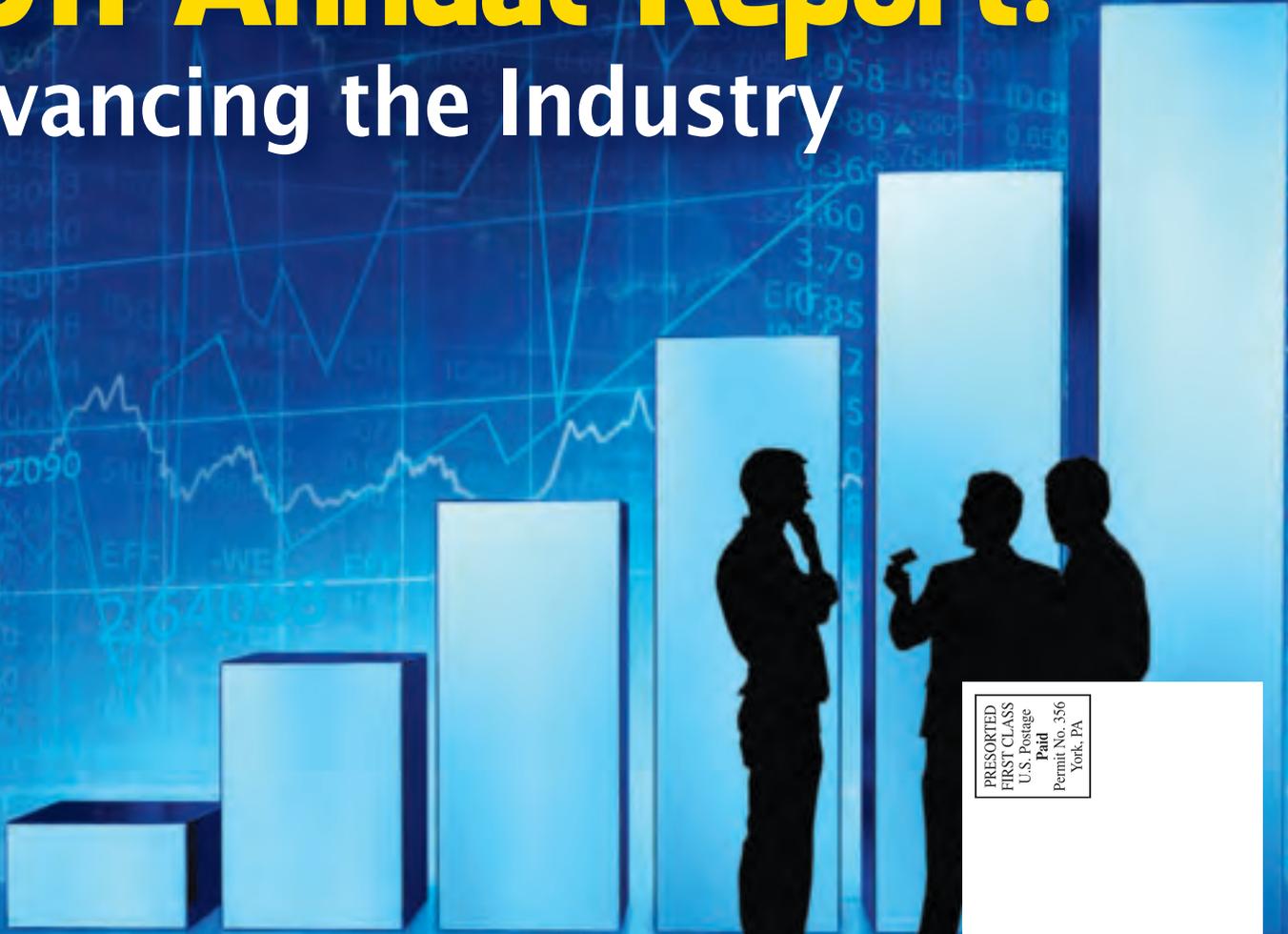


NADCA **DucTALES**
JANUARY/FEBRUARY 2012

2011 Annual Report: Advancing the Industry



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The HVAC Inspection, Maintenance
and Restoration Association®

2011 ANNUAL REPORT

TREASURER'S REPORT *For the period Jan. 1 – Dec. 31, 2011*

OVERVIEW

The Association's finances remained stable in 2011, with revenues of \$1,644,499 and expenses of \$1,602,076, for a net surplus of \$42,423. These strong results enabled the Association to end the year with a Total Fund Balance of \$1,111,052 and a seven month operating reserve.

REVENUES

Membership dues account for 49% of the Association's revenues, followed by Certification (18%). Overall revenues for 2011 were \$1,644,499 compared to 2010 revenues of \$1,655,137.

EXPENSES

At 50%, Administration & Management is the largest expense category and includes staffing, office space, credit card processing fees, insurance, and other basic

expenses required to operate the Association. Overall, NADCA ended the year with expenses of \$1,602,076, compared to previous year results of \$1,578,111.

COMPARISON TO BUDGET

NADCA continued to budget aggressively in 2011, planning for considerable deficit spending. Revenues for 2011 were better than expected, with actual results of \$1,644,499 compared to a budget of \$1,562,655. Meanwhile, expenses were kept under control. Actual expenses for 2011 were \$1,602,076 compared to a budget of \$1,856,970. Overall the Association realized a net surplus of \$42,423 compared to a budget deficit of (\$294,315).

CLOSING

NADCA continued to build its net assets in 2011 and remains financially strong. The Association has the funds necessary to implement its strategic initiatives and deliver a high level of support to the industry.

FINANCIAL SUMMARY REPORT *for the period Jan. 1 – Dec. 31, 2011*

REVENUES:	% OF TOTAL	2011 ACTUAL	2011 BUDGET
Membership Dues	49%	\$ 808,961	\$ 775,500
Certification	18%	\$ 291,855	\$ 289,865
Annual Meeting & Expo	17%	\$ 279,735	\$ 244,240
Training	6%	\$ 100,615	\$ 103,000
Publications & Advertising	4%	\$ 59,133	\$ 63,300
Regional & International Events	4%	\$ 69,800	\$ 69,800
Other	2%	\$ 34,400	\$ 17,250
TOTAL REVENUE	100%	\$1,644,499	\$1,562,655
EXPENSES:			
Administration & Management	50%	\$ 793,079	\$ 833,500
Annual Meeting & Expo	18%	\$ 286,467	\$ 273,355
Board & Committees	17%	\$ 269,334	\$ 474,500
Publications & Products	5%	\$ 82,068	\$ 92,500
Regional & International Events	4%	\$ 58,368	\$ 56,615
Training	1%	\$ 22,814	\$ 34,500
Certification	2%	\$ 33,818	\$ 18,000
Other	4%	\$ 56,128	\$ 74,000
TOTAL EXPENSES	100%	\$1,602,076	\$1,856,970
NET		\$42,423	-\$294,315

ANNUAL MEETING COMMITTEE

NADCA members kicked off 2011 in the right direction with an awesome Annual Meeting & Exposition at the Hard Rock Hotel & Casino in fabulous Las Vegas. More than 470 NADCA members took advantage of the opportunity to connect, network and learn from the industry's most highly experienced professionals. The exhibit hall featured a variety of innovative products and services designed to help grow an HVAC Inspection, Cleaning and Restoration business.

CERTIFICATION COMMITTEE

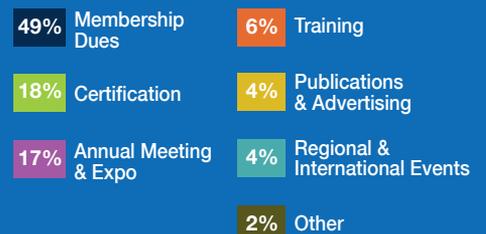
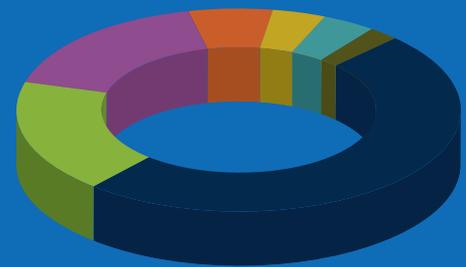
The Certification Committee is tasked with developing and maintaining the NADCA's industry-leading certification programs. The Committee had a big year in 2011, beginning with the launch of the Certified Ventilation Consultant (CVC) credential. The release of this advanced certification completes the top rung of the career path called for as part of the 2008 Strategic Plan.

BIG CHANGES FOR ASCS CERTIFICATION

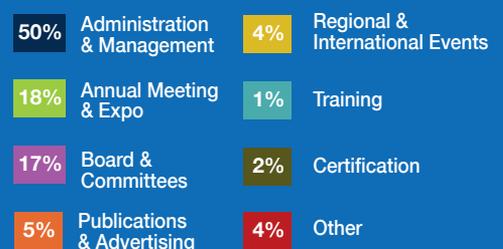
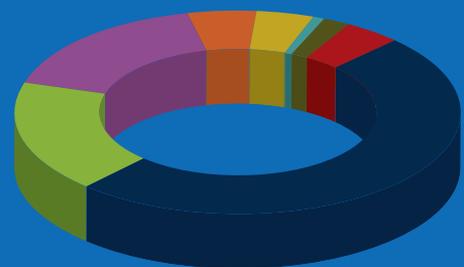
Certifications require periodic updates to ensure they reflect current best practices. In another major initiative, NADCA continued the process of updating the Air Systems Cleaning Specialist (ASCS) certification program. The new ASCS program, scheduled for release in 2012, will include content related to remediation of mold and other microbiological contaminants – content previously covered under the Ventilation System Mold Remediator (VSMR) certification. As part of this process, the VSMR certification will be merged into the ASCS certification.

2011 CERTIFICATION SUMMARY		
Program	# of Certificants	New in 2011
ASCS	1492	249
VSMR	245	34
CVI	287	47
CVC	4	4
TOTALS	2028	334

2011 REVENUES



2011 EXPENSES





The HVAC Inspection, Maintenance
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EDUCATION AND SAFETY COMMITTEE

Education remains a core element of NADCA's mission, and the Education & Safety Committee bears primary responsibility for developing and maintaining the top-notch training programs that NADCA members rely on. Fielding a qualified workforce is a major challenge for the industry, and in 2011 NADCA stepped up to help.

VENTILATION MAINTENANCE TECHNICIAN (VMT) TRAINING PROGRAM

The Ventilation Maintenance Technician (VMT) Online Training program was launched as a means of training entry-level technicians in a cost-effective manner. More than 50 technicians registered for this new course in 2011, learning about basic safety, access openings, containment, tools and equipment, and how to clean HVAC systems in accordance with NADCA's ACR 2006 Standard.

PAPER: CHEMICAL PRODUCT APPLICATIONS

The Education and Safety Committee initiated development of a paper designed to educate the industry and its customers regarding "Chemical Product Applications within HVAC Systems." This paper, developed by a diverse team of industry and government leaders, provides an overview of the products used within HVAC systems, including antimicrobial chemicals, coil cleaners, coatings, and more. This paper is scheduled for publication in 2012.

INTERNATIONAL AFFAIRS COMMITTEE

With constituents in nearly 30 countries, NADCA remains well-positioned as the association representing the global HVAC inspection, cleaning and restoration industry. Each year NADCA appoints the International Affairs Committee to focus on the needs and interests of members from outside the United States.

As part of the 2011 Annual Meeting, NADCA sponsored a reception for members from Canada. This was part of an initiative to build relationships among members from Canada. This event was well attended and generated a healthy discussion regarding opportunities for NADCA to better support Canadian members. For starters, NADCA will be holding a meeting in Toronto, Ontario in spring 2012.

The International Affairs Committee initiated a campaign at the end of 2011, to develop membership

within Latin America and the Caribbean. This effort, which dovetails with NADCA's Annual Meeting in Puerto Rico, is designed to help NADCA build a stronger base of support throughout Latin America.

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.

DATELINE NBC: SCAMMERS EXPOSED

In what was without question one of the biggest events in the history of the industry, Chris Hanson and Dateline NBC made national news by conducting an undercover sting of a company that had been using unscrupulous business practices to take advantage of residential consumers in the Cincinnati, Ohio market. This segment, which featured NADCA president Buck Sheppard, shined a light on a problem that plagues legitimate companies everywhere. Commented Sheppard, "It was amazing how unscrupulous some people can be."

NEW WEBSITE LAUNCHED

The NADCA Web site was re-designed in 2011 to focus primarily on residential and commercial customers, while also providing the resources and information sought by industry professionals. Based on the feedback received, this enhanced customer focus was well-received.

One specific feature that got a lot of attention was the automated message generated every time a user

clicked to view the listing of a NADCA member. This system issued thousands of automated messages in the first few weeks and was subsequently replaced with a summarized report. However, the message to members was clear: your NADCA membership listing gets you noticed.



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SOCIAL MEDIA

NADCA had a continued presence on Facebook, Twitter, YouTube and LinkedIn during 2011. In the final tally of the year, NADCA amassed over 300 Facebook “likes” and more than 275 Twitter followers. Best of all, this use of social media adds to NADCA’s overall Web presence and boosts search engine results.

ARTICLES AND NEWS RELEASES

NADCA released a variety of articles and news releases in 2011 to generate awareness of the need for proper cleaning of heating and cooling systems. This content was sent to media outlets throughout the United States, with press releases reiterating the points made in each segment.

NADCA released an article in February entitled: *Is your home causing health concerns?* The Indoor Air Quality consumer video was also included with the article and press release. The placement result for this article was good, as it was featured in about 823 print and online publications. NADCA also released two more articles throughout the year, including one titled *Hints for Homeowners: Avoid Indoor Air Pollution* in June and one titled *Ducts Done Right* in September.

In December 2011 NADCA received two awards from giant public relations firm North America Precis Syndicate (NAPS), for superior achievement in media relations. The first award was for a press release titled “Cool Weather, Healthy Air,” which was placed 1,852 times – more than 1,500 of which were within the top 50 markets in the U.S. The second award was for a press release titled, “Low Cost Way to Save,” which was published more than a thousand times. These releases, which each performed in the top one quarter of one percent of all NAPS releases, promote the need for proper HVAC system cleaning and help drive business to NADCA members.

COMMERCIAL ACTIVITIES

NADCA supported an active exhibit schedule in 2011, taking booths at ASHRAE’s Air-conditioning, Heating & Refrigeration (AHR) Expo; the ACCA/IAQA Indoor Air Quality show; the Construction Specifications Institute (CSI) show; and the International Facilities Management Association (IFMA) show. These events provide opportunities for NADCA to reach mechanical engineers, specifiers, facilities managers, air conditioning contractors, and other key industry segments.

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 member surveys.

ELAVON MERCHANT PROCESSING PROGRAM

In 2011 NADCA finalized a deal with Elavon to provide heavily discounted credit card processing services to NADCA members. The program, available exclusively to NADCA members, is expected to reduce members’ merchant processing fees by 15% or more.

RETENTION RATE

2011 MEMBERSHIP SUMMARY	
MEMBER TYPE	NUMBER OF MEMBERS
Regular Certified	742
Associate	33
International	80
Supplemental	48
International Supplemental	5
Affiliate	7
TOTAL MEMBERS	915

MEMBERSHIP HISTORY						
YEAR	2006	2007	2008	2009	2010	2011
# OF MEMBERS	905	918	878	917	934	915

In 2011, 41 companies had their membership terminated for not meeting membership requirements. This compares to 27 terminations in 2010 and 40 companies terminated in 2009.

YEAR	2008	2009	2010	2011
# OF NEW APPLICATIONS	207	175	193	189
# OF NEW MEMBERS	157	132	121	137



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NOMINATING COMMITTEE

The Nominating Committee is charged with identifying qualified candidates who are interested in serving on NADCA's Board of Directors. The Committee also nominates candidates for the NADCA Hall of Fame.

The Nominating Committee identified a slate of highly qualified candidates to fill four open positions on the 2012-2015 Board of Directors. The approved slate of candidates included Bill Benito, of Connecticut Steam Cleaning, Inc. in South Windsor, Ct; Carlos

Gonzalez Boothby, of Indoor Environmental Consultants in San Juan, PR; Richard Lantz of Air Duct Cleaners of Virginia in Chesapeake, Va; Rick MacDonald, of Armstrong Heating and Power Vac Inc., in Manchester NH; and Dan Stradford of Action Duct Cleaning in Altadena, Ca.

The following directors were elected to serve three-year terms starting in March 2012:

- **Bill Benito**, of *Connecticut Steam Cleaning, Inc.* in South Windsor, Ct.
- **Richard Lantz** of *Air Duct Cleaners of Virginia* in Chesapeake, Va .
- **Rick MacDonald**, of *Armstrong Heating and Power Vac Inc.*, in Manchester NH
- **Dan Stradford** of *Action Duct Cleaning* in Altadena, Ca.

This election cycle was conducted using electronic ballots for voting, which were sent to the e-mail address on file for each Regular NADCA member. Those without a working e-mail address were sent copies of the ballot via U.S. Mail.

NADCA members can be proud of the high level of support provided by all of these candidates. Their willingness to share their time and expertise with others is symbolic of the commitment required as a NADCA director.

REGIONAL TECHNICAL ADVISORY COMMITTEE (RTAC)

The Regional Technical Advisory Committee (RTAC) – formerly known as the Regional Coordinators Committee – supports NADCA members through regional training conferences and direct technical assistance.

TECHNICAL CONFERENCE

NADCA's 2011 Technical Conference was held August 25-27 at the Doubletree Hotel in Philadelphia, Pa.

The event had just under 100 attendees, who braved Hurricane Irene to participate in the various sessions and hands-on training offered as part of the conference program.

The 2012 Technical Conference will be held at the Hyatt Regency O'Hare in Chicago, Illinois on September 20-22. This centrally-U.S. destination was selected for 2012 in an effort to make the conference readily accessible to NADCA members.

ENERGY RESEARCH TASK FORCE

The NADCA Energy Research Project represents an effort to correlate the energy savings that can be attained through complete cleaning of HVAC systems in residential and light-commercial buildings. Although the Association is still seeking to collect data for heavily fouled systems, the research has already confirmed that changing filters and cleaning even lightly fouled HVAC systems can result in energy savings of up to 11%. This savings has been confirmed at up to 45% if done in conjunction with sealing leaky ductwork. These preliminary research findings are described in more detail in the article that appears on page 30 of this issue of *DucTales*. The article is intended for use by NADCA members as a means of driving demand for complete HVAC system cleaning and restoration.

STANDARDS COMMITTEE

The Standards Committee is tasked with developing NADCA's standards – primarily, the standard for Assessment, Cleaning & Restoration of HVAC Systems (ACR). The next edition of the ACR standard, which has been under development for several years, was put on hold at the end of 2011 following a review of the draft document. This project is being re-evaluated, after which time the Association will announce plans regarding the next edition of the ACR Standard.

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BYLAWS COMMITTEE

In 2011 the Bylaws Committee undertook a major revision to the NADCA Bylaws – the document that specifies how the Association will be governed. The revision, which was approved by NADCA members during the 2011 Annual Meeting, helped streamline and clarify numerous items that remained from the original Bylaws.

ETHICS COMMITTEE

The Ethics Committee was appointed in 2011 for the primary purpose of evaluating the Associations logo use policies, as well as other policies related to the use of NADCA's intellectual property. The Committee also works with staff to monitor NADCA's trademark protection activities, including several law suits initiated against the worst offenders. These efforts will continue into 2012.

STRATEGIC PLANNING

Like other well-run organizations, NADCA uses a strategic plan to organize, prioritize and focus its initiatives to optimally serve its members and the industry. In December 2011 NADCA convened a professionally facilitated strategic planning session to develop a plan covering the next three to five years. The draft plan that was developed during this session will be presented to NADCA members during the 2012 Annual Meeting in Puerto Rico. Highlights of that plan are also included on page 36 of this issue of *DucTales*.

MANAGEMENT REVIEW

The Board of Directors issued a Request for Proposals in November 2010, resulting in bids from association management companies from across the U.S. After interviewing three finalists the Board of Directors selected Sufka & Associates to continue providing management services for the members of NADCA. ●