

NADCA

DucTALES

JANUARY/FEBRUARY 2008

Annual Report 2007

Changes &
Opportunity





2007

Annual Report: Changes & Opportunity

TREASURER'S REPORT FOR THE PERIOD JAN 1 — DEC 31, 2007

By Robert "Buck" Sheppard

Overview

NADCA continued to enjoy a strong financial performance in 2007 and remains financially sound. The Association generated total revenues of \$1,864,860 and total expenses of \$1,559,182 for net revenues of \$305,678. With a fund balance of \$900,909, the Association had a six-month operating reserve at the end of 2007.

Revenues

As with most associations, membership dues provided NADCA's primary source of revenues in 2007. Major sources of non-dues revenue included certification, training and the Annual Meeting & Exposition. NADCA's revenue growth is an indication of the industry's strong support for the Association.

Expenses

Administration accounted for NADCA's largest category of expenses and includes staffing, office space, office equipment, general printing, postage, insurance, and other costs incurred to operate the Association. NADCA also invested heavily in a variety of programs in 2007, including marketing/public relations, the Annual Meeting & Exposition, regional and international events, publications, training, and a variety of committee initiatives.

Comparison to Budget

In comparison to budget, NADCA realized revenues of \$1,864,860 compared to a budget of \$1,645,000. A comprehensive recruiting effort resulted in stronger than expected membership revenues. In addition, the 2007 Annual Meeting & Exposition attracted a high level of participation among HVAC system cleaning professionals, producing solid financial results. Certification and training activity also picked up considerably in 2007.

Actual expenditures were \$1,559,182 compared to a budget of \$1,729,250. Board and Committee initiatives, which were heavily funded, were not all started in 2007. As a result, funding was not used. These projects remain important and funding has been extended into 2008.

Net Results

With net revenues of \$305,678, NADCA realized a second consecutive year of good financial results. These results indicate a high level of support for the Association throughout the industry.

Looking ahead, NADCA's solid financial position allowed the Board to budget aggressively for 2008. Several big-ticket items will be introduced in 2008 that are expected to result in deficit operations for 2008. NADCA members are to be commended for building a strong organization that is well-positioned to provide the high-caliber programs and services needed to advance the industry. With another year of operations completed, NADCA remains financially sound.



2007 REVENUES



2007 EXPENSES



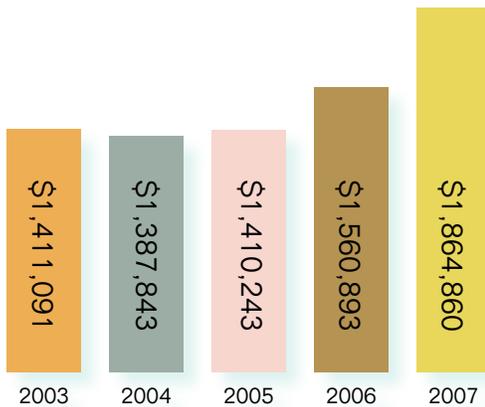
FINANCIAL SUMMARY REPORT FOR THE PERIOD JAN 1 — DEC 31, 2007

REVENUES	% of TOTAL	2007 ACTUAL	2007 BUDGET
Membership Dues	43%	\$ 802,903	\$ 756,000
Certification	18%	334,543	247,500
Annual Meeting & Expo	18%	329,764	285,000
Training	10%	178,679	130,000
Publications & Advertising	6%	119,056	110,500
Regional & International Events	3%	46,969	89,000
Other	3%	52,947	27,000
TOTAL REVENUE		\$1,864,860	\$1,645,000

EXPENSES			
Administration & Management	51%	\$ 791,458	\$ 793,250
Annual Meeting & Expo	17%	266,675	266,250
Board & Committees	12%	182,564	348,250
Publications & Products	7%	116,734	146,500
Regional & International Events	6%	94,628	75,000
Training	5%	73,102	59,000
Certification	1%	8,815	15,000
Other	2%	25,208	26,000
TOTAL EXPENSES		\$1,559,183	\$1,729,250

NET		\$305,676	-\$84,250
------------	--	------------------	------------------

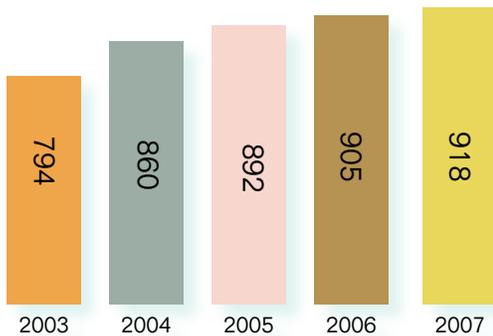
REVENUE



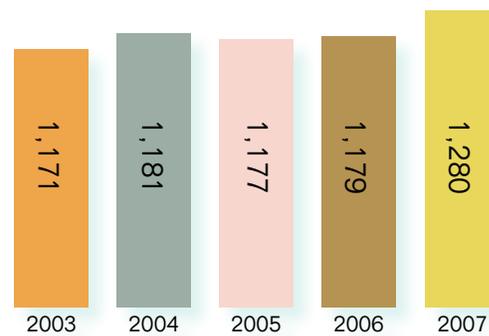
EXPENSES



MEMBERSHIP



ASCS CERTIFICATION



ANNUAL MEETING COMMITTEE

Focusing on the theme "Trends and Transitions," the Annual Meeting Committee designed the event schedule for NADCA's 19th Annual Meeting & Exposition to include educational events and sessions that focus attention on the expanding opportunities available to the HVAC system cleaning industry. The Committee enhanced the event by adding a panel discussion to the program, allowing attendees to discuss the emerging trends that are shaping the industry. The program also included an assortment of practical, specialized presentations geared specifically to HVAC system cleaning professionals.

Introduction to Air Duct Cleaning and IAQ in Spanish

The Annual Meeting Committee reached out to the Latin American audience by offering a new Spanish language course focusing on indoor air quality and HVAC systems.

With the Annual Meeting & Exposition being held in San Diego, 2008 seemed like a good year to not only reach out to professionals in Mexico and Latin America, but also to the Spanish-speaking population throughout the U.S.

Annual Meeting & Exposition Set for Orlando in 2009!

Mark your calendar: the 20th Annual Meeting & Exposition is scheduled for March 9-12, 2009 at the Caribe Royal All-Suites Hotel & Convention Center in Orlando, FL.

CERTIFICATION COMMITTEE

In 2007, the Certification Committee succeeded in making the ASCS examination available in two new markets – Quebec, Canada and Italy. Working closely

with a few dedicated volunteers, the Committee was able to make the ASCS program more readily available to industry professionals from abroad. This included not only translating the existing exam materials, but also adapting the content of the ASCS course to fit practices in local markets, respectively.

ASCS Exam Offered in French

During the 2007 Montreal Summit, which took place October 1-3 at the Delta Montreal Hotel, more than 40 attendees participated in the ASCS Training Course and Exam, which was offered in Canadian French for the first time. Exam participation numbers exceeded NADCA's original estimates, and an additional room was filled to accommodate the high volume of candidates.

ASCS Exam Offered in Italian

NADCA's ASCS course and examination were administered in Italian for the first time on October 4-5 in Rome, Italy. The Italian versions of the ASCS course and exam were completed through a collaboration with the Associazione Italiana Igienisti Sistemi Aeraulici (AIISA), NADCA's counterpart in Italy. More than a dozen individuals took the ASCS Exam in Italian.

NADCA CERTIFIED INDIVIDUALS	CURRENT	NEW IN 2007
ASCS	1,280	369
VSMR	231	59
CVI	204	53

ASCS CERTIFICATION GROWTH				
In 2003	In 2004	In 2005	In 2006	In 2007
1,171	1,181	1,177	1,179	1,280

EDUCATION & SAFETY COMMITTEE

The Education & Safety Committee oversees NADCA's learning opportunities, identifying when programs need to be updated or improved. In 2007, the focus of Education & Safety Committee was providing training and education in a more convenient format.

Online Training

In 2007, the Education & Safety Committee made significant progress toward the implementation of online training. This initiative is consistent with NADCA's commitment to providing high-quality training in a convenient and more cost-effective format.

The Education & Safety Committee compiled approximately 200 fully narrated slides for the ASCS Online program, which will be available in PowerPoint format. Once completed, the program will save time and money for business owners and

their employees. Users will have the ability to take the ASCS course, in whole or in parts, at any time, from home or office.

Continuing Education Credits (CECs) at the Annual Meeting & Exposition

The Annual Meeting & Exposition in San Diego provided three courses for NADCA's CEC Training Program, including "Tips and Techniques: Air Handler Refurbishment"; "Duct Leakage: The IAQ Connection"; and "Coatings Applications in HVAC Systems." NADCA's CEC Training Program remains a popular and cost-effective way for owners to provide high-quality training for their personnel, while also enabling employees to earn credit toward ASCS certification renewal.

Safety Awards

The Education & Safety Committee once again oversaw NADCA's Safety Awards Program. This program, which recognizes companies that have sustained superior employee safety and health program results, remains popular among NADCA members who are committed to the safety and well-being of their personnel. Under this program, members that demonstrate an excellent safety record are honored with a Safety Award from NADCA. The NADCA Safety Awards Program is offered every year. Companies receiving the Safety Award for three consecutive years receive special recognition and an additional honor of distinction.

INTERNATIONAL AFFAIRS COMMITTEE

The International Affairs Committee has its finger on the global pulse, and its volunteers concentrate on growth opportunities for NADCA throughout the world. The Committee is charged with developing international event itineraries and making contacts with industry leaders who will further develop the organization in countries outside North America.

Region 9.5: Quebec 2007 Montreal Summit

The 2007 Montreal Summit took place October 1-3 at the Delta Montreal Hotel, and attracted 65 participants, including HVAC cleaning contractors, suppliers, and professionals from related industries. The official language of the event was French, and an interpreter was available for the sessions delivered in English. The Summit offered a robust program, providing contractors the opportunity to learn about several regional initiatives to dramatically improve the industry in Quebec.

The event was pivotal in bringing 12 new members into NADCA, providing a solid base of support for programs targeted to the needs and interests of members in the region. NADCA currently has 36 member companies in the Quebec province.

Region 11: Australia meeting

A meeting for NADCA's Region 11 took place on June 27, 2007 at the Menzies Hotel in Sydney, New South Wales. The meeting was attended by 13 individuals who were able to network and share their suggestions and observations related to NADCA and the HVAC system cleaning industry. Attendees of this event concluded that currently there is a tremendous opportunity for local industry growth and individual company growth if companies unite to promote best practices and standards. NADCA currently has 12 member companies in this region, two of which joined in 2007.

Region 12: Italy (AIISA)

NADCA formed a partnership with AIISA in 2006 and since then, much has been accomplished. NADCA received 14 new member companies from this region in 2007 and currently represents a total of 22 members in Italy.

Region 15: China

NADCA's Region 15 experienced considerable development during 2007, as the ACR Standard was adopted and a Chinese translation of the ASCS Course and Exam is on the horizon. Various Chinese leaders from government and industry have requested meetings with NADCA leaders.

The International Affairs Committee developed a proposal for a 2008 China Summit, which would provide training for local HVAC cleaning technicians and generate awareness of the Chinese regulations for HVAC cleaning. A 2008 China Summit would also seek to promote participation in NADCA from Chinese HVAC industry professionals. It will be held in May/June, 2008.

Enhancement of International Services

The International Affairs Committee is considering several plans for enhancing services for NADCA international members, especially in regions where support for the organization is rapidly growing. The Committee will continue to focus on successfully recruiting members in order to provide long-term stability for each region.

MARKETING COMMITTEE

The Marketing Committee provides public relations and customer outreach support for NADCA members and seeks to educate residential and commercial consumers about the HVAC cleaning industry. The Committee works to develop and implement several programs each year, in order to provide marketing tools NADCA members may use to generate more clients.

Residential Marketing Brochure

The Marketing Committee completed the Residential Marketing Brochure, which is available for download on the NADCA home page. The electronic format of this document is available in high resolution so that NADCA member companies may have the brochure professionally printed.

Spotlight On Indoor Air Quality

A television segment entitled "Spotlight On Indoor Air Quality" was produced in coordination with the Marketing Committee. The segment explains HVAC system cleaning and appeared on public television stations throughout the nation during the fall season of 2007.

NADCA Web site

Volunteers from the Marketing Committee helped to develop a new NADCA Web site, which will be introduced in 2008. The NADCA home page will place greater emphasis on the Member Search feature, which is used by consumers who wish to hire an HVAC system cleaning company.

An automated lead generation system will also be introduced to provide users with an option to be contacted by NADCA members. Users will submit their contact information, which will be automatically distributed to NADCA members within the correct search radius. The lead system will allow members to see the direct benefits of a NADCA membership.

International Forum

An Online International Forum was created and implemented in 2007, allowing International members the chance to network through the Internet.

Web Searches by Consumers

NADCA WEBSITE VISITORS TRAFFIC REPORT					
TRAFFIC REPORT BY TOP 10 VISITING REGIONS					
RANK	REGION	VIEWS	VISITS	HITS	BANDWIDTH
1	USA	845,963	333,571	8,891,805	92,161,526
2	N/A	81,872	17,684	1,120,333	13,192,586
3	Canada	36,675	7,768	472,059	4,120,236
4	China	25,077	16,803	127,271	1,019,345
5	Netherlands	14,130	696	18,335	558,243
6	Australia	9,660	1,954	112,095	1,366,598
7	Italy	6,807	1,492	94,492	600,947
8	India	6,692	1,669	116,387	595,435
9	Sweden	6,426	3,537	10,356	262,853
10	UK	4,798	1,278	42,133	397,607
TOTAL		1,038,100	386,452	11,005,266	114,275,376

Press Release Campaigns

The Marketing Committee developed and distributed press releases entitled "How Healthy Is the Air Inside Your Home" and "Save Energy by Cleaning Your Home Air System." The first article was picked up and published by more than 100 online news affiliates for ABC, CBS, NBC and FOX.

NADCA had two other press releases running in 2007 entitled "Home Sweet Home" and "Energy Matters: Low Cost Ways to Save." The former article created 444 newspaper releases in 30 states reaching an estimated total readership of 36,000,000 people. The latter article was placed approximately 800 times in 28 states during 2007, reaching an estimated total readership of 55,000,000. These campaigns helped generate the record-high number of leads received by members through the NADCA Web site.

Exhibiting Activities

SHOW NAME	LOCATION	DATE	AUDIENCE
CSI	Baltimore, MD	July 2007	Construction Specifiers
IAQA	Las Vegas, NV	October 2007	Restoration Specialists

MEMBERSHIP COMMITTEE

The mission of the Membership Committee is to promote the benefits of NADCA to current and prospective members in order to increase and retain membership. The Membership Committee works with NADCA staff to recruit and retain members. The efforts of the Membership Committee relate to the development of programs and services geared toward benefiting HVAC system cleaning companies.

Membership Update

NADCA received 183 applications for membership in 2007, continuing NADCA's strong history of membership recruitment.

MEMBERS	2007	2006	2005	NEW SINCE JAN 2007
Regular Certified	738	690	682	90
Associate	51	53	60	6
International	65	62	63	15
Supplemental	37	35	38	7
International Supplemental	9	12	10	1
Affiliate	18	21	21	7
TOTAL	918	873	874	126

NADCA E-News

The Membership Committee coordinated the development of a new template for the NADCA E-News, which is sent monthly to members. NADCA E-News follows the Association's commitment to helping members stay aware of industry news. The new template was designed to match the NADCA Web site and will be used as a professional tool to maintain communication between the organization and NADCA members.

Burrelles-Luce

In 2007 NADCA subscribed to Burrelles-Luce, a media tracking service that enables the Association to gather news stories related directly to the HVAC cleaning industry. These news stories are highlighted in each issue of the NADCA E-News, so that members are regularly informed of industry media coverage.

Member Recruitment

NADCA conducted a telemarketing campaign at the start of 2007. The telemarketing campaign successfully introduced NADCA to HVAC contractors who were not aware of recent initiatives and new programs available through the Association. This campaign also helped attract participation in the 2007 Annual Meeting & Exposition.

Sunbelt Rentals

NADCA participates in the Sunbelt Rentals national account program, which provides discounted rental equipment and related supplies to NADCA members. Discounts accrued by NADCA members using the Sunbelt Rentals program helped several members more than cover their costs for membership.

NOMINATING COMMITTEE

The Nominating Committee seeks qualified applicants for open slots on the NADCA Board of Directors. The Committee works closely with the Board of Directors to approve a slate of candidates each year.

In 2007, the Board of Directors approved the following slate of candidates for three open positions for the Regular Member Directorship: Tim Hoysradt, Ron Kratz, Pierre Laurin, Aaron Marshbanks, Michael Vinick and Steve Willis. Tim, Ron and Michael were elected to serve on the Board for the term beginning March 2008.

NADCA commends all of the candidates and members who participated in the election process.

REGIONAL COORDINATORS COMMITTEE

The Regional Coordinators Committee is responsible for providing technical assistance to NADCA members. This Committee administers NADCA's Mentor Program, helping to orient new members to the Association. The Regional Coordinators Committee also organizes the NADCA Technical Seminar program.

2007 Technical Seminars

The NADCA Technical Seminars resumed in 2007, providing a combination of classroom learning and hands-on training. The seminars were held in August 9-11 in St. Louis, MO and August 23-25 in Baltimore, MD. The St. Louis Technical Seminar had 30 attendees, while the Baltimore event had 71. The Certified Ventilation Inspector (CVI) Program was held in conjunction with the Technical Seminars, attracting a total of 19 participants.

2008 Technical Seminars

The Regional Coordinators Committee developed plans for three Technical Seminars in 2008. The dates and locations are as follows: August 14-16 in Chicago, IL; September 11-13 in Baltimore, MD; and October 2-4 in Jacksonville, FL.

STANDARDS COMMITTEE

NADCA's standards development process took a big leap forward in 2007 as NADCA was recognized as an Accredited Standards Developer by the American National Standards Institute (ANSI). This accreditation recognizes NADCA's commitment to developing standards using a process that is open, balanced and based on consensus from materially affected parties. The real benefit of ANSI accreditation will become evident as related industries contribute and adopt NADCA's next edition of the ACR Standard.

STRATEGIC PLANNING

NADCA's Board of Directors conducted a strategic planning session toward the end of 2007 in an effort to develop a clearer picture of what the industry will look like five years from now. This type of activity is essential in enabling NADCA to develop the types of programs and services that will help members operate profitably and compete successfully as the industry continues to develop.