

2013 Annual Report

TREASURER'S REPORT *For the period January 1 to December 31, 2013*

Overview

The Association's finances remain strong in 2013, with revenues of \$1,785,164 and expenses of \$1,384,189, and well ahead of the budgeted net income of (\$49,321), which equates to a \$351,654 swing to the positive. The Association ended the year with total net assets of \$1,176,722.

NADCA has completed the transition from a cash basis to an accrual basis accounting system. Because the Association operated on a cash basis accounting system in 2012, revenue numbers for 2012 were inflated. That is attributed to dues revenue recognition in 2012 that should have been deferred and recognized in 2013. Year-to-year comparisons will not be fully representative of the current financial health of the Association, but the membership can look forward to the 2014 Annual Report when the year-end comparisons will accurately reflect the progression of the Association's finances.

Revenues

Membership dues account for 46% of the Association's revenues, followed by Certification & Training (33%). Overall revenues for 2013 were \$1,785,164 compared to 2012 revenues of \$1,544,562. The increase in revenue can be attributed to: Certification & Training coming in \$131,796 ahead of 2012 numbers; Annual Meeting coming in \$48,143 ahead; Publications at \$43,270 ahead; and just over \$16,000 increase in Other Event revenue.

Expenses

At 51%, Administration is the largest expense category and includes the following: management services, staffing, office space, committee expenses, legal fees, sales commission expense, credit card processing fees, insurance, postage, general design and printing, storage fees, telephone, website maintenance and hosting, and staff travel.

With transition of management to Association Headquarters, NADCA has realized a savings of \$211,628 over the past 18 months.

FINANCIAL SUMMARY REPORT	2013		2012
	2013 YEAR TO DATE ACTUAL	2013 BUDGET	2012 FULL YEAR AUDITED ACTUAL
OPERATING REVENUES			
Administration	829,232	830,000	827,888
Annual Meeting	233,892	215,460	185,749
Certification & Training	584,595	432,495	452,799
Other Events	45,904	19,592	29,855
Publications	91,541	52,310	48,271
TOTAL OPERATING REVENUES	\$1,785,164	\$1,549,857	\$1,544,562

OPERATING EXPENSES			
Administration	710,487	894,863	1,037,873
Annual Meeting	325,015	328,328	249,374
Certification & Training	187,733	229,382	75,444
Other Events	68,483	61,605	101,063
Publications	92,471	85,000	64,373
TOTAL OPERATING EXPENSES	\$1,384,189	\$1,599,178	\$1,528,126

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Comparison to Budget

Due to the transition to accrual based accounting in 2013, the Association did not have an accurate historical record of their revenue versus expense. Therefore, NADCA continued to budget aggressively in 2013, planning for deficit spending of approximately \$49,321. Revenues for 2013 far exceeded the conservative budget goals, with actual results of \$1,785,164, compared to a budget of \$1,549,857. Expenses were closely monitored and cut at every opportunity. Actual expenses for 2013 were \$1,384,189 compared to a budget of \$1,599,178. Overall the Association realized a net income of \$403,792.

Closing

NADCA increased its net assets in 2013, remains financially strong and is trending upward. The Association has the funds necessary to execute its operation and strategic initiatives and deliver a high level of support to the industry and our members.

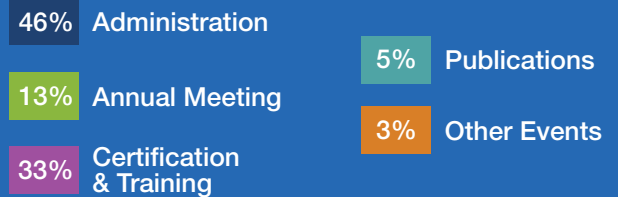
Annual Meeting Committee

More than 400 NADCA members attended the 2013 Annual Meeting held at the New Orleans Marriott where industry veterans came out to take advantage of the opportunity to learn, connect and network among the industry's most successful and experienced professionals. The exhibit hall offered more than 30 exhibitors showcasing their equipment and services. Demonstrations were held in the exhibit hall and the attendees gathered to celebrate the Member Party in honor of the Hall of Fame attendees with a St. Patrick's Day parade, complete with police and marching band escort.

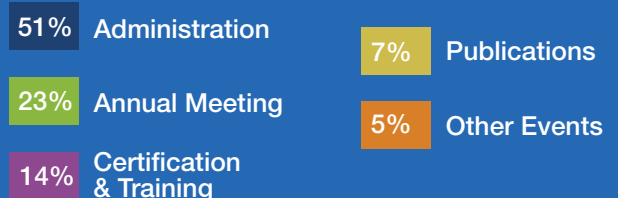
Certification Committee

The Certification Committee is tasked with developing and maintaining NADCA's industry-leading certification programs to ensure that members are performing air duct cleaning to the highest standards and in accordance with ACR, The NADCA Standard.

2013 REVENUES



2013 EXPENSES





This year the committee completed the merger of the Air Systems Cleaning Specialist (ASCS) certification with the Ventilation System Mold Remediator (VSMR) certification. The new ASCS includes requirements inclusive of the previously held VSMR. This comprehensive ASCS certification demonstrates the knowledge and skills necessary for both HVAC system cleaning and microbial remediation within an HVAC system and the membership certificate will indicate as much via additional text outlining the inclusion of that microbial remediation training as a part of the new certification.

The committee has spent much of this year reviewing the work of the ASCS exam re-write sub-committee, which was charged with completion of a new ASCS exam that will be unveiled at the annual conference in San Antonio in March, 2014. The sub-committee has spent considerable time working through the existing question bank to determine if existing content is outdated, needs to be re-written, or is still applicable, and also worked to ensure exam questions reflect the revised ACR, the NADCA Standard.

This committee has also worked closely with the Education Committee to review newly developed content for CEC course instruction, including the recently updated ASCS to ACR Standard training class materials.

2013 Certification Summary

PROGRAM	# OF CERTIFICANTS	NEW IN 2013
ASCS	1660	265
CVI	209	33
CVC	4	0
TOTALS	1873	298

Education and Safety Committee

Education continues to be the core of NADCA's mission, and the Education & Safety Committee strives to maintain, update and develop new training programs that will keep our technicians and industry experts on top of new advancements in technology products, and practice. In

2013 the committee continued their development work on NADCA's new webinar series that offers a diverse library of options available in targeted segments that may be shorter and made available on demand. Participants can now more easily identify desired areas of study and opt for the course or courses that fit their target needs.

Ventilation Maintenance Technician (VMT) Training Program

The Ventilation Maintenance Technician (VMT) Online Training program remains as the optimum way to train entry-level technicians in a cost-effective manner. More than 275 technicians have registered for this course since it was launched in 2011, learning about basic safety, access openings, containment, tools and equipment, and how to clean HVAC systems in accordance with ACR, The NADCA Standard. The Education Committee, alongside the Regional Technical Committee, are actively working toward development of a hands-on training aspect for the VMT course offering available at the Fall Technical Conference, allowing attendees to apply those skills and theories taught by the VMT Technician Training Program. This hands-on portion is expected to launch at the 2014 Fall Technical Conference in Atlanta, Georgia.

Paper: The Use of U/V Lighting in HVAC System Ductwork

In 2013, the Education and Safety Committee charged their Position Paper Sub-Committee with the development of this paper designed to educate the industry on the technology, effectiveness, hazards, maintenance and safety precautions when dealing with UV lighting in air conveyance systems. This paper was developed by some of the nation's top professionals on UV lighting in HVAC systems, together with NADCA's technical team. It will be presented for the first time at NADCA's Annual Conference in San Antonio and will subsequently be available for download at www.nadca.com. It has been selected by IICRC for inclusion in their technical publication, *The Journal*, and will be available in webinar format in 2014.



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International Affairs Committee

NADCA's International membership continues to grow with targeted marketing bringing our total International member count to 202 members from 25 countries. NADCA's International Affairs Committee is appointed to focus on the needs and interest of members from outside the United States.

In 2013, NADCA President, Bill Benito, traveled to Japan to present ACR, The NADCA Standard to NADCA's Japanese counterpart, JADCA. Benito stressed the importance of ACR and shared copies of the standard with government officials, owners and technicians at JADCA's 25th anniversary celebration.

NADCA continues to enjoy a mutually beneficial partnership with our Italian industry associates, AIISA. In 2013, 53 NADCA members came from our partnership with AIISA.

Industry and Public Relations Committee

The Industry and Public Relations Committee undertakes a wide array of initiatives each year for the purpose of generating business opportunities for NADCA members and growing the association. In 2013, NADCA engaged in campaign project work with Association Headquarter's MarCom (Marketing & Communications) team. The result of those campaigns has been measurable, targeted growth and value beyond the dollars invested.

The Industry Relations team went to work brainstorming with the NADCA board and client team to develop an assets inventory and honed in on new products requested by the membership. An in-depth and insightful market evaluation was conducted to uncover the organization's total universe of growth potential.

With a renewed focus of the value NADCA brings to its industry partners, the IR team reached out to past, current and new supporters. The Industry Relations team instilled confidence and displayed transparency among supporters in an effort to underscore NADCA's commitment to creating mutual success. NADCA supporters now have a voice within the organization. The results speak for themselves:

- Increased sales for the Annual Meeting, the International Summit, and the specialized Fall Tech Conference by 31% in the first year of partnership.
- Increased DucTales advertising revenue by 23%.
- NADCA's first sponsored product webinar secured more than 200 registrants for the inaugural online event.

In one year, the IR team at Association Headquarters has revitalized relationships with past exhibitors, created partnerships with new sponsors, developed new revenue opportunities, and boosted existing ones.

Social Media

NADCA continues to increase its presence on Facebook, Twitter, YouTube and LinkedIn. NADCA's Twitter followers jumped from 275 in 2011 to 705 in 2013, an increase of more than 150%. LinkedIn continues to be the most active social media forum for NADCA, with 383 group members and a very dynamic discussion board. Topics range from NADCA-specific certification and renewal questions, to EPA activity, to job-specific information exchange.

We continue to drive people to **www.nadca.com** across all of our projects, in an effort to increase the visibility of the association and educate the industry. NADCA's partnership with MarCom resulted in an increase of 76% in web traffic in just one month during the release of ACR, The NADCA Standard.

Articles and News Releases

NADCA continues to utilize several public relations initiatives in order to promote the activities of the association and the advancement of the industry. Strategic partnerships with Brandpoint, NAPS, and MarCom have resulted in a range of releases and article topics including: *Tips On Using Ozone On Your HVAC System*; *Keep Your Home Clean and Comfortable and Save*; *Indoor Air Pollution*; *Increase Energy Savings With Properly Maintained HVAC Systems*; *How to Clean Air Ducts* and more than 15 other specially developed and targeted news releases.



By September 2013, NADCA secured over 70 media placements in several top industry and consumer publications, including Buildings Magazine, The RSES Journal, ACHR News and Green Builder. NADCA established relationships with five trade publications which featured NADCA news in their publications multiple times.

NADCA experienced a great public relations success when the Association was featured in *Family Circle* magazine in early November. The article, which appeared as a “healthy homes” quiz included clean air stats and facts from an interview with NADCA member Richard Lantz, ASCS, reaching *Family Circle*’s audience of over 4.2 million!

Commercial Activities

NADCA allocates a portion of their Industry & Public Relations budget to participation and exhibition at several industry events. With booths at the Restoration Industry Association (RIA), Indoor Air Quality Association (IAQA) and ASHRAE’s Air-conditioning, Heating & Refrigeration (AHR) Expo, NADCA harnessed opportunities to reach target individuals and companies across the industry, including mechanical engineers, specifiers, facilities managers, air conditioning contractors, indoor air quality specialists and other key industry segments.

NADCA has been working to restore and rebuild relationships and in doing so, has entered in to a Memorandum of Understanding (MoU) with three organizations this year: IICRC; IAQA; and IKECA. These agreements allow our associations to offer reciprocal support and benefit in the areas of education, marketing and promotion. It also ensures that the executive management teams are in communication with regard to scheduling and direction of the association so that all opportunities are maximized.

Membership Committee

The Membership Committee is tasked with enhancing member benefits and promoting those benefits to current and prospective members in order to increase and retain membership. The Committee also oversees NADCA’s growth strategy and member surveys.

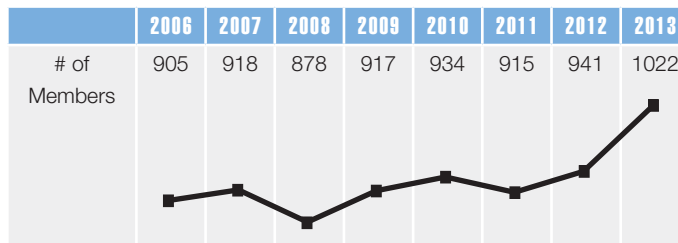
For the first time ever, NADCA has surpassed 1,000 member companies! This is a tremendous accomplishment that was met with focused content marketing, increased member value and ROI (return on investment), and the diligent work of the Membership Committee and staff in assisting pending members with completing the join process, mainly with the completion of their ASCS certification.

2013 NADCA Membership Summary

Membership reached an all-time high in 2013 with 1022 members, an 8.6 % increase over 2012 membership numbers.

MEMBER TYPE	# OF MEMBERS
Regular Certified	731
Associate	44
International	182
Supplemental	50
International Supplemental	11
Affiliate	4
TOTAL MEMBERS	1022

Membership History



- In 2013, 44 companies had their membership terminated for not meeting membership requirements (non-compliance with ASCS certified staff or lack of proof of insurance). This compares to 118 terminations in 2012, 41 terminations in 2011 and 27 companies terminated in 2010.

	2008	2009	2010	2011	2012	2013
# of New Applications	207	175	193	189	186	168
# of New Members	157	132	121	137	132	109



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As of December 31, 2013, there were 59 pending member companies. Pending companies can remain in pending status for a maximum of six months. During this time they are required to provide proof of insurance and have at least one individual pass the ASCS examination. At the conclusion of the six month period, all pending companies who have not complied with the qualifications of membership are terminated. Should they wish to pursue membership again in the future, they must initiate the application process from the beginning.

Leadership Development Committee

The Leadership Development Committee is charged with identifying qualified candidates who are interested in serving on NADCA's Board of Directors.

This Committee identified a slate of highly qualified candidates to fill four open positions on the 2014–2016 Board of Directors. The following directors were elected to serve three-year terms beginning in March 2014:

Regular Director: Kevin Uilkie of K.M. Facility Services, LLC in Glendale, AZ.

Mark Zarzeczny of Schoen Duct Cleaning in Beverly, NJ.

Re-elected to a third term on the Board of Directors is Michael Vinick of Duct and Vent Cleaning of America, Inc. in Springfield, MA.

Re-elected to a second term on the Board of Directors is Mike White of Clean Air Systems of LA, Inc. in Shreveport, LA.

NADCA again used electronic ballots for this vote. All members without an email address on file were sent the ballot via fax and/or USPS. Ballots were sent to each regular NADCA member's primary email address on file through ballot voting software company, Big Pulse. Electronic ballots maintain a higher level of accuracy and protect the integrity of the process.

NADCA members can be confident they will receive exemplary levels of support and participation from these newly elected board members and those returning to

continue their service. Their willingness to share their time and expertise with others serves to prove they are committed to their service as a NADCA director.

Regional Technical Advisory Committee (RTAC)

The Regional Technical Advisory Committee (RTAC) supports NADCA members through regional training conferences and direct technical assistance.

Technical Conference

NADCA brought in a record number of attendees at "Coming Up For Air," the 2013 Fall Technical Conference. The event was held September 26–28 at the Sheraton Gateway Hotel in Atlanta, Georgia. Registration increased almost 40% over 2012 record numbers, with more than 130 technicians and industry professionals in attendance! The Fall Technical Conference is designed to help industry members become the best they can be by offering certification, training and hands-on application to all levels of technicians. Coming off the two-track program success in 2012, the committee opted to continue that format and again offered both the Technician Track for those who are new to our industry, and the Advanced Track for industry professionals wanting to develop a greater depth of knowledge and a more comprehensive skill set. An exciting addition to the educational line up this year included the opportunity for vertical lift training. Vertical lifts were brought to the hotel and positioned outside the venue so technicians could simply walk outside for training. More than 50 individuals attended and came away with their certification cards.

Standards Committee

The Standards Committee is tasked with developing NADCA's standards – primarily, *ACR, The NADCA Standard for Assessment, Cleaning & Restoration of HVAC Systems*. The ACR Standards Committee released their revised Standard at the General Business Meeting during the 2013 Annual Conference in New Orleans, Louisiana. This update offers a re-organized version that maintains the quality,



integrity and technical detail of ACR 2006, while adjusting the flow of text to reflect a sequence consistent with the work flow of an actual HVAC cleaning and restoration project. ACR, The NADCA Standard is available for free at www.nadca.com. To date, more than 2,400 people from 75 countries have downloaded the free pdf, and more than 2,000 hard copies of the booklet have been sold or given away at industry educational sessions. Committee members continue to present ACR sessions at industry events and pursuit of promotional opportunities for this NADCA Standard continues.

In 2013, another sub-committee was formed to develop a dryer exhaust duct performance standard. This committee has worked closely and with great dedication to formulate an extremely technical and effective Standard for the benefit of NADCA members. The *Standard for Measuring Residential Dryer Exhaust Duct Performance* will be released at the General Business Meeting during the 2014 Annual Conference in San Antonio, Texas.

Bylaws Committee

In 2013 the Bylaws Committee initiated one minor revision to the NADCA Bylaws. This document specifies how the Association is to be governed. A copy of the bylaws can be found in the Member section at www.nadca.com.

Ethics Committee

The Ethics Committee was appointed in 2011 for the primary purpose of evaluating the Association's logo use policies, as well as other policies related to the use of NADCA's intellectual property. The committee works with the NADCA attorney, when needed, to police and protect NADCA's trademarks. These efforts continue on behalf of NADCA members in order to monitor and prevent misuse of the NADCA logo for competitive advantage. The committee is also charged with reviewing allegations of unethical conduct of NADCA members. 2013 saw a lesser number of ethics complaints reported, as compared to 2012, but the committee remained active in reviewing those complaints and taking action when

deemed necessary. The efforts of this committee go a long way toward protecting the integrity and value of NADCA membership and the dues investment.

Strategic Planning

NADCA's strategic plan sets the direction and establishes priorities for the Association. It defines our view of success and prioritizes the activities that will make this view a reality. The strategic plan helps to guide committees, board members and executive management toward fulfilling the initiatives outlined in the plan, thereby achieving the short and long term goals of the Association. NADCA has maintained a focus on the directives of the plan and has continued to deliver measurable results that can be tied by to the strategic mission of the organization. NADCA's Board of Directors has scheduled a strategic planning session in 2014 in order to evaluate their current direction and determine what changes, if any, need to be made in order to maintain the forward movement of the organization.

Management Review

When NADCA initiated a management change in 2012, the Board of Directors charged Association Headquarters with focus and execution of several key initiatives. Association Headquarters has provided the resources and expertise needed to accomplish those tasks, including but not limited to: completion of ACR, The NADCA Standard re-write; the ASCS bridging exam; development of the *new* ASCS certification; and creation of a strong alliance with fellow industry partners ASHRAE, IAQA, IICRC, IKECA, and RIA.

Association Headquarters is a leader in the Association Management community. They were the first, and are one of only ten, licensees of the American Society of Association Executives (ASAE) Certificate in Association Management Program. Association Headquarters is charter-accredited by the AMC Institute (to an American National Standards {ANSI} standard) and employs the highest number of credentialed staff members of any association management company world-wide.



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