties of the co-chairs?

## **Proposed Changes**

### **Committee For Combating Oppression (CCO) Charter**

**[CLEAN COPY FOR EASY READING]**

Last Updated and Board Approved February 25th, 2016

#### **Expectations**

The primary purpose of CCO will be to monitor, recommend, direct, and take action with anti-oppressive work in line with ICC Austin's mission.

#### **The CCO will:**

- Identify oppressive environments within ICC Austin and create methods of combating those problem areas in a constructive manner.
- Define and monitor goals for the organization regarding its efforts to combat oppression.
- Reinforce ICC Austin's mission of equality and social responsibility in all endeavors.
- Continuously monitor ICC Austin's Board of Directors to ensure it is upholding our shared values of inclusivity and equity.
- Coordinate Board learning conversations which might include preparing materials for the Board packet, contacting potential speakers, and/or investigating outside organizations that might be able to provide further support.
- Coordinate educational conversations and events for membership and/or staff which might include researching and preparing resource material, contacting potential speakers, and/or investigating outside organizations that might be able to provide further support.
- Direct and task staff with operational opportunities to combat oppression.
- Determine what other issues of inclusivity and equity the organization should be acting on.
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other member or co-chair.

### **Authority**

The CCO will have no authority beyond coordinating the activities described above.

### **Duration**

This is a standing committee.

### **Resources**

The CCO has access to reasonable amounts of administrative staff support related to CCO meeting logistics.

The CCO will have no financial resources at its disposal, instead all expenditures will be subject to a board vote.

## 8. Policy Monitoring – B8 Emergency Succession

AUGUST 1, 2018

### Policy B8 – Emergency Executive Director Succession rev. 4.19.13

I report compliance with this policy **except for operational definition four**.

Unless indicated otherwise, all data in this report is for the twelve month period from July 31, 2017 to August 1, 2018.

I certify that the information contained in this report is true.

Signed  Billy Thogersen – Executive Director

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#### INTRODUCTION

One of ICC Austin’s greatest assets is that much of the institutional knowledge and labor gets distributed amongst a large membership. When a member doesn’t do a dinner clean, the problem can usually be managed relatively easily. When old members leave and new members join, there are usually enough old members around to keep a house running.

This contrasts with the responsibility the Board gives the Executive Director, a single person who plays a key role in coordinating the various organizational activities. Special attention needs to be given to planning for an unforeseen ED departure to make sure momentum is maintained and ICC Austin continues to move forward as planned. This monitoring report outlines the steps taken to provide ICC Austin with adequate interim ED services.

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#### B8 MONITORING HISTORY

August 2013	Noncompliance	(due to staff turnover)
January 2014	Noncompliance	(due to staff turnover)
August 2014	Noncompliance	(due to staff turnover)
August 2015	Compliance	
August 2016	Compliance	
August 2017	Compliance	

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## 8. Policy Monitoring – B8 Emergency Succession

### *Policy B8 – Emergency Executive Director Succession*

*Questions You Should Ask Yourself*

*To protect the Board from sudden loss of Executive Director services, the Executive Director shall not have less than one other staff member sufficiently familiar with Board and Executive Director issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.*

*Is this the policy we want?*

#### INTERPRETATION

To mitigate the risk of disruption of operations that could arise should the Executive Director (ED) be unexpectedly unable to perform their duties, the ED will designate and train successor(s) who are familiar with the ED duties and can keep the business running smoothly until the Board chooses another ED. Because ICC AUSTIN only has three full time, non-ED staff members, at least one of those staff must be capable of acting as an interim successor at all times, and one other must at minimum be moving towards full capability. For the purposes of the operational definitions, “qualified staff” means staff the current Executive Director has trained to fill the ED duties.

*Is this a reasonable interpretation?*

#### Operational Definitions:

1. The ED will identify the orderly devolution of ED authority to an interim Executive Director among all qualified staff.
2. All qualified staff will receive ongoing training on ED/Board functionality by attending at least one Board retreat or other stand-alone training each year.
3. All qualified staff will attend at least two Board meetings per year (or one if employed for less than half the year).
4. All qualified staff will participate in writing at least one policy monitoring report per year.
5. All qualified staff will receive ongoing operational training so as to be reasonably proficient in fulfilling the ED responsibilities.
6. All qualified staff will take a “Confidence of Ability” survey at least once per year to determine their readiness to assume responsibility for the full operation if called upon. The survey will include questions regarding knowledge of operations, including their ability to locate passwords, contracts, external accounts, etcetera, and the amount of time they believe ICC Austin could operate under their interim leadership. A knowledge scale of 1 (no clue) to 5 (really sure) will be used in the survey. For compliance, at least one qualified staff must:
  - a. Have a score of at least 4 for each question; and

## 8. Policy Monitoring – B8 Emergency Succession

- b. Indicate at least three months as the amount of time ICC Austin could operate under their interim leadership.

*Are these reasonable definitions?*

### DATA SUPPORTING COMPLIANCE

1. The Executive Director identified designated interim ED authority in the August 2015 Monthly Operations Update provided in the Board packet. Ashleigh Lassiter is currently the designated as the primary interim ED. Laura J Khalil, the Office Manager, was designated as the secondary interim ED in the August 2017 Monthly Operations Update.
2. Ashleigh Lassiter and Laura J Khalil attended Board retreats in September 2017, January 2018, and June 2018.
3. Ashleigh Lassiter attended 8 Board meetings in this reporting period. Laura J Khalil attended 11 Board meetings in this reporting period.
4. **NONCOMPLIANCE:** Ashleigh Lassiter reviewed the compensation memo in the B5 staff treatment and compensation monitoring report in July 2018. However, **qualified staff did not sufficiently participate in preparing monitoring reports. This was primarily due to severe disruptions during spring 2018. The original plan was for Ashleigh and Laura to be heavily involved in the spring Ends Policy monitoring report, which was not prepared.**

**COMPLIANCE PLAN [Assuming the Board continues to use the current Board policies and monitoring structure, Laura will participate with the writing of the B4 – Member Rights & Responsibilities policy in the spring 2019, as well as with the Ends Policy monitoring report. Participation by other staff will depend on probable staff turnover in the fall 2018. Future non-compliance in this area is not anticipated.]**

5. The Executive Director core duties, critical information, and emergency interim ED succession tasks are contained in document which was last revised in July 2018. Staff meetings and planning throughout the spring and summer 2018 have considered the impact and management of a sudden ED departure.
6. A “Confidence of Ability” survey was administered to qualified staff (Ashleigh Lassiter – Membership Director and Laura J Khalil – Office Manager) in July 2017. The results demonstrate compliance.

I have met with the Executive Director within the last six months to discuss emergency ED succession:

Ashleigh Lassiter	5 – 2018	(5 – 2017; 5 – 2016; 5 – 2015; 5 – 2014)
Laura J Khalil	5 – 2018	(2 – 2017)
Nick Hill		( 5 – 2016; 5 – 2015; n/a – 2014)

## 8. Policy Monitoring – B8 Emergency Succession

I know the location of the written procedure documentation for critical ED functions:

Ashleigh Lassiter	5 – 2018	(5 – 2017; 5 – 2016; 5 – 2015; 5 – 2014)
Laura J Khalil	5 – 2018	(3 – 2017)
Nick Hill		(5 – 2016; 5 – 2015; n/a – 2014)

\* "I can't find it immediately, but know where to look."

I am confident that I could perform adequately as emergency interim ED:

Ashleigh Lassiter	5 – 2018	(5 – 2017; 5 – 2016; 5 – 2015; 5 – 2014)
Laura J Khalil	4 – 2018	(1 – 2017)
Nick Hill		(5 – 2016; 3.8 – 2015; n/a – 2014)

The amount of time I believe I could function as emergency interim ED:

Ashleigh Lassiter: "Indefinitely, though additional staff support and/or temporary staffing would probably be necessary. I would not be able to perform both my current role and the ED role at an adequate level for longer than a month."

Laura J Khalil: "Assuming I was not also expected to continue to perform all other duties of my current position, I could adequately function as emergency interim ED as long as it took to find an interim ED or ED."

Other comments:

Ashleigh Lassiter: none

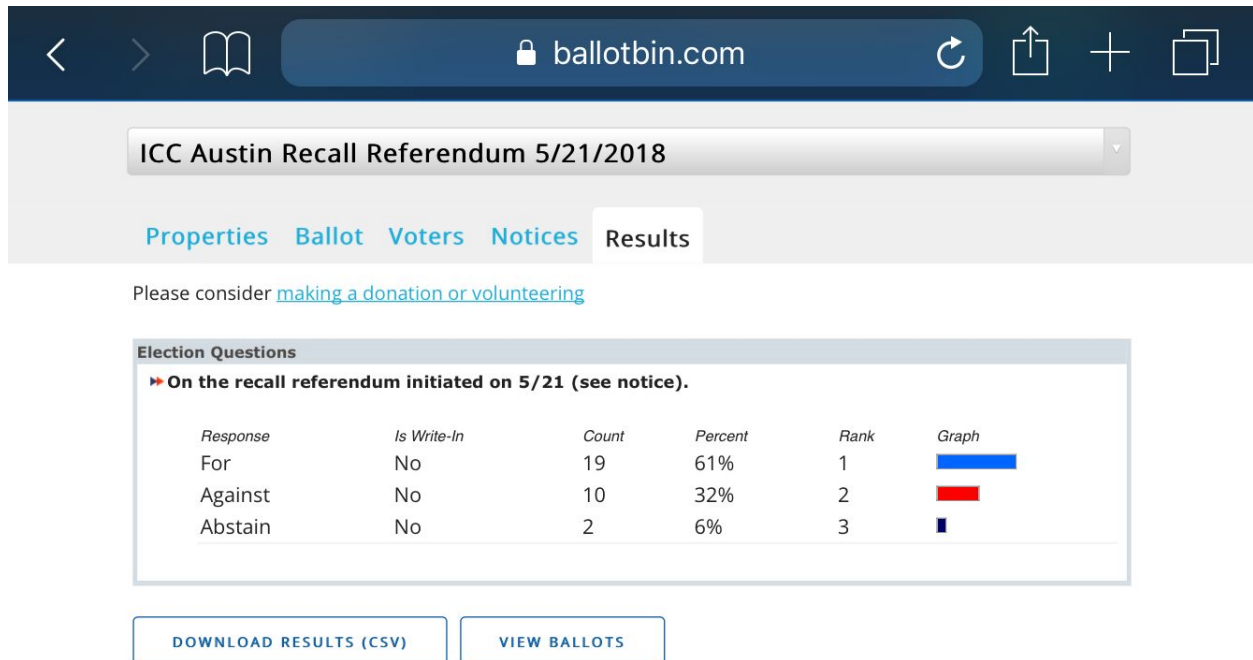
Laura J Khalil: "Some ED processes (especially payroll) need more formal written process documentation."

*Is this data adequate?  
Does this data demonstrate compliance?*



### ICC Austin 5/21/2018 Recall Referendum:

The general membership of ICC Austin will retain the right to initiate and approve all referenda. The roles of the board or its delegate in the referendum process are solely to determine and verify that a referendum was initiated by a petition signed by at least 10% of the total Current membership, by a majority vote at a membership meeting, or by a majority vote at a Board meeting; and, after the voting period, to determine that the results conform to the procedures outlined in Article 9, section 1, subsections 1 and 2 of the ICC bylaws: (i) the ballot for each referendum shall contain a reasonable explanation of the issues, and (ii) the results of the referendum shall be determined by a majority vote of the individual current members voting.



**Recommended Referendum Process (if 5/21/18 is approved)**

1. Draft referendum language
2. Create petition and collect signatures from membership (must be at least 10% of membership)
3. Submit petition to initiate referendum to board (this is to ensure the board is aware that a referendum is happening)
4. Draft a reasonable explanation for the referendum
5. Host the vote (ideally through BallotBin, one voting item per ballot)
  - a. Send invitations to vote to ALL ICC members
  - b. Post physical notices in a prominent place in each house
6. Announce results of vote
7. Inform board of results and have board verify that all ICC members were given the opportunity to vote and that the vote was fairly done
8. Board or staff or specified parties act as instructed by referendum



July 23, 2018

TO: ICC Bylaws Committee  
RE: Recommendations for changes to By-laws

Dear Committee Members,

As requested at the most recent ICC Board Meeting, I have drafted some suggestions for consideration in your work.

1. The Board represents the entire organization and theoretically the will of the majority; therefore, any process to overrule Board action should require a majority (50% plus one) of the membership.
2. For practical reasons, certain actions of the Board should be exempt from challenge. Lenders, vendors, major construction contractors and government agencies all require transactional finality so that they can be assured that contracts with ICC are binding. You should develop the list of actions which will be exempt from challenge which include these types of transactions (along with such additional matters as you deem appropriate). For example, you may also wish to exempt any actions previously approved at membership meetings (so that third parties would know that changes in membership would not result in an effort to void existing commitments) along with any action necessary to comply with a judicial order, regulatory agency requirement or law. Alternatively, you may elect to require the Board to propose such actions in advance to give the membership an opportunity to prospectively veto such action.
3. Distinguish between actions to challenge Board actions and staff actions. Typically, membership can challenge the actions of the Board but control of staff is left to the Board. If you wish to include a mechanism to challenge staff actions (even if approved by the Board), list which staff actions can be challenged. Again, assuming that the Board has approved staff action, the challenge should require a majority of the membership in order to succeed.
4. Article V (Section 5) and Article IX (Sections 1 and 2) all deal with referendums and recalls with varying thresholds and procedures. I suggest you consolidate these processes into a single, clear referendum process which addresses each step clearly and resolves any potential issues before they become a problem. Clarity is the key to a successful referendum process.

TOWER OF THE HILLS  
13809 RESEARCH BLVD, SUITE 625 • AUSTIN, TEXAS • 78750  
PHONE: (512) 977-0881 • FAX: (512) 977-0875 • XAVIER@MEDINALAW.US

As a starting place, you should specify the person or officer responsible for carrying out the various steps (along with an alternate if the designated person is unavailable or refuses to act). That person should act strictly in a ministerial capacity and, as much as possible, should be a neutral party. The process should:

- a. Specify the period within which the signature can be gathered and within which the vote is held (which should be a relatively short time-frame to avoid prolonged disruption of activities);
- b. State to whom and how the referendum request and signatures must be presented to trigger the vote;
- c. Provide a means to verify who is authorized to sign the referendum petition, eligible voters and that the signatures are genuine;
- d. State the number of petition signatures a member needs to invoke the process (the minimum threshold is ten percent but I suggest you consider at least twenty percent to insure that you ICC does not face the expense of a referendum unless there is significant support among the general membership);
- e. State whether more than one issue can be included per challenge;
- f. Identify who is to draft/approve the wording of the referendum (i.e. Board Secretary, outside facilitator);
- g. Permit proponents and opponents each to submit a summary of their position to be included with each voting issue listed on the referendum (if more than one is to be permitted), and provide a word limit for each such summary (50-100 words);
- h. State the manner, method and time of notice to be provide to members before the special meeting or referendum;
- i. Authorize electronic voting with appropriate verification and safeguards;
- j. Specify that the process you develop shall be the sole and exclusive method for challenging the Board's action; and
- k. Provide finality. If the referendum fails to meet the filing requirements within the permitted time or is defeated, additional attempts to challenge the board action should be barred; similarly if the action succeeds, then the Board should be barred from taking any contrary action.

5. Under Article VI, Section 7, a board member can only be removed for negligence and a house has unrestricted veto over the removal of a director who represents them. There is no mention of removal for other acts which normally would result in adverse action such as excessive absence, dishonesty, fraud, violence, breach of fiduciary duty, or criminal conduct/conviction. In addition, Article VI provides that any board member may be removed by a majority vote at a general or special membership meeting. As a result, less than a majority of the membership could fire an entire board without cause. The recall procedure should mirror the procedure for challenging board action so that a majority of all members is required. You may also wish to consider limiting the circumstances under which the membership can initiate such an action over the wishes of

(Memo to Bylaws committee)

– 3 –

July 24, 2018

their own house and whether cause will be required for removal by any group other than a director's own house.

6. Article VI, Section 13 states that directors are not personally liable for obligations of the corporation but fails to provide that ICC will defend, indemnify, and hold the directors harmless if someone makes a claim against them as a result of the performance of their duties. Absent a directors' liability policy, ICC should consider an indemnity provision requiring ICC to defend the Board members for any claim against them based on carrying out their official duties (with the typical exclusions for criminal activity and intentional misconduct found in director liability policies).

7. Without recommending such a change, I did want to note that similar entities often establish different quorum requirements depending on the nature of the issue under consideration. For example, decisions to cease operations, enter into transactions over a certain monetary amount, dispose of assets in excess of a certain value or amend formation documents often require a higher threshold than routine transactions. That list would be in your discretion to develop.

Paula and/or I are available to meet with you or confer by phone if you have any questions or would like any assistance in drafting. As always, it is a pleasure to be of service.

Sincerely,

Xavier G. Medina

Policy Type: Board-Staff Relationship  
Policy Title: D4 – Monitoring Executive Director Performance  
Last Revised: **July 16, 2015**

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The Board will systematically and rigorously monitor and evaluate the Executive Director’s job performance.

1. Monitoring is how the Board determines the degree to which the Executive Director is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by internal report, in which the Executive Director discloses interpretation and compliance information to the Board, and additional methods when specifically called for, including (a) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (b) by direct Board inspection, in which a designated Director or committee assesses compliance with the policy criteria.
3. In every case, the standard for compliance will be any reasonable Executive Director interpretation (as described by operational definitions and metrics) of the Board policy being monitored. The Board is the final arbiter of reasonableness but will always judge with a “reasonable person” test rather than with interpretations favored by individual Directors or by the Board as a whole.
4. The Executive Director is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the Executive Director. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board monitoring calendar.
6. The Board’s annual evaluation of the Executive Director based on a summary of monitoring reports received from March 1<sup>st</sup> through February 28<sup>th</sup>, will be completed by the March Board meeting. The Board will make its decisions concerning the evaluation and the employment contract no later than the Spring General Membership Meeting.



July 30, 2018

Julia Mitchell, Treasurer  
University of Texas Inter-Cooperative Council, Inc.  
2305 Nueces St  
Austin, Texas 78705

Dear Julia:

We are pleased to confirm our understanding of the services we are to provide for University of Texas Inter-Cooperative Council, Inc. for the year ended May 31, 2018.

We will audit the financial statements of University of Texas Inter-Cooperative Council, Inc., which comprise the statement of financial position as of May 31, 2018, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (the financial statements).

#### **Audit Objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of University of Texas Inter-Cooperative Council, Inc.'s financial statements. Our report will be addressed to the board of directors of University of Texas Inter-Cooperative Council, Inc. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

#### **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

#### **New York Office:**

230 Park Avenue, 3<sup>rd</sup> Floor  
New York, NY 10169  
P (212) 551-1724  
F (212) 522-7550

#### **Washington DC Office:**

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Alexandria, VA 22314  
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#### **Wisconsin Office:**

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Madison, WI 53713  
P (608) 274-4020  
F (608) 308-1616

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info@wegnercpas.com  
(888) 204-7665

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

#### **Other Services**

We will prepare the Organization's federal Form 990 information return for the year ended May 31, 2018 based on information provided by you. We will assist in preparing the financial statements of the Organization in conformity with accounting principles generally accepted in the United States of America based on information provided by you. We will also assist in routine closing entries other than proposed audit entries, if needed.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement, bookkeeping, and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

#### **Management Responsibilities**

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your



## F.Y.I. - Auditor Engagement Letter

knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

### Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations and schedules we request and will locate any documents selected by us for testing.

Bruce Mayer is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services will be \$7,800 for the audit and \$1,250 for the preparation of the Form 990. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, accounts 45 or more days past due will have a delinquent service charge computed by a periodic rate of 1½% per month (annual percentage rate of 18%) applied to the unpaid balance, and work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. You will also be obligated to compensate us for reasonable collection costs including attorney fees incurred by us resulting from nonpayment.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

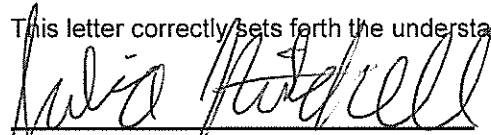
Wegner CPAs, LLP



Bruce Mayer, CPA  
Partner

### RESPONSE:

This letter correctly sets forth the understanding of University of Texas Inter-Cooperative Council, Inc.

  
Julia Mitchell  
Treasurer

## F.Y.I. - Greer Gregory's Resignation Letter

To: ICC Austin Board of Directors  
From: Greer Allison Gregory  
Date: August 1, 2018  
Re: Resignation

Dear ICC Board of Directors:

I regret to inform you that this letter is for the purpose of giving you my official notification of resignation, effective immediately. I am honored to have had opportunity serve as one of your board officers this year, however, I have personal and professional obligations that will prevent me from serving further on the board. I am deeply appreciative of the knowledge and professional skills I gained from working with you all. I hope I was able to make a valuable contribution to the organization.

We have exciting things happening that I'd like to bring your attention to including: the Ruth Shluze project; social justice work, as reflected in our Spring identity statement and in the strategic business plan; the bylaws review; and a chance to host NASCO in 2019. I would like to strongly encourage committee participation, running again in the fall, and strong communication channels between ECC and the board regarding the desires of your houses.

I think we can all agree things have been difficult over the last couple of semesters and therefore I think rebuilding trust and constructive processes in a manner that engages and encourages participation of the membership should be a central focus of future board work. I am confident that with your leadership you can: continue to improve the efficient functioning of the board; encourage cooperative and collaborative processes; be responsible stewards of the organizations resources by honoring your fiduciary duties; and make concrete steps towards collective strategic goals.

Last, I want to give a big thank you to all of our hard-working past and current ECC officers, staff, consultants, and our meeting facilitator for their time, dedication, and leadership. Each has gone above and beyond their assigned duties in service of the organization. I hope that ICC Austin can continue to provide the life changing cooperative experience and education to its membership that I have personally benefited from and taken into both my personal and professional life. Last, in furtherance of our ends statement which states we aim to provide a higher education to those who would not ordinarily be able to secure one, I would like to donate my June and July officer stipends to the scholarship fund. I wish you all the very best in your board work, in school, and in your future endeavors!

Cooperatively,

Greer Allison Gregory

# MILA'S EXITING LETTER

We all know it's been a difficult year at ICC.

Having served on the board for 1.5 years, this past semester was the most challenging I have seen for our organization.

I will skip the details, as I'm sure we have all heard about much of what happened. I want to acknowledge that it was personally taxing for many, and as multiple other members at the end of the semester, I ended my term sad to see the direction ICC is headed. Leaving is hard, but I know, for the sake of my own mental health, that I need to step away.

In its current state, ICC does not have a great system for suggestions or feedback. Many of the things we, as members, envision for the organization, never go beyond our own minds or a few casual conversations with housemates.

This, as part of our system, is only one of the factors that needs to change. And while it doesn't, I did my best to collect as many thoughts and suggestions I could on different ways we, as an organization, need to strive to improve.

The recurring themes I've encountered are more member-engagement and transparency. The membership wants to be the ones "steering the ship," in a true cooperative way, and rely less on our staff.

This is, in no way, a complete list of things we should re-examine or change. As a matter of fact, it looks incomplete – because it is. There will always be things to add, new issues to bring to our attention. Many items, after giving it some thought, might not even be the most appropriate way forward.

For now, all I hope is that this list may serve as a quick reference guide to a lot of the conversations we've been having, collectively and within our houses, of actions we can take to transform ICC into the organization we hope it will one day be.

I invite everyone to edit it, add to it and collaborate on making an even more comprehensive dream list for what we want to see. And, from here on out, to truly commit to making it happen.

Cooperatively,



Mila Santana  
Former ICC President

**BOARD OFFICER COMPENSATION REPORT**

July Board officer compensation not ready/confirmed by packet deadline. July & August compensation information will be included in the September 2018 board packet.

**BOARD BUDGET EXPENDITURES FY 2018-2019**

Board Budget Summary as of 7/31/2018

	Budget	Actual	Remaining
Board Officer Compensation	5,600	1,025	4,575
Auditor and Professional	10,675	5,509	5,166
Board Officer Training	2,000	-	2,000
Meeting Expenses	3,570	472	3,098
General Membership Meetings	3,000		3,000
D&O Insurance	2,244	362	1,882
Total Board Budget	27,089	7,368	19,721

ICC Austin Board Calendar 2018-2019												
ITEM	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
Board Meeting Date	Thursday 6-9pm 6/21/18 U.T. Union - 4.206	Thursday 6-9pm 7/19/18 U.T. Union - 4.206	Thursday 6-9pm 8/9/2016 U.T. Union - 4.206	Thursday 6-9pm 9/20/18 tbd	Thursday 6-9pm 10/4/2018 tbd	Thursday 6-9pm 11/1/2018 tbd	Thursday 6-9pm 11/29/18 tbd	None	Thursday 6-9pm 2/7/19 tbd	Thursday 6-9pm 3/7/19 tbd	Thursday 6-9pm 4/4/19 tbd	Thursday 6-9pm 5/2/19 tbd
ECC Meeting Dates	Meeting 6/7 - 3:30-5:30 Retreat 6/19 - 6:30-9:30 Meeting 6/28 - 6-8pm	Meeting 7/9 - 6-8p Meeting 7/26 - 6-8p Meeting 7/31 - 6-8p	8/16 - 6-8p ICC2nd floor Office 8/27 - 6-8p ICC2nd floor Office	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Board Education	BOD Retreat Saturday 6/16/18 1pm-5pm UT Union - Sinclair Suite			BOD Retreat Saturday 9/15/18 time TBD location tbd			Board Self- Evaluation		BOD Retreat Saturday 2/2/19 tbd			
General Membership Meetings				Equity Training Open to all members Saturday 9/8/18 time/loc tbd	Saturday 2-5pm 10/20/18 tbd						Saturday 2-5pm 3/30/19 tbd	
Informal Board Events	Community Agreement Check			Community Agreement Check					Community Agreement Check			
Board Work/Agenda Items	Bylaws review	Bylaws review; Quarterly Financial Report	Bylaws review; approve fall GMM agenda	Board Budget - learning; GMM agenda review	Operational budget part 1; Quarterly Financial Report	Board Budget approval; Operational Budget part 2	Accept Operational Budget; Approve New Rates; spring GMM draft agenda		ED Evaluation - learning; ED Hiring Preparedness Check; Quarterly Financial Report	ED Evaluation; ED Job Description Update; GMM Agenda approval	Approve GMM Agenda	Elections; Select auditor; Transition meeting with new officers; Quarterly Financial Report
Committee Appointments and Tasking	All	Committee Charters and Procedures Reviewed		All	Committee Charters and Procedures Reviewed				All	Committee Charters and Procedures Reviewed		
Committee Meeting Dates		GMMCom NomCom AuditCom		GMMCom NomCom		GMMCom NomCom			GMMCom NomCom AuditCom			
Strategic Learning & Discussion Topics	<i>Meeting Procedures and Community Agreements; board strategic planning</i>	<i>Referendum Procedures; ED Evaluation</i>	<i>ED Evaluation</i>	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>		<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>
Board Governance Process				C Policy Learning & Discussion	C Policy Learning & Discussion	C Policy Monitoring	C Policy Monitoring					
Board-Staff Relationship									D Policy Learning & Discussion	D Policy Learning & Discussion	D Policy Monitoring	D Policy Monitoring
Executive Limitations & Ends Policy	B6 - Communication to the Board	B5 - Staff Treatment and Compensation	B8 - Emergency Executive Director Succession	B3 - Asset Protection	B1 - Financial Condition	B7 - Board Logistical Support	B - Global Executive Constraint		B1 - Financial Condition B4 - Membership Rights & Responsibilities	B2 - Business Planning and Financial Budgeting	Ends Policy Monitoring Report	

\*\*\*\*All future dates are subject to change. Please read your most recent Board packet.\*\*\*\*

\*\*\*\*Draft items/dates are in italics\*\*\*\*