

NADCA *DucTALES*
JANUARY / FEBRUARY 2010

2009 ANNUAL REPORT

Creating Value for Members
through Growth and Success





Annual Report 2009

TREASURER'S REPORT *for the period Jan. 1 – Dec. 31, 2009*

Overview

NADCA experienced the effects of a lackluster economy in 2009, with lower revenues compared to 2008. However, expenses were kept under control as the Association continued to pursue several large, strategic, long-term initiatives. Overall the Association generated revenues of \$1,654,948 and expenses of \$1,676,914, for a net loss of (\$21,966). With a fund balance of \$994,965, NADCA maintained a healthy, six-month operating reserve at the end of 2009.

Revenues

Membership accounts for 46% of NADCA's revenues, followed by certification, the Annual Meeting & Exposition, and training. Total revenues were down by 10% from 2008, with certification the only category that was up from the previous year.

Expenses

Administration is NADCA's largest category of expenses, followed by Board & Committees and the Annual Meeting & Exposition. Administrative expenses were down by 13% in 2009 and Annual Meeting expenses were also kept low. The Board & Committee expense category was up as NADCA continued to implement an aggressive agenda.

Overall, expenses were down by three percent in 2009, compared to 2008.

Comparison to Budget

NADCA's 2009 budget included authorization for several large projects, including development of the new ACR Standard & Guideline, the VMRP certification, and the VMT On-line Training Program. NADCA also continued the energy research study with Colorado University while investing in a series of new marketing initiatives.

Overall, NADCA budgeted for revenues of \$1,721,770 and expenses of \$1,915,899 for a net loss of (\$194,129). In actuality, NADCA realized revenues of \$1,654,948 and expenses of \$1,676,914 for a net loss of (\$21,966) while offering an unbudgeted, 10% discount on membership renewals for members paying early.

Closing

NADCA remains financially strong and despite weakness in the economy, the Board remains committed to investment in programs that will strengthen the industry and help members grow their businesses moving into the future. The Association is well-positioned to continue providing the types of support members value.

FINANCIAL SUMMARY REPORT *for the period Jan. 1 – Dec. 31, 2009*

REVENUES:	% OF TOTAL	2009 ACTUAL	2009 BUDGET	
Membership Dues - 46%	46%	\$ 758,408	\$ 812,000	46%
Certification - 21%	21%	\$ 348,420	\$ 331,500	21%
Annual Meeting & Expo - 13%	13%	\$ 222,885	\$ 186,205	13%
Training - 9%	9%	\$ 153,895	\$ 172,000	9%
Publications & Advertising - 5%	5%	\$ 74,576	\$ 106,260	5%
Regional & International Events - 1%	1%	\$ 24,350	\$ 64,305	1%
Other - 5%	5%	\$ 72,414	\$ 49,500	5%
TOTAL REVENUE		\$1,654,948	\$1,721,770	100%
EXPENSES:				
Administration & Management - 47%	47%	\$ 791,582	\$ 823,702	47%
Annual Meeting & Expo - 13%	13%	\$ 226,044	\$ 235,192	13%
Board & Committees - 23%	23%	\$ 392,999	\$ 519,000	23%
Publications & Products - 5%	5%	\$ 82,680	\$ 117,000	5%
Regional & International Events - 5%	5%	\$ 68,842	\$ 75,505	5%
Training - 3%	3%	\$ 45,891	\$ 66,500	3%
Certification - 1%	1%	\$ 20,318	\$ 46,500	1%
Other - 3%	3%	\$ 48,558	\$ 32,500	3%
TOTAL EXPENSES		\$1,676,914	\$1,915,899	100%
NET		-\$21,966	-\$194,129	

ANNUAL MEETING COMMITTEE

Despite the economic downturn, more than 525 members and industry associates attended the 2009 NADCA Annual Meeting & Exposition, which took place March 9-12 at the Caribe Royale in Orlando, Florida. The exhibit hall had 32 exhibitors and 43 booths that showcased the latest products, technology and services for the HVAC inspection, maintenance and restoration industry.

During the Welcoming General Session on Wednesday, March 11, all but three of NADCA's past presidents were on-hand to provide their perspectives on the changes and growth that has occurred during the Association's first 20 years of existence. Another strong point of NADCA's Annual Meeting was keynote speaker Michael Wickett, who encouraged attendees to realize their potential through the "Power of Vision."

NADCA's 21st Annual Meeting & Exposition, which will take place at the Westin La Paloma in Tucson, Ariz., March 27-30, 2010. The 2010 Annual Meeting & Exposition will feature a live technology demonstration, a one-day hands-on training seminar, a Casino Extravaganza and a special "NADCA's Got Talent" musical component.

NADCA also announced that the 2011 Annual Meeting & Exposition will take place in Las Vegas, Nevada.

CERTIFICATION COMMITTEE

Throughout 2009, NADCA's Certification Committee worked on developing a new certification, the Ventilation Maintenance and Restoration Professional (VMRP), which will offer a higher level of recognition to our industry's most experienced members.

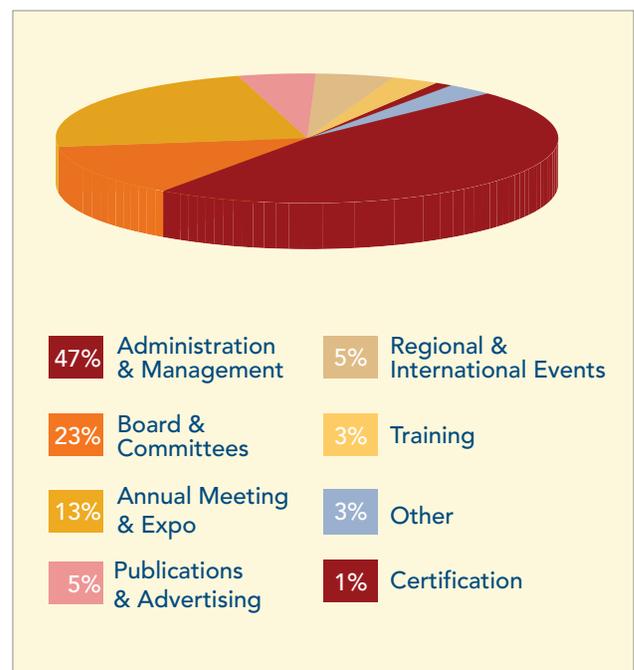
A three-day, intensive session regarding the VMRP's development was held during mid-September 2009. The meeting brought together a select group of NADCA representatives to formulate questions for the VMRP exam, while making sure the test itself is psychometrically correct. During the three-day session, the team, which included psychometric experts, moved one step closer to the completion of the VMRP.

A major characteristic of most trades and professions is the existence of a defined career path that allows a person to progress as they build upon their knowledge and experience. Career paths can be defined by things like schooling and apprenticeships, but there is typically a clear route from the bottom rung to the top. NADCA's career path, starting at the technician level and ending with the VMRP, will define professional development within the HVAC inspection, maintenance and restoration industry.

2009 REVENUES



2009 EXPENSES





Annual Report 2009

ASCS Photo Identification Cards

Photos for ASCS ID Cards were taken during the 2009 NADCA Annual Meeting. The ID Cards were processed after the certification renewal cycle and sent to all ASCS certified individuals who renewed on time. This benefit was developed as incentive for timely certification renewal, and the feedback from NADCA membership was overwhelmingly positive. NADCA will offer ASCS ID Cards again in 2010 as an incentive for certified members to renew on time.

Certification Update

CERTIFICATION PROGRAM		NUMBER OF CERTIFICANTS		
ASCS		1,424		
VSMR		244		
CVI		220		
2005	2006	2007	2008	2009
1,177	1,179	1,280	1,424	1,944

EDUCATION & SAFETY COMMITTEE

The Education & Safety Committee oversees NADCA's learning opportunities, identifying when programs need to be updated or improved. In 2009, the focus of Education & Safety Committee was developing the Ventilation Maintenance Technician (VMT) program, designed for individuals just starting out in the HVAC cleaning and restoration industry.

The VMT program will include detailed instruction on the basics of the HVAC cleaning and restoration industry, such as overviews of different types of ductwork and systems. The first training program is a video that will provide training on service openings. More videos and instruction will be developed throughout the following year, and NADCA members will be able to use these to train new employees. There is a high demand for training within the HVAC inspection, maintenance and restoration industry, and these videos will provide the tools needed to bring new employees up to speed.

Safety Awards

The Safety Awards, presented annually, are one of the easiest, most cost-efficient ways for NADCA members to receive continuing education credits, while also receiving recognition for the efficiency of their businesses. More than 50 NADCA member companies received the 2009 Safety Award.

The Safety Awards are the easiest way for members to receive recognition for their success. All NADCA members in the United States are encouraged to apply for this annual program. When a NADCA member meets the requirements of the program, they receive a plaque and polo shirt commemorating this achievement. NADCA also provides a press release that each Safety Award winner can use to promote their achievement to local media outlets.

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.

During 2009, NADCA continued to strengthen its relations with the Shanghai Air Duct Cleaners Association (SHADCA). NADCA Executive Director John M. Schulte and Board of Directors member Bill Benito traveled to China in October to attend SHADCA's annual conference. This was the second year in a row that NADCA was represented at this international event.

Region 9.5 Quebec

The ASCS Training Course & Exam was offered in Montreal, Quebec twice during 2009. The course and exam was given from May 12-13 and then again from November 12-13.

Region 12: Italy (AIISA)

AIISA, the Italian Association of HVAC Systems Hygienists, is one of NADCA's most active international partnerships. AIISA administered ASCS preparation course and exam for the seventh time in Rome, Italy, from November 12-13. This association, which is affiliated with NADCA, has been instrumental in bringing NADCA's standards and certification to that country.

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.

In July 2009, the Marketing Committee held a special planning meeting in July to develop a three-year strategic plan for NADCA's outreach efforts to consumers and potential members. Members of the committee formulated a plan that includes developing and distributing informational videos on our industry; creating marketing videos for NADCA members; reorganizing the Web site; creating a presence for the Association on Facebook and Twitter; and promoting the Energy Research Study.

Marketing Toolkit

During the 20th Annual Meeting & Exposition in Orlando, attendees received NADCA's newest tool for promoting an HVAC inspection, maintenance and restoration business—the Marketing Toolkit. The best way to get your message to the right customers is to create brand awareness through marketing and public relations—and NADCA's Toolkit was

designed to assist members with this endeavor. With the Marketing Toolkit, you'll understand how to educate potential customers, retain existing customers, and explain why hiring a NADCA member company is the best decision they can make.

Press Release Campaign

The NAPS print release, "Hints for Homeowners: Healthy Air, Save Money" was placed 376 times in 18 states from April into November 2009. The 60-second NAPS television release, "Hints for Homeowners" got its first airing on October 5 and has been aired 113 times in more than 29 states.

Consumer Marketing

During the November 2009 NADCA Board of Directors meeting, the Marketing Committee debuted two new consumer marketing videos that will be unveiled during 2010. The series of four educational videos, targeted to residential consumers, will be published on NADCA's Web site and made available for use by members interested in sprucing up their own Web presence.

The Marketing Committee presented a draft of the new presentation, "Introduction to HVAC Mechanical System Cleaning." This introductory presentation, geared to commercial customers, will be available for use by members to promote the need for HVAC cleaning.

Exhibiting Activities

NADCA representatives exhibited at several shows in 2009, including the AHR Expo and the ACCA/IAQA show and the DUCTZ annual convention. Former NADCA President Brad Kuhlmann also presented during the Construct 2009/Total Facilities Management show.

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. NADCA's Membership Committee focused on making 2009 a successful year of retention and recruiting, while also exploring new opportunities for expanding the benefits of membership.

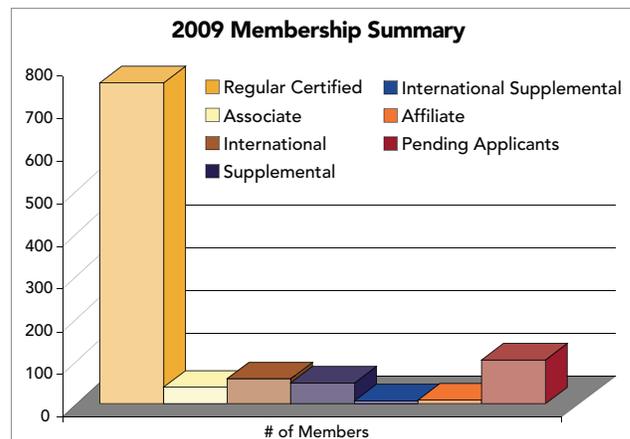
Membership Surveys

Throughout the year, NADCA distributed member surveys in order to gauge the membership's opinions on a variety of topics related to our industry. The first survey focused on membership benefits; the second was an Annual Meeting follow-up; and the third attempted to capture NADCA member demographics. Each of these surveys received more than 250 responses, and the Membership

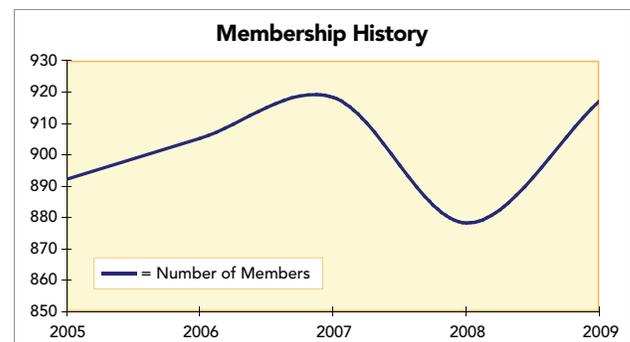
Committee encourages even more members to participate. These surveys help NADCA plan and develop programs according to the needs of its membership.

Membership Results

2009 NADCA Membership Summary	
Member Type	# of Members
Regular Certified	754
Associate	39
International	59
Supplemental	49
International Supplemental	7
Affiliate	9
Pending Applicants	103
Total Members	917



Membership History					
	2005	2006	2007	2008	2009
Number of Members	892	905	918	878	917

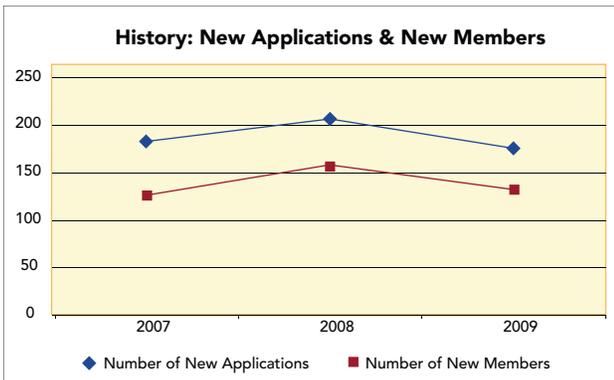


- In 2008, 90 companies had their membership terminated for not meeting membership requirements.
- In 2009, 40 companies were terminated for the same reason.



Annual Report 2009

New Applications and New Members			
	2007	2008	2009
Number of New Applications	183	207	175
Number of New Members	126	157	132



Discount for Timely Membership Renewal

NADCA provided a 10 percent discount for members who paid their 2009 dues before the expiration date of June 30, 2009. The Board of Directors designed this incentive as a way for members to save some money during a slow economic period, and to also encourage timely renewals.

NADCA E-News

NADCA E-News was published at least once a month in order to help members stay aware of industry and Association news.

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.

The Nominating Committee identified a slate of highly-qualified candidates to fill two positions on NADCA's Board of Directors. Pierre Laurin, of Hydrauliques R & O Services in Montreal, Quebec, Canada was elected to serve on the Board of Directors starting in March 2010. Travis Tasse, of ADE Environmental in Canyon Country, California was the second nominee for the Board of Directors.

NADCA continues to benefit from a high level of participation among experienced and knowledgeable HVAC cleaning and restoration contractors. The committee volunteers and Board of Directors candidates are to be commended for their strong support and continued enthusiasm for the Association.

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.

Volunteers of NADCA's Regional Coordinators Committee serve the needs of the membership at a semi-local level, and represent the needs of different regions during the planning stages of the annual Technical Seminars. NADCA is broken down into 14 regions throughout the world.

NADCA Board Member Richard P. MacDonald, of Armstrong Heating and Power Vac in Manchester, NH, was chairman of the Regional Coordinators Committee in 2009.

MacDonald said one of the main purposes of the Regional Coordinators Committee is for each of its volunteers to serve as the local point-of-contact for questions and concerns from the membership. MacDonald said, "A Regional Coordinator may not have all the answers but will assist fellow NADCA members by offering advice and direction."

Members of Regional Coordinators Committee also provide mentoring services for new NADCA members in their assigned area of the international community. Members are encouraged to make contact with their assigned Regional Coordinator if mentorship is desired. The Regional Coordinators Committee coordinated three technical seminars in 2009, providing new technicians with an opportunity to get hands-on experience in creating service openings, pulling blowers, using robotic equipment, and more.

The 2009 Technical Seminar program was safety-oriented, with the OSHA Ten Hour Course for General Industry as the main topic. The OSHA Ten Hour Certificate training is important because contractors often won't even be allowed on the premises of a facility unless this program has been completed. The OSHA course available at the Technical Seminars was not your run-of-the-mill general safety training—it was tailored to meet the interests of the HVAC Inspection, Maintenance and Restoration industry. The Technical Seminars program also includes pre-seminar classes to help members obtain either ASCS or CVI certification.

The dates and locations of the 2009 Technical Seminars were August 20-22 in Nashville, Tenn.; September 10-12 in Baltimore, Md.; and October 8-10 in Las Vegas, NV.

Attendance numbers for each of the seminars was as follows:

2009			
Seminar	Nashville	Baltimore	Las Vegas
Total TS Attendance	23	36	27
Tech Seminar	13	30	20
ASCS Class	9	27	14
ASCS Exam	8	27	14
CVI Class	0	9	11
CVI Exam	0	7	10

ENERGY STUDY TASK FORCE

In February 2008, NADCA entered into an agreement with the University of Colorado for a quarter-million dollar research project that will provide members with a tool for estimating the energy savings associated with HVAC cleaning and restoration projects. The researchers were also commissioned to develop a field-testing protocol for NADCA members that will facilitate collection of data to provide broader support for linking HVAC cleaning and restoration to energy savings.

During late 2009, the field-testing protocol for this project was finalized and is currently in progress with a finish date in 2010. The field testing phase of project will comprise of monitoring two houses during the winter season and monitoring two houses during the summer season. Each house will be monitored for a period of time as it is found (dirty HVAC system).

After this period, a NADCA certified Air Systems Cleaning Specialist (ASCS) will perform a thorough HVAC system cleaning as detailed by the NADCA Standard for Assessment, Cleaning & Restoration of HVAC Systems, 2006 edition. Then the house will be monitored for another period of time. The researchers will need to be sent copies (digital scans are okay) of utility bills for at least one year after the HVAC system cleaning.

STANDARDS COMMITTEE

NADCA's Standards Committee released a draft ACR 2010 Standard in 2009, and this document is still in the process of being finalized. NADCA's ACR 2010 was developed as a simple, comprehensive approach to providing a standard for the HVAC Inspection, Maintenance and Restoration industry.

After reviewing the ACR 2006, the Standards Committee created a new format that is based primarily on performance and less on procedure. One of the major changes is that, while the existing standard requires the entire system to be cleaned, the ACR 2010 allows for only certain components to be maintained. The ACR 2010 also requires documentation showing conformance for each project, while the existing standard does not.

The new standard does not require the entire system to be cleaned. However, any components that are going to be cleaned must be clearly identified in the scope of work and must be cleaned to the level specified. NADCA has promoted cleaning of the entire system for many years. In discussing this issue, the Committee recognized that there are instances when cleaning the entire system is not warranted—for example, it would not be necessary to clean a newly installed air handling unit, even though the rest of the system is being cleaned. This modification clears the way for ACR 2010 to align with current industry best-practices.

Members attending the 2010 Annual Meeting will get a first-hand look at this new Standard, which is expected to revolutionize the industry.

TRADEMARK PROTECTION

The NADCA staff handled various trademark infringement cases, including the \$51,868.79 judgment awarded in U.S. District Court against IAC-Moldbusters, Inc., Moldbusters, Inc., Indoor Air Quality, Inc. and Robert Sindone personally. NADCA's staff is dedicated to aggressive trademark protection efforts. ●



The HVAC Inspection, Maintenance and Restoration Association