



National Tooling & Machining Association





National Tooling & Machining Association

# TREASURER'S REPORT



**ANNUAL CONVENTION**  
**Saturday, March 8, 2014**

# Balance Sheet

December 31,

	2013	2012		2013	2012
<u>ASSETS</u>			<u>LIABILITIES</u>		
CURRENT ASSETS	1,806,935	1,529,772	CURRENT LIABILITIES	1,498,808	1,750,588
LONG-TERM INVESTMENTS	461,035	385,104	LONG-TERM LIABILITIES	0	0
FIXED ASSETS	324,177	280,423	<b>TOTAL LIABILITIES</b>	<b>1,498,808</b>	<b>1,550,588</b>
OTHER ASSETS	127,390	133,953	TOTAL EQUITY	1,220,727	778,664
<b>TOTAL ASSETS</b>	<b>\$2,719,536</b>	<b>\$2,329,253</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$2,719,536</b>	<b>\$2,329,253</b>

# Balance Sheet

December 31,

## ASSETS

	2013	2012		2013	2012
CURRENT ASSETS			FIXED ASSETS		
CASH	\$255,563	\$240,670	PROPERTY AND EQUIPMENT		
ACCOUNTS RECEIVABLE			FURNITURE AND EQUIPMENT	405,508	405,215
MEMBER DUES	95,330	56,261	BRANDING	104,400	104,400
PUBLICATIONS, ADVERTISING AND OTHER	1,384,287	1,186,103	NTMA-U	178,976	114,539
LESS UNCOLLECTIBLE ALLOWANCE	(63,001)	(44,936)	BUILDING	37,429	36,659
INVENTORIES	29,964	13,809	WORK IN PROCESS	7,500	0
PREPAID EXPENSES	104,792	77,865		733,814	660,814
TOTAL CURRENT ASSETS	1,806,935	1,529,772	LESS ACCUMULATED DEPRECIATION	(409,637)	(380,391)
			TOTAL FIXED ASSETS	324,177	280,423
LONG-TERM INVESTMENTS			OTHER ASSETS		
LONG-TERM INVESTMENT	461,035	385,104	DUE FROM SUBSIDIARIES	59	3,266
TOTAL LONG-TERM INVESTMENTS	461,035	385,104	INVESTMENT IN SUBSIDIARIES	120,000	120,000
			INVESTMENT IN M S I	0	3,500
			DEPOSITS	7,330	7,187
			TOTAL OTHER ASSETS	127,390	133,953
			TOTAL ASSETS	\$2,719,536	\$2,329,253

# Balance Sheet

December 31,

## LIABILITIES

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	313,834	286,472
ACCRUED EXPENSES	588,269	453,968
DEFERRED REVENUE	596,705	610,148
LOAN PAYBLE	0	200,000
TOTAL CURRENT LIABILITIES	1,498,808	1,550,588
LONG-TERM LIABILITIES		
LOAN PAYBLE	0	0
TOTAL LIABILITIES	<u>1,498,808</u>	<u>1,550,588</u>

## EQUITY

	<u>2013</u>	<u>2012</u>
MEMBERS' EQUITY		
BEGINNING EQUITY	778,664	711,134
EXCESS OF INCOME FOR YEAR	442,063	67,530
TOTAL EQUITY	1,220,727	778,664
TOTAL LIABILITIES AND EQUITY	<u>\$2,719,536</u>	<u>\$2,329,253</u>



## **Promissory Note-Building/Reserve Fund**

As of 1/31/2014:

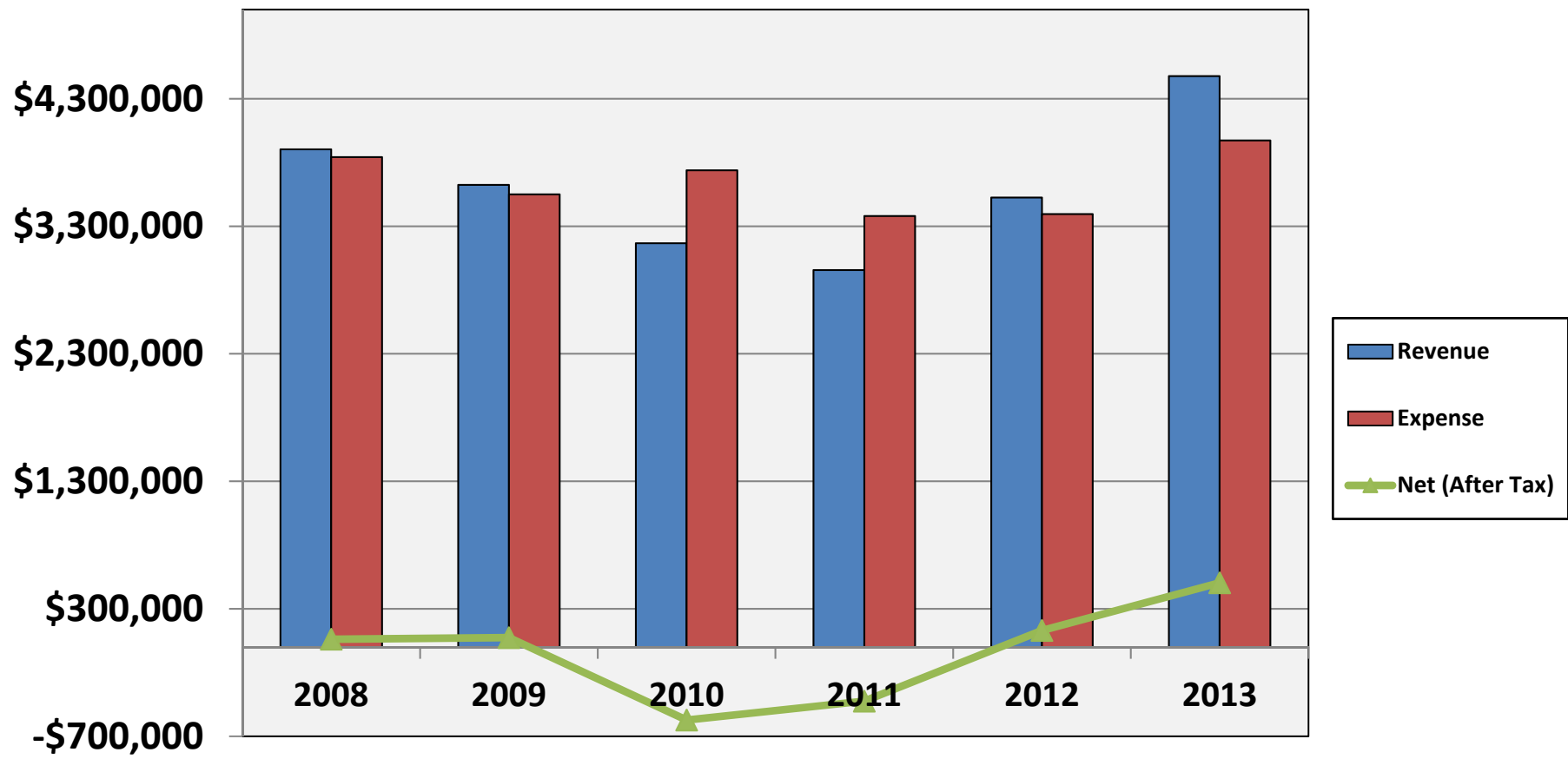
- **Outstanding Balance \$243,000**
- **Paid to Date \$75,000 (3 Quarterly Payments)**
- **Next Payment March 2014**
- **Note Maturity Date 6/1/2016**
- **Building/Reserve Fund Balance \$461,093**

# Operating Statement

	DECEMBER 2013 YTD						Prior Year		Current Year	
	Actual		Budget		Variance		Actual		Budget	
	% of		% of				% of		% of	
	\$	Revenue	\$	Revenue	\$ + (-)	%	\$	Revenue	\$	Revenue
Revenues	\$4,477,660	100.0%	\$4,006,561	100.0%	\$471,099	11.8%	\$3,525,867	100.0%	\$4,006,561	100.0%
Expenses	3,973,349	88.7%	3,879,813	96.8%	93,536	2.4%	3,381,287	95.9%	3,879,813	96.8%
Income Taxes	61,794	1.4%	43,500	1.1%	18,294	42.1%	62,209	1.8%	43,500	1.1%
Total Expenses	4,035,143	90.1%	3,923,313	97.9%	111,830	2.9%	3,443,496	97.7%	3,923,313	97.9%
Other Income & Expense	(454)	(0.0%)	0	0.0%	(454)	0.0%	(14,841)	(0.4%)	0	0.0%
Excess Revenue (Expense)	442,063	9.9%	83,248	2.1%	358,815	431.0%	67,530	1.9%	83,248	2.1%



## Total Revenue & Expenses



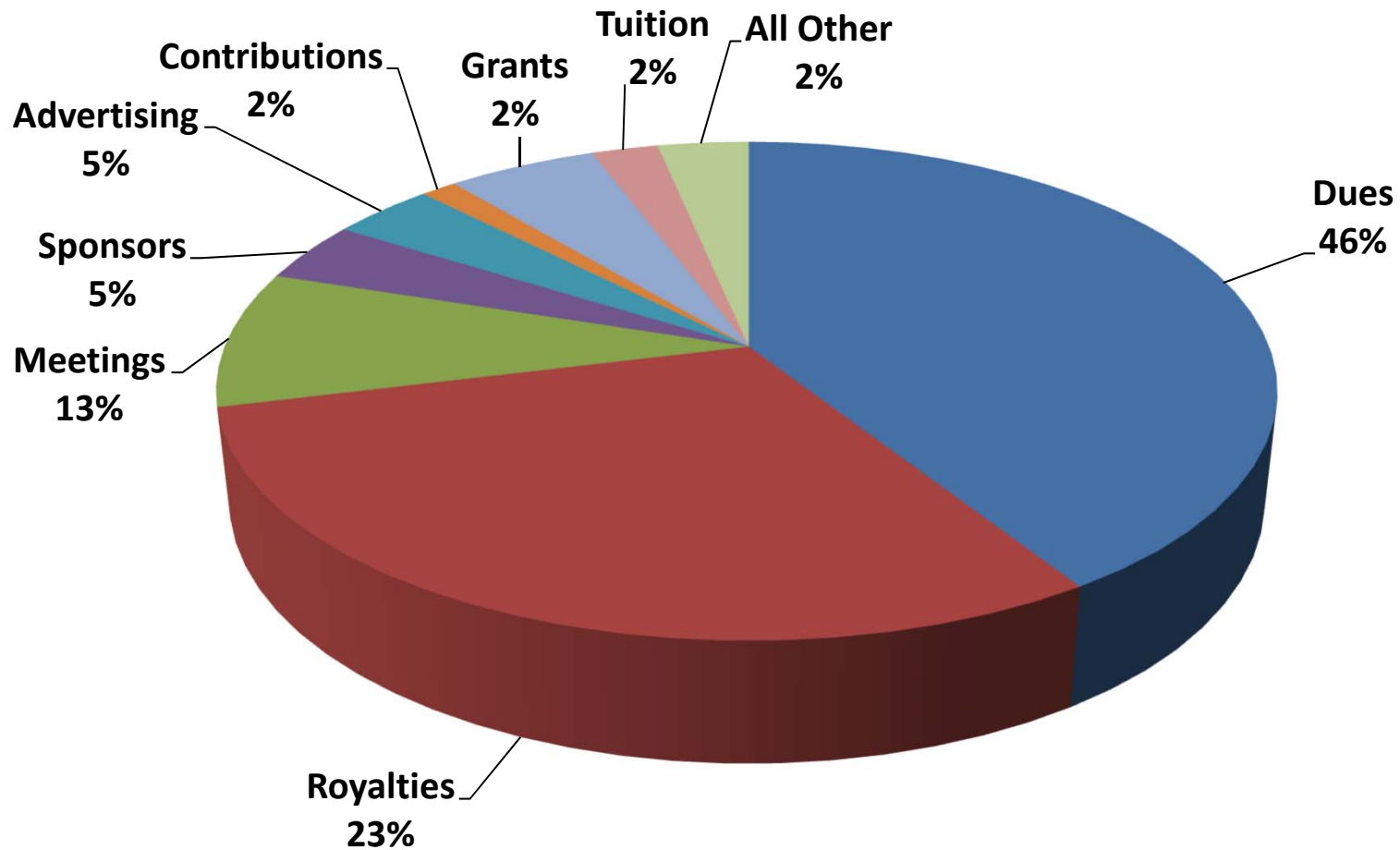




# Operating Statement

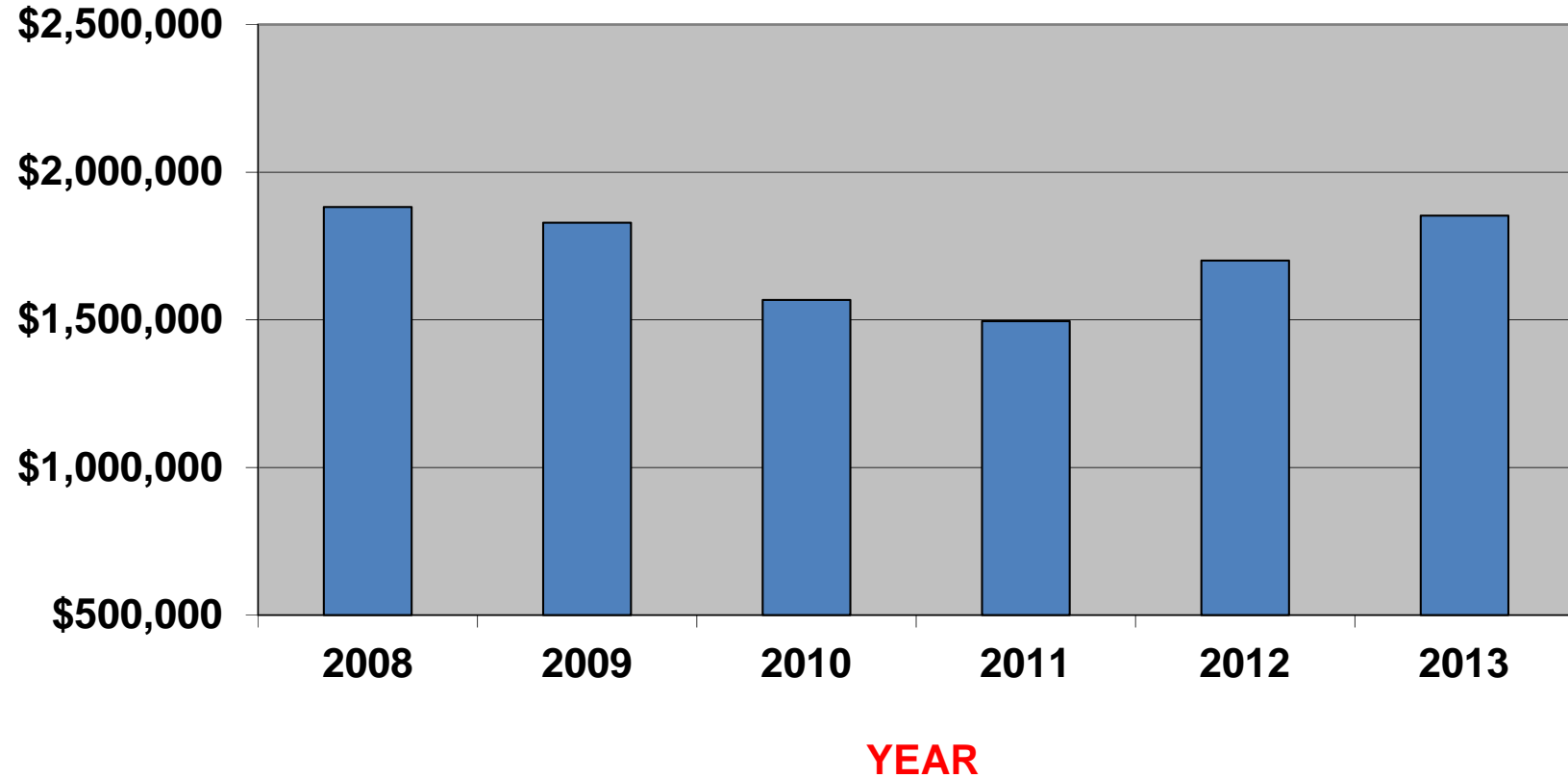
	DECEMBER 2013 YTD						Prior Year		Current Year	
	Actual		Budget		Variance		Actual		Budget	
	\$	% of Revenue	\$	% of Revenue	\$ + (-)	%	\$	% of Revenue	\$	% of Revenue
<b>Revenues</b>										
Dues	\$1,835,375	41.0%	\$1,853,061	46.3%	(\$17,686)	(1.0%)	\$1,701,019	48.2%	\$1,853,061	46.3%
Textbooks	81,686	1.8%	44,000	1.1%	37,686	85.7%	66,002	1.9%	44,000	1.1%
Non Textbooks	58,076	1.3%	30,000	0.7%	28,076	93.6%	29,520	0.8%	30,000	0.7%
Advertising	166,244	3.7%	181,000	4.5%	(14,756)	(8.2%)	81,612	2.3%	181,000	4.5%
Meeting Revenue	396,404	8.9%	505,000	12.6%	(108,596)	(21.5%)	302,499	8.6%	505,000	12.6%
Royalties, Interest & Other	1,350,072	30.2%	909,000	22.7%	441,072	48.5%	1,094,611	31.0%	909,000	22.7%
Distrib from Subsidiary	7,125	0.2%	15,000	0.4%	(7,875)	(52.5%)	6,075	0.2%	15,000	0.4%
Grants	241,292	5.4%	97,500	2.4%	143,792	147.5%	15,000	0.4%	97,500	2.4%
Contributions	57,785	1.3%	100,000	2.5%	(42,215)	(42.2%)	34,650	1.0%	100,000	2.5%
Tuition Income	107,547	2.4%	72,000	1.8%	35,547	49.4%	57,431	1.6%	72,000	1.8%
Sponsorships	176,054	3.9%	200,000	5.0%	(23,946)	(12.0%)	137,448	3.9%	200,000	5.0%
<b>Total Revenue</b>	<b>4,477,660</b>	<b>100.0%</b>	<b>4,006,561</b>	<b>100.0%</b>	<b>471,099</b>	<b>11.8%</b>	<b>3,525,867</b>	<b>100.0%</b>	<b>4,006,561</b>	<b>100.0%</b>

# 2014 Revenue Percentages



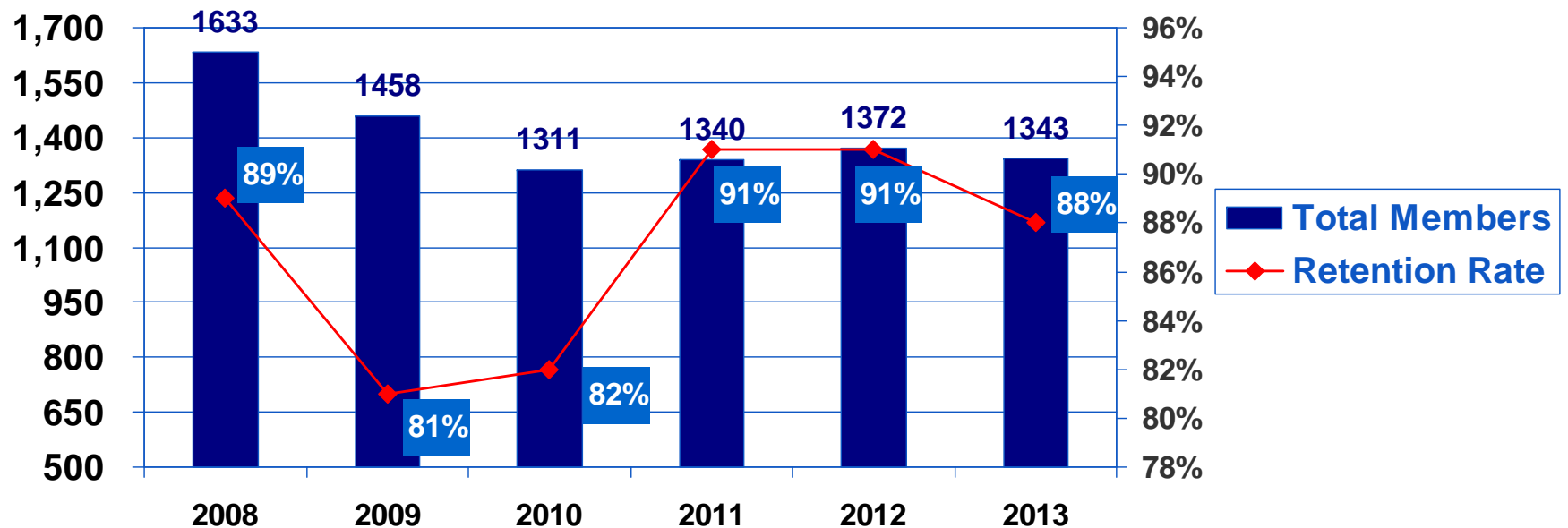


# Annual Dues Revenue



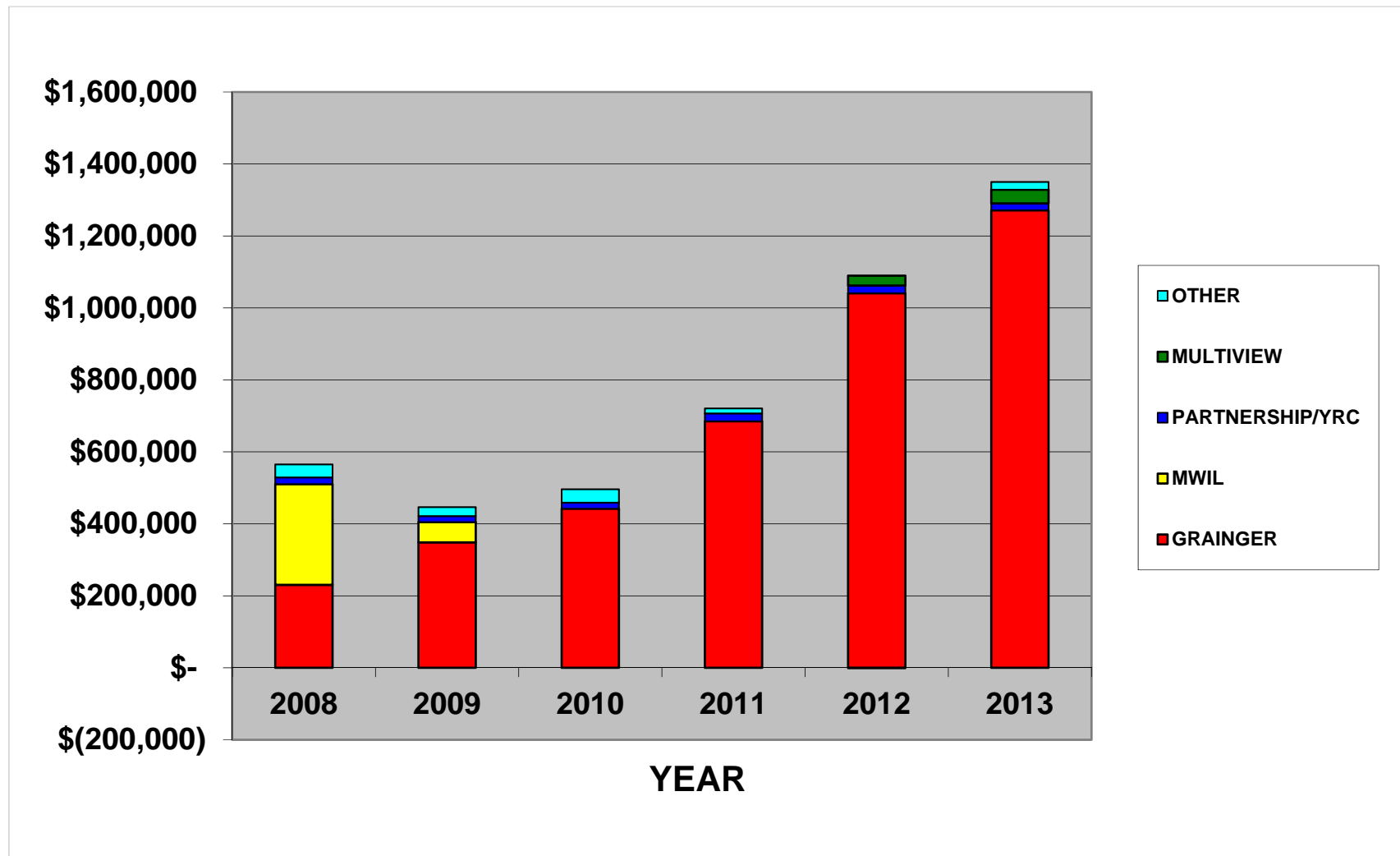


# Annual Member Retention (5-Years)





# Royalty Revenue





## Other Noteworthy Revenues

- **Textbooks**            **↑ 86% due to NTMA U**
- **Non Textbooks**    **↑ 94%; On-line aptitude testing**
- **Grants**                **↑ 148%; NRL \$85K, NTMA U \$100K  
\$56K Fall Conference contributions**
- **Contributions**        **↓ 42%; offset by contributions  
received through Grants**
- **Tuition-NTMA U**    **↑ 49%; program continues to grow**

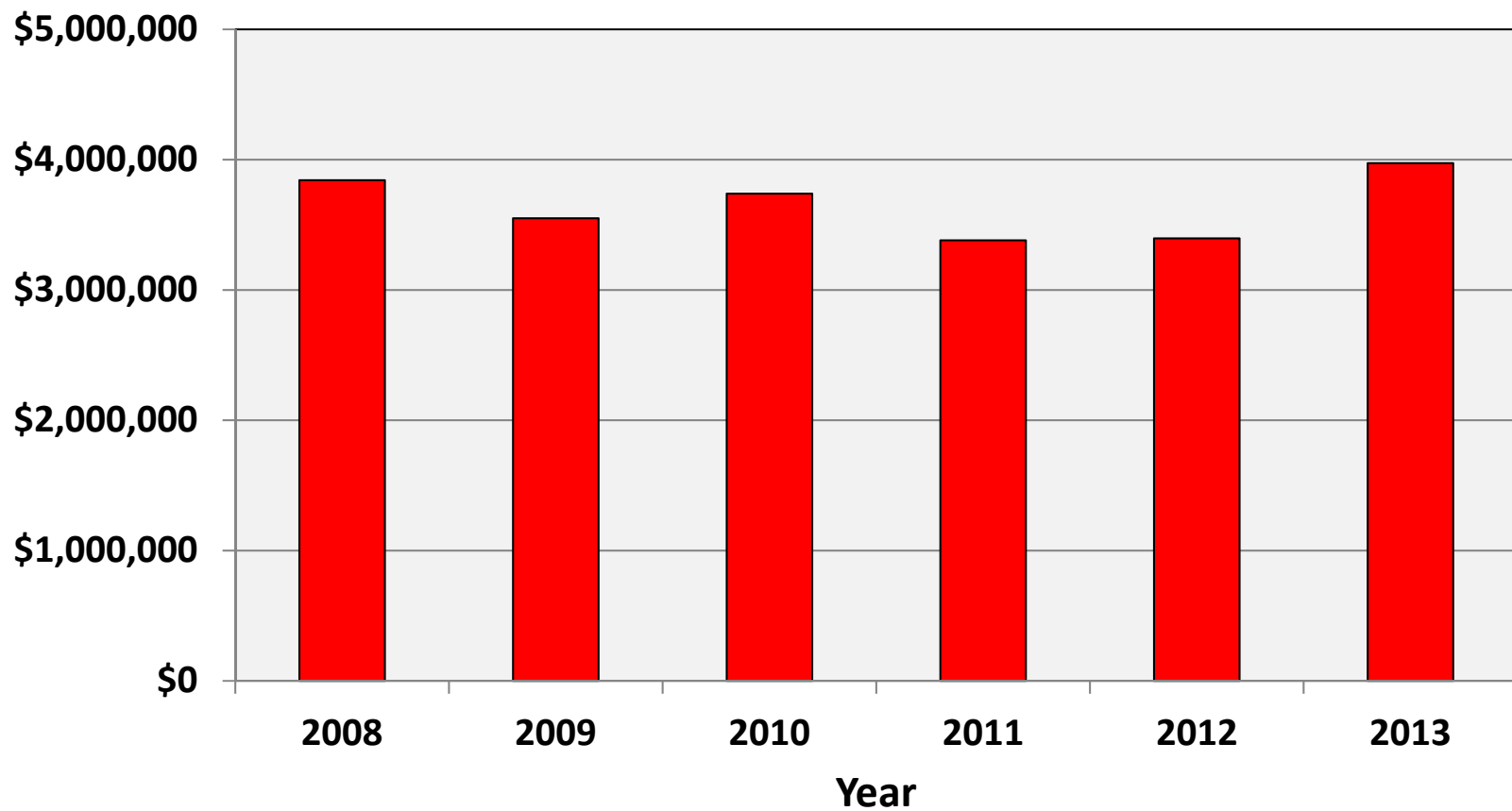


# Operating Statement

	DECEMBER 2013 YTD						Prior Year		Current Year	
	Actual		Budget		Variance		Actual		Budget	
	\$	% of Revenue	\$	% of Revenue	\$ + (-)	%	\$	% of Revenue	\$	% of Revenue
<b>Expenses</b>										
Salaries	1,416,842	31.6%	1,509,450	37.7%	(92,608)	(6.1%)	1,074,557	30.5%	1,509,450	37.7%
Fringe Benefits	255,672	5.7%	377,363	9.4%	(121,691)	(32.2%)	148,551	4.2%	377,363	9.4%
Telephone	33,651	0.8%	32,000	0.8%	1,651	5.2%	28,148	0.8%	32,000	0.8%
Postage	41,287	0.9%	20,000	0.5%	21,287	106.4%	23,060	0.7%	20,000	0.5%
Supplies & Printing	104,911	2.3%	50,000	1.2%	54,911	109.8%	66,417	1.9%	50,000	1.2%
Travel	136,337	3.0%	191,000	4.8%	(54,663)	(28.6%)	141,720	4.0%	191,000	4.8%
Professional Fees	541,558	12.1%	511,000	12.8%	30,558	6.0%	710,805	20.2%	511,000	12.8%
Bad Debts	91,929	2.1%	50,000	1.2%	41,929	83.9%	57,435	1.6%	50,000	1.2%
Building Costs	7,564	0.2%	15,000	0.4%	(7,436)	(49.6%)	6,788	0.2%	15,000	0.4%
Equipment Costs	70,318	1.6%	46,000	1.1%	24,318	52.9%	51,345	1.5%	46,000	1.1%
Depreciation Costs	79,256	1.8%	60,000	1.5%	19,256	32.1%	55,650	1.6%	60,000	1.5%
Surveys & Projects	388,588	8.7%	329,000	8.2%	59,588	18.1%	338,194	9.6%	329,000	8.2%
Awards, Dues & Other	47,504	1.1%	94,000	2.3%	(46,496)	(49.5%)	76,345	2.2%	94,000	2.3%
Textbooks & Other Sales	90,024	2.0%	61,000	1.5%	29,024	47.6%	40,396	1.1%	61,000	1.5%
Rent Expense	56,304	1.3%	53,000	1.3%	3,304	6.2%	71,397	2.0%	53,000	1.3%
Interest Expense	868	0.0%	0	0.0%	868	0.0%	828	0.0%	0	0.0%
Meeting Costs	610,736	13.6%	481,000	12.0%	129,736	27.0%	489,649	13.9%	481,000	12.0%
<b>Total Expenses</b>	<b>3,973,349</b>	<b>88.7%</b>	<b>3,879,813</b>	<b>96.8%</b>	<b>93,536</b>	<b>2.4%</b>	<b>3,381,287</b>	<b>95.9%</b>	<b>3,879,813</b>	<b>96.8%</b>



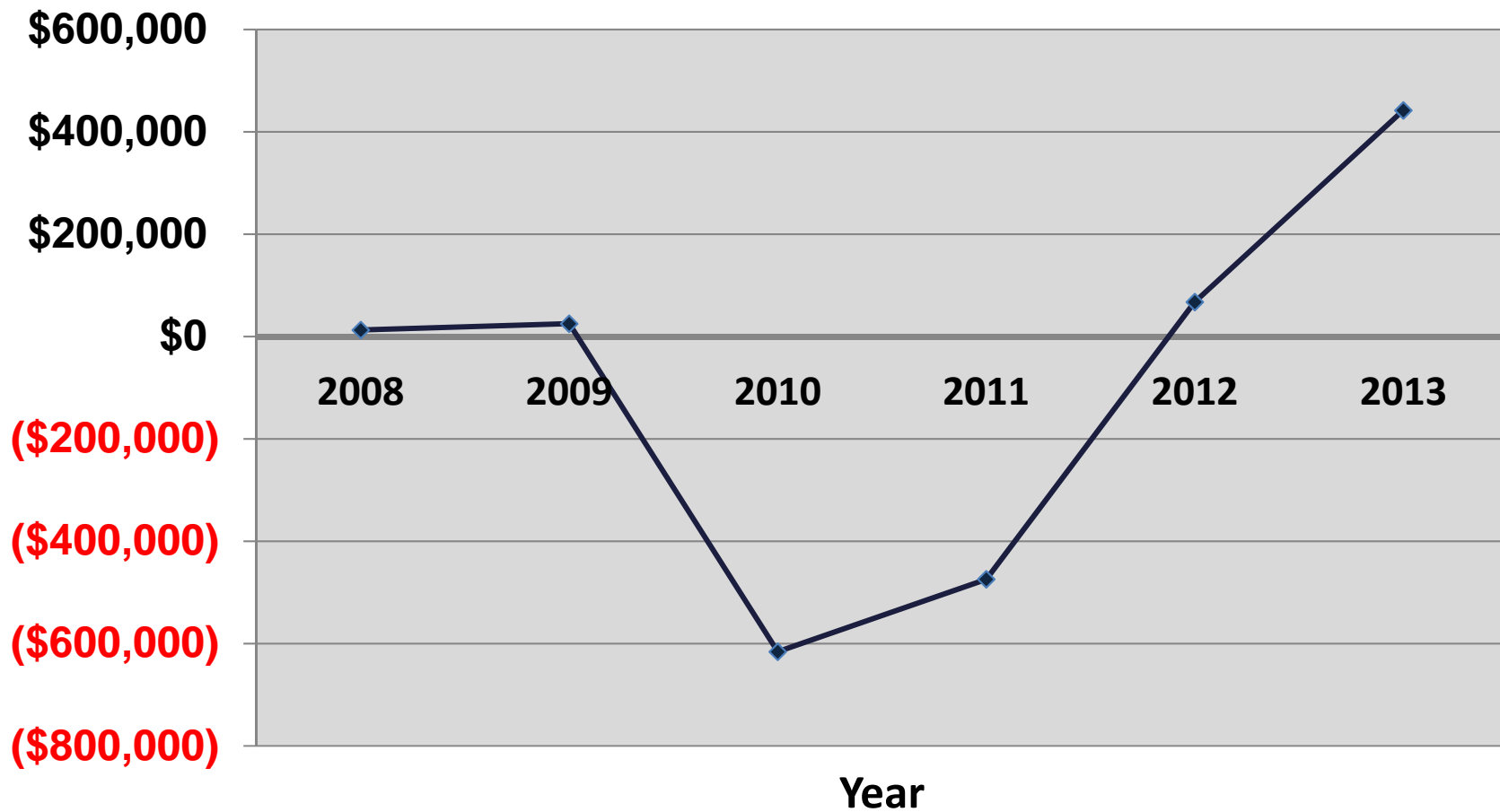
# 2014 Operating Expenses







## Actual Operating Surplus/(Loss)





# Consolidated Investments

## INVESTMENT BALANCES - DECEMBER 31, 2013

NTMA INSURANCE RESERVES	\$ 1,779,032
TMES	2,787,782
TMHC	189,557
NTMA OPERATIONS	255,563
NTMA BUILDING/RESERVE FUND	461,035
TOTAL	<u>\$ 5,472,969</u>

# Q & A SESSION



# *The National Tooling & Machining Association*

*The largest trade organization representing the precision custom manufacturing industry throughout the United States – Organized in 1943.*



## **TRUSTEE MEETING**

**March 8, 2014**

# *The National Tooling & Machining Association*

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The logo for the National Tooling & Machining Association (NTMA) features the acronym "NTMA" in a bold, white, sans-serif font. The text is set against a dark blue background that is bisected by a white diagonal line running from the top-left corner to the bottom-right corner.

**NTMA**

A red, circular button with a glossy, 3D effect. The word "Strategy" is written in white, sans-serif font across the center of the button.

**Strategy**

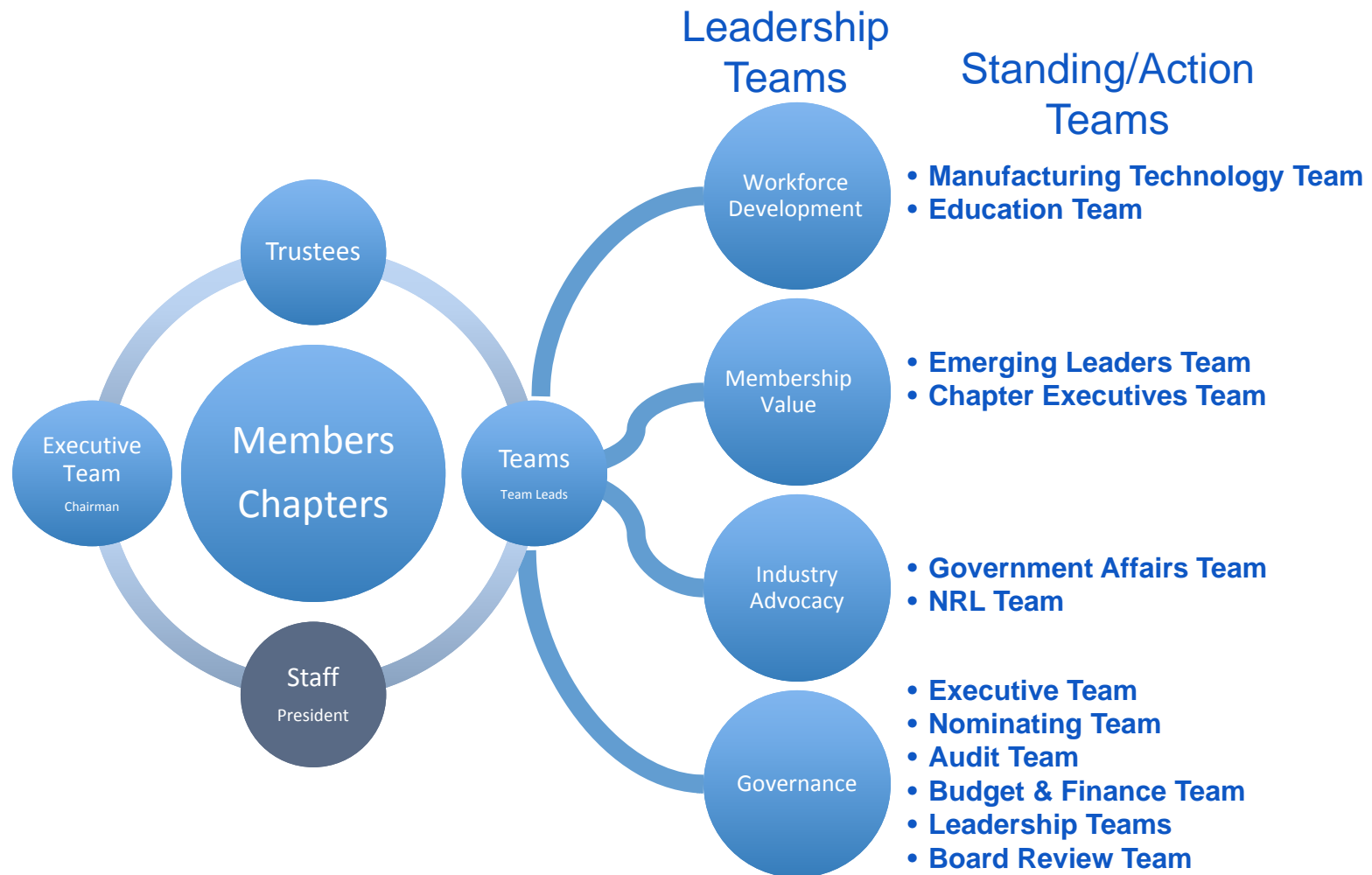
## **2014 Strategy Planning**

**Trustee Report  
MFG Meeting**

## 2014 Strategic Plan

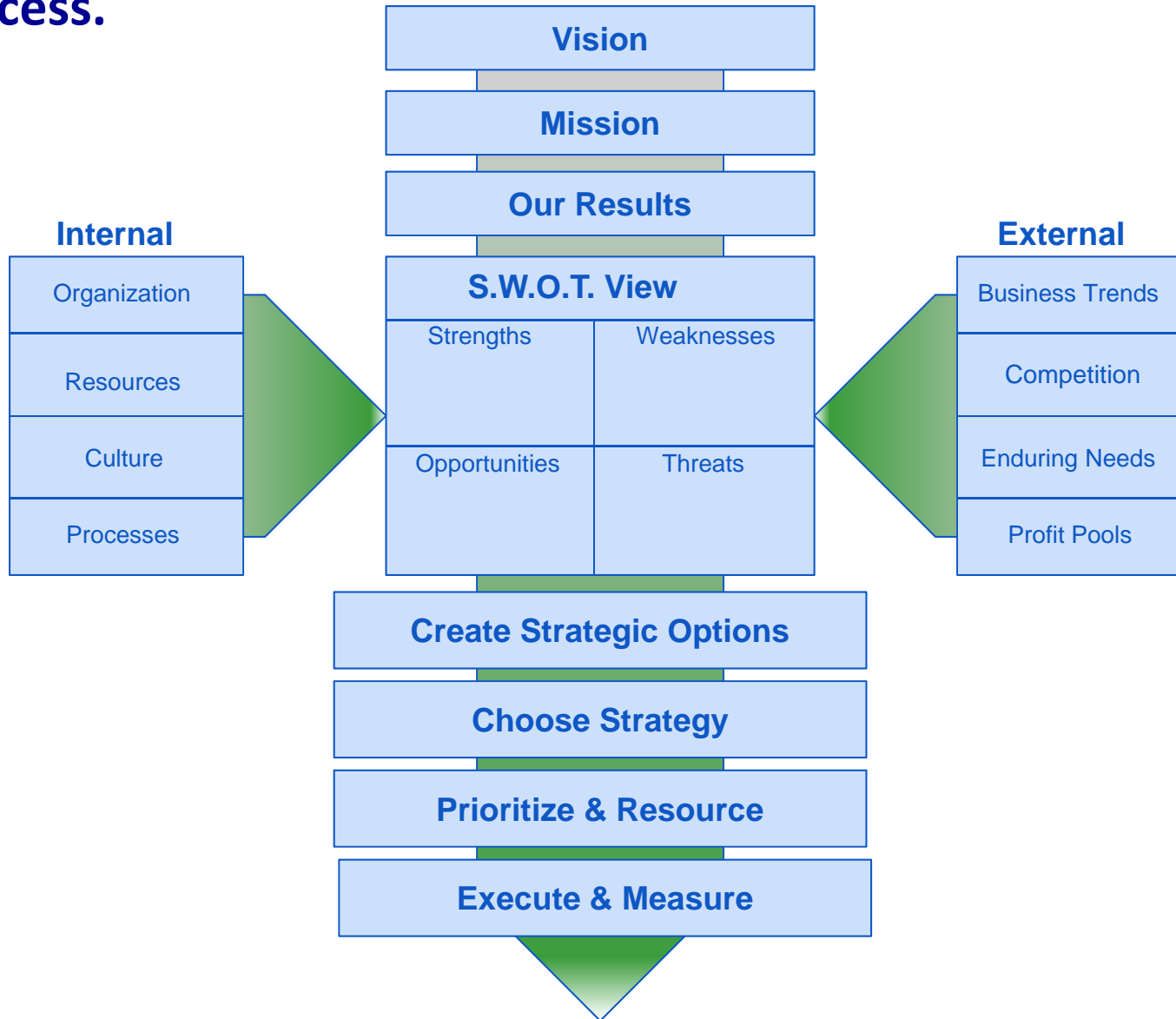


### Roles And Responsibilities In Strategic Deployment NTMA Is Member-Led, And Staff Operated.





**Our process.**





# 2014 Strategic Plan



## Strategic S.W.O.T. Analysis

Strengths

Weaknesses

Opportunities

Threats



## Strategic S.W.O.T. Analysis

Sets of input

Executive Team

Team Leadership Meeting

Team Leaders

Staff

Chapter Leadership Summit

Staff

Chapter Leadership

Trustees

Chapter Executives

# Strengths

## Executive Team (11)

- Recognized association in precision manufacturing domain
- Many long term members; ~250 active at national level
- Multiple elements of member value programming
- Affinity programs proven to work, and are growing
- Effective and respected political industry advocacy
- High-interest segment politically and commercially
- Executive leadership tenured and connected
- Gaining leadership status in workforce development
- A-players on staff; energetic, loyal and results-driven
- Lean expense structure
- Strong industry partnerships – AMT, its members and associates

## Team Leaders (13)

- Cross industries
- Local, regional and national interaction
- One Voice – Link to legislators
- Foundation – Investment
- Leadership and succession
- NRL
- NTMA
- Bright members
  - Innovation & Entrepreneurs
- Customer service and connection to right person
- Access to power brokers in critical support industry
- Networking – Roundtables and ideas
- Top level peers
- Affinity programs

## Chapter Leadership (17)

- Member presence – collective interest
- Diversity
- Advocacy works
- Relevant programming
- Workforce
- Community – Eye to eye peers
- Passionate
- Strength in numbers
- History
- Staff/customer service
- Pursuit of common goals
- The Name NTMA
- Some trust
- Common ideas
- Support improving
- Wide variety
- New chapters don't have history issues

# Weaknesses

## Executive Team (11)

- Effective communications
- Need income diversification & growth
- Inadequate staffing to accomplish significant goals
- Delivery and acceptance of NTMA value proposition/value
- Bigger power associations available (MAPI, NAM, AMT)
- Chapters & individuals question the value of national affiliation
- Operating budget reflects member engagement
- Chapter “franchising” and linkage deployment
- Poor governance of board structures and alignments
- Branding and consistency to audiences
- Too-narrow definition of association membership

## Team Leaders (23)

- Volunteer fatigue
- Lack of benchmark
- Web registration
- Local and government affairs
- Cost of dues compared to others (Perception)
- Chapters “mesh” with National
- Membership participation %
- National recognition
- PAC commitment
- Boiler plate ideas vs. locally or custom to segment
- Web page to effectively communicate
- Chapter/National relationships
- Sales support to help chapters grow
- International
- Effective communication for affinity programs and chapters
- Lack of focused message
- Social media
- Structure is cumbersome (Bureaucracy)
- Disconnect seeing member value
- Displaying our strength
- Not seeing member-driven organization
- Inability to set deeper in organization

## Chapter Leadership (18)

- Conveying the value of national meetings
- Accessible database of NTMA members
- Industry perception (image)
- Recruitment of members
- PAC fundraising
- New members don’t experience the value
- Ability to engage
- Trust between competitors
- Fear
- Tarnished
- Wide variety of culture
- Family vs. employee
- Communications – Mothership
- Sales support
- Mentoring – ability to communicate
- Perceive national value
- Inclusion – low % to national (smaller groups)
- Event design

# Opportunities

## Executive Team (12)

- Manufacturing trends support U.S. companies
- Assume leadership position in education & certification
- Companies are seeking meaningful resources to help their businesses
- Local Chapters are the pipeline to our members
- Leverage technology relationships for member competitive productivity
- Sponsors and associate members can fuel growth and voice
- Affinity programs present member value, association revenue & supplier sponsorship
- Trade show member growth and revenue
- Leverage affinity programs with other associations
- Member recruitment – large pool of potential members & segments
- Insurance program – cash and member benefits
- Consolidation of related associations

## Team Leaders (10)

- Training facilities
- Advertising
- Regional focus
- Member growth
- Serving member segments
- Grants
- NRL – Next Gen
- NTMA-U at Chapter level
- Emerging leaders
- Include Next Gen/Family employment

## Chapter Leadership (10)

- Mentoring
- Virtual BOD
- National – Local alignment
- 90% who aren't engaged
- F2F – Ready to learn
- Social media
- Regional – leverage of members as peers
- Outsourcing of education
- NRL as community connector
- NTMA-U redefining apprenticeship

# Threats

## Executive Team (8)

- Bigger associations reach down for mid and small businesses
- More chapters question relevance of NTMA
- Financial strength flags; reducing voice and capability
- Continuity - Focus change chairman to chairman
- Key leadership turnover and succession plan
- Other associations redefine to include NTMA members, competing for scarcer membership dollars
- Loss of key affinity partners
- 400 engaged members; 1000 ambivalent ones...

## Team Leaders (9)

- Limited revenue stream
- Lack of skilled workforce
- Low % of members engaged
- Opposition to networking
- Non association participation
  - Doesn't see Value
- 10% of market
- Competitive assets
- Fragmentation in association
  - Marketplace

## Chapter Leadership (8)

- Technology
- Perception of manufacturing
- Schools chose machining curriculum
- Failure to unify
- Failure to unify
- Chapter logistics
- Chapters competitive with national for resources

## What to do with the data?

Merge the lists

Prioritize the list

Turn the Weaknesses into Strengths

Turn the Threats into Opportunities

Use as part of team and staff planning.

## **Our 10K' Strategy For 2014**

**For 2014, focus on implementation through NTMA Teams and Staff.**

- 1. Develop NTMA as the voice of custom precision manufacturers.**
- 2. Grow profitable revenue of members.**
- 3. Deliver outstanding and unique member value.**
- 4. Attract and train workers to the precision manufacturing industry.**
- 5. Build a strong national federation of NTMA Chapters.**



## **Taking Stock In 2014**

**There have been several changes from 2010-2014.  
This year, we focus the organization on execution.**

- Industry-leading President in place for >3 years
- Simple organizational structure
- Single location – Cleveland, OH
- Strong NTMA professional staff
- No distractions from organizational
- Growing Chapter alignment
- Strong team leadership





# 2014 Strategic Plan



## Our NTMA 2014 Strategy Execution Scorecard

	1/2014	1/2013	1/2012	1/2011
1. Growth and retention . . . . .	Off track	On Target	On Target	Off track
2. Fiscal strength . . . . .	On Target	Low traction	Low traction	Off track
3. Members utilize the association . . . . .	Low traction	Low traction	Low traction	Low traction
4. Members are active at the National level . . . . .	Low traction	Low traction	Low traction	Low traction
5. Automation and tools are strong . . . . .	Off track	Off track	On Target	On Target
6. Affinity plans have great traction . . . . .	On Target	On Target	On Target	On Target
7. Purchasing Fairs have great traction . . . . .	Low traction	Low traction	On Target	Low traction
8. Insurance health is improving . . . . .	Off track	Off track	Low traction	Low traction
9. Cost reduction structural changes under way . . . . .	COMPLETED	On Target	On Target	Low traction
10. Executive leader . . . . .	COMPLETED	On Target	On Target	On Target
11. MFG cross-association event . . . . .	COMPLETED	On Target	On Target	On Target
12. Holding our own . . . . .	On Target	Low traction	Low traction	Low traction
13. Chapter engagement. . . . .	Low traction			
14. Revise mission & vision. . . . .	Low traction			
15. Governance structure review. . . . .	Low traction			

■ On Target   
 ■ Low traction   
 ■ Off track



## Reviewing The Planning Process For 2015 Team Strategic Deployment Plans

### Team Involvement

- **Issue; by the time the team develop their strategic the budget process has passed.**
- **Teams need to become come part of the strategic planning process earlier.**





## Reviewing The Planning Process For 2015 Team Strategic Deployment Plans

### Team Involvement

### Future Planning

- Short-Term (This year)
- Mid-Term (The next two years)
- Long-Term (five or more years)

### Resources

- Staff
- Funding/Budgeted





## The Budgeting Process

- **June:** teams need to submit their 2015 budget needs.
- **July:** Staff complete a draft budget,
  - submits to Budget and Finance Team
- **August:** Budget and Finance Team submits to the ET.
- **September:** ET and B/F teams approve budget.
  - Submits budget to Trustees
- **October:** Budgeted is approved by Trustees



# Questions



# *The National Tooling & Machining Association*

*The largest trade organization representing the precision custom manufacturing industry throughout the United States – Organized in 1943.*



## **TRUSTEE MEETING**

**March 8, 2014**



# *The National Tooling & Machining Association*

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**NTMA**

**Budget &  
Finance**

## **Reserve Fund Review**

**Ron Overton: Team Leader**

# 3 Funds Recommended

- The NTMA Reserve Fund is to be comprised of three separate funds with defined purposes, goals and sources.
- These funds, which are listed in order of priority in which they are to be established, are:

### **A. EMERGENCY RESERVE FUND \$2.0MM**

### **B. OPERATING LINE OF CREDIT 10% OF ANNUAL BUDGETED REVENUE**

### **C. SPECIAL PROJECTS/OPPORTUNITY FUND \$1.0MM**

- These funds are recommendations from the Budget & Finance Team.
- The recommendations have been reviewed by the NTMA's President, CFO and the Executive Team.



# EMERGENCY RESERVE FUND (“ERF”)

The term “emergency” is defined as:

“A budgeted revenue shortfall that exceeds 10% of annual revenue and puts the financial stability of the association at risk.”

## Reserve Fund Review

NTMA

Budget &  
Finance

# EMERGENCY RESERVE FUND (“ERF”)

### Purpose

The ERF is to cover unexpected budgeted revenue shortfalls.

### Goal

Set aside \$2.0M. Should be fully funded by end of year 2014.

### Source

Funds from the building fund and the off-shore insurance entity.

### Accessing Funds

On the approval of a “Super Majority” (vote of 4 of 5 members) of the Executive Team.

### Minimum Balance

The ERF cannot be drawn below a \$1.0MM balance without Trustee approval. This \$1.0MM represents the initial funding for the ERF that came from the sale of the building in Ft. Washington, MD and has specific uses that were established by the Trustees.

### Notification

Upon accessing the funds the Budget and Finance Team is to be notified.

# OPERATING LINE OF CREDIT (“LOC”)

The LOC is a fund that provides internal cash borrowing on a short term basis to cover NTMA operating costs during slow cash generation periods.

## Reserve Fund Review

NTMA

Budget &  
Finance

# OPERATING LINE OF CREDIT (“LOC”)

### Purpose

To provide an alternative to borrowing cash for operations on a short-term basis from a financial institution (historically cash flow tapers off during the late 4th quarter of the calendar year).

### Goal

Set aside 10% of annual budgeted revenue. Should be fully funded by end of year 2014.

### Source

Funds from the off-shore insurance entity.

### Accessing Funds

On the approval of the CFO. Reviewed annually by ET to ensure money is not being used as a long-term loan.

### Notification

Upon accessing the funds the President and Executive Team are to be notified.

## Reserve Fund Review

The logo for NTMA (National Trade and Marketing Association) is displayed in white text on a dark blue background.The text "Budget & Finance" is displayed in white on a red background.

# SPECIAL PROJECTS/OPPORTUNITY FUND (“SPO”)

The term “special project/opportunity” is defined as:

“An endeavor that NTMA should undertake that can provide a benefit to the overall membership of the association.”

## Reserve Fund Review

NTMA

Budget &  
Finance

# SPECIAL PROJECTS/OPPORTUNITY FUND (“SPO”)

### Purpose

Provide a source of cash to start a new program or fund a project that otherwise could not be done by NTMA because it was not in the budget and did not have funding, which would result in NTMA missing out on a potential growth opportunity.

### Goal

Set aside \$1.0MM.

### Source

Funds are taken from annual operating surplus; no more than 10% per year to be added to the SPO fund.

### Accessing Funds

On the approval of a “Super Majority” (vote of 4 of 5 members) of the Executive Team.

### Notification

Upon accessing the funds the Budget and Finance Team is to be notified.

## Reserve Fund Review

NTMA

Budget &  
Finance

- A. EMERGENCY RESERVE FUND \$2.0MM
- B. OPERATING LINE OF CREDIT 10% OF ANNUAL BUDGETED REVENUE
- C. SPECIAL PROJECTS/OPPORTUNITY FUND \$1.0MM



**Will be voted on in New Business**

# *The National Tooling & Machining Association*

*The largest trade organization representing the precision custom manufacturing industry throughout the United States – Organized in 1943.*



## **TRUSTEE MEETING**

**March 8, 2014**