



Membership Report

NOWRA in 2007

This is NOWRA's 2007 Annual Membership Report. It is intended for NOWRA members, affiliates, partners, and stakeholders.

Alan Gale
July 1, 2008

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INTRODUCTION

Dear Members,

The year 2007 will go down in NOWRA history as one of change. As we all know, change is one of the most difficult things to do, even if it's change for the better. NOWRA changed, and the Affiliate Groups, members, and partners are anxiously waiting to see what will happen. It's an exciting time to be a part of NOWRA as the organization learns about its past, plans for its future, and meets your needs.

Financially, NOWRA had an up and down year. The 2007 Annual Conference was, financially, not successful. The conference itself, including the programs and the exhibit hall, were very successful, however the attendance was down, which placed pressure on everyone involved. The 2007 Installer Academy experienced yet another year of growth, continuing its upward attendance trend. As this conference grows, so does the opportunity to provide this valuable member benefit.

NOWRA changed management companies in November 2007. This was in response to Affiliate Group and member concerns. The task force and Board of Directors spent many days constructing a thorough RFP, then even more time reviewing the returned proposals. BTF Enterprises started managing NOWRA in November of 2007. This equates to the largest change of the year for NOWRA and its stakeholders.

As stated above, change is always difficult, and the first year of managing an organization is always the most difficult. Learning the policies and procedures, industry, partners, members, affiliates, and board is the number one priority. Taking the time to learn ensures proper understanding of the issues and enables one to effect appropriate change. As we all move out of the learning phase and in to the next phase of revolutionizing NOWRA, we must be patient. We are all working towards the same goal, "To advance and grow the onsite and decentralized wastewater industry by promoting sustainable wastewater management on a watershed basis through education and outreach."

Thank you,

Alan Gale
Executive Director

GOALS & ACCOMPLISHMENTS

In 2007, the NOWRA Board of Directors, its committees, Local Affiliate Groups, and members focused their efforts on the four pillars of the strategic plan (2004 Strategic Plan). Some major changes occurred during 2007. All were in an effort to provide more member benefits, influence our industry, grow your association, and help formulate government policy.

Pillar Number 1: Maintain Efficient and Effective Financial Management and Governance Processes

The NOWRA Board of Directors formulated the Governance Committee in 2007 and appointed Al Schnitkey as the Chairperson. The committee's tasks were to (1) review and update the NOWRA bylaws (as necessary), (2) create a policy manual, and (3) develop the request for proposal for management services for NOWRA.

Bylaws and especially policy manuals are living documents. The Governance Committee firstly reviewed the bylaws for continuity, legal compliance, relevancy, and accuracy. The committee next set its sights on the policy manual.

The new NOWRA policy manual was adopted in early 2008, the groundwork completed in late 2007. Although there is still work to be done, the manual does cover 90% of NOWRA operations, including financial operations. With this manual the new NOWRA Headquarters has solid ground in which to make decisions.

After posting the RFP, receiving 25 proposals, and conducting in-person interviews with the four finalists, NOWRA hired a new management company in November 2007 and obtained a new Executive Director. BTF Enterprises has 20 years of successful association management experience. Alan Gale, our new Executive Director, brings with him years of Silicon Valley project management experience and an MBA. The management team at BTF Enterprises is comprised of Julianne Vaughn (CMM, CMP, MBA) and Glenn Zimmermann. Glenn brings with him CFO experience from the farming industry.

BTF Enterprises has a proven track record of sound financial management. The first six months of managing NOWRA was a learning phase. The NOWRA Board and Finance Committee are working on several financial projects which will enhance communication and streamline our processes. Look for more information regarding the chart of accounts, fiscal year policy, and other financial improvements in the later half of 2008.

Pillar Number 2: Develop and Promote Best Practice and Policy Standards for Onsite Water Treatment and Recycling

NOWRA worked with the Consortium of Institutes for Decentralized Wastewater Treatment (CIDWT) on the development of the “Installation of Wastewater Treatment Systems” training curriculum. The curriculum contains information ranging from an introduction to installing wastewater treatment systems to advanced treatment systems such as media filters and ultraviolet light disinfection. NOWRA Education Committee members participated in the CIDWT writing team for the project. In addition, NOWRA has an agreement with CIDWT to host the four pilot workshops for the curriculum with the first being held at the Installer Academy in December, 2007.

Sessions were given at the 2007 Installer Academy that catered to the first time installer, seasoned professional, as well as business development skills for small companies. The 2008 Installer Academy promises to be an event worth attending.

Pillar Number 3: Develop and Promote Best Practice and Policy Standards for Watershed Management

NOWRA continued its work on the United States Environmental Protection Agency Memorandum of Understanding Partners project. The partners (www.us-epamoupartners.org) work towards an integrated water resource management program. Cooperation between partners helps NOWRA expand its influence, extol the virtues of a distributed wastewater management system, and further industry standards.

NOWRA’s Government Relations Committee influenced policy in Georgia (see committee update for more information), wrote an opinion paper for the US Senate Department of Public Works on pharmaceuticals in our water, and helped Alabama realize the benefits of onsite systems.

For 2008, the above efforts will increase as we move our industry forward in a down economy. Only through influence and education will NOWRA be in the drivers seat and bring awareness to the public.

Pillar Number 4: Develop and Shape the Industry through Promulgation of the Model Performance Code.

The US EPA awarded NOWRA a grant to educate regulators on the Model Code Framework. This project provided a national education and outreach program for

regulators and public officials on the use and application of model codes for decentralized systems. It presented components of the adopted documents on guidance and performance measurements and addressed methods to employ them. The primary objective was to address the critical need to educate state and local regulators and inform policy officials about the use and application of a model code for decentralized systems, as drafted by the National Onsite Wastewater Recycling Association. To this end, NOWRA conducted six (6) workshops in 2007 and early 2008.

COMMITTEE ACCOMPLISHMENTS

MARKETING AND COMMUNICATIONS COMMITTEE

The Marketing and Communications Committee was very busy in 2007. After extensive research, the Septic Locator categories were reorganized to enhance its search potential. We also overhauled the BBP listings to improve their return rate. The committee was also busy with developing and updating NOWRA's marketing materials (corporate capabilities brochure, target audience brochure, homeowners brochure, and the state tool kit). With the limited budget available, we marketed both the Annual Conference and the Installer Academy, experiencing a 20% growth in 2007 for the Installer Academy. This committee was also heavily involved with marketing and communication strategies implemented during the search of NOWRA's new management team and Executive Director.

For 2008 the committee is focused on marketing for NOWRA's Annual Conference and the Installer Academy. Members are also working with the Local Affiliate Groups who are focused on understanding Affiliate Group needs and industry specific challenges.

FINANCE COMMITTEE

The Finance Committee was heavily involved in three main projects for 2007. One was the Model Code workshop series and the financial reporting required to meet EPA guidelines. This project will be completed in mid 2008. Second was participation in the selection task force for identifying a new management company. In September of 2007, the task force selected a new management company after many hours of research, RFP development, management company reviews, and interviews. The third major project in 2007 was the continued financial support for the former management company and the transition preparation. The financial transition to the new management company was a success; NOWRA experienced no delay in financial transactions.

EDUCATION COMMITTEE

The Education Committee was, as always, busy in 2007. The committee coordinated their efforts with the Conference Committee, Technical Practices Committee, and other NOWRA leaders to identify overall conference themes and directions. We discussed everything from conference strategies, locations, dates, sessions, key-note speakers, and basic details such as continuing education.

One of the projects the committee is particularly proud of is the development of the paper submission process for the Annual Conference and the call for abstracts process for the Installer Academy. The letters, instructions, documentation and a tracking system were all developed in order to provide the highest quality presentations for NOWRA's members. The peer review board (comprised of industry leaders from NOWRA and its committees) ensured NOWRA's excellence in providing cutting edge papers and presentations at the Annual Conference and the Installer Academy.

The NOWRA "A to Z" course was further developed to enhance the attendees' experience. Course material was re-evaluated and new technologies were included so as to keep up with industry growth. This, in conjunction with other organizations and conferences, allows NOWRA to train more members and raise the industry standard for installation and maintenance.

CONFERENCE COMMITTEE

The Conference Committee was busy working on two conferences. Both the Annual Conference and the Installer Academy are major projects requiring over a year of planning for each event. The Conference Committee not only manages to help NOWRA Headquarters with these large projects, but also makes time to write policy, create forms, and adapt to the growing needs to attendees, exhibitors, and all stakeholders.

2007 presented a unique challenge for the Conference Committee by helping to transition NOWRA over to the new management team, BTF Enterprises. Within one month of BTF's start date, the committee worked very closely with the new management team to put on a successful 2007 Installer Academy. The 2007 version of the Installer Academy, the third such conference, was met with a 20% increase in attendance.

For 2008 the Conference Committee will be looking at new strategies for bringing education to NOWRA's members. Committee members look forward to the strategic planning meeting in August 2008 where discussion of NOWRA's future and conference strategies will be discussed.

TECHNICAL PRACTICES

The Technical Practices Committee worked very closely with the Education Committee in 2007 on various projects. The Nitrogen Symposium presented at the 2008 Annual Conference in Memphis, TN, was very well received by the attendees. The format went very well with the

high level of speakers NOWRA was able to obtain. A pre-conference symposium will be a feature of future conferences in order to maintain the level of NOWRA's industry leading conferences.

The white paper process is challenging, yet assures accuracy and industry cohesiveness. The Technical Practices Committee drafted several such papers; one on water softeners and one on pharmaceuticals. A portion of this process was adapted for the paper and presentation reviews used for conferences, which the Technical Practices Committee helped develop.

GOVERNMENT RELATIONS

The Government Relations Committee was resurrected in 2007 and was met with an immediate challenge. The Georgia Water Council was ready to adopt a plan NOWRA could not endorse. The committee responded to the Council's request for input and was able to influence Georgia's policy. The state's plan was to adopt a "sewer the state" policy. With NOWRA's influence and political clout, the committee was able to ensure the adoption of the EPA's Volunteer Management Guidelines. Georgia is now learning that onsite systems are not consumptive, rather they return flows to rivers and streams.

The Georgia issue is an excellent example of how NOWRA can influence wastewater policy in a manner that uses decentralized technology. Look for more activity in 2008 and beyond.

EXTERNAL RELATIONS

The External Relations Committee was formed in 2007. Efforts to work with the EPA and its MOU Partners were initialized. Monthly conference calls were conducted where discussions were held to determine the best use of our strengths. Because of the strong, working relationships with the EPA MOU Partners expect more information from this group in 2008.

NOWRA is partnered with the EPA, CIDWT, NATaT, NAWT, NEHA, NESC, RCAP, WEF, and more. The strategic planning meeting in 2008 will reveal more strategies for industry cooperation.

MODEL CODE

Model Code Committee efforts in 2007 were directed at the activities of the Model Code Workshops. Six workshops were held in 2007 and early 2008 as part of the EPA grant. Wrap up work is now underway (early 2008) and the committee looks forward to the 2008 strategic plan where we can explore bringing this training back to the NOWRA membership.

The committee also helped draft a portion of the "Soil Component Guidance" document. The paper is now under review.

LOCAL AFFILIATE LEADERS COMMITTEE

The committee was focused on the specific issues facing NOWRA and its local affiliate groups. Monthly conference calls were held to discuss ways of improving conference, communication, member and affiliate group benefits.

This group also sat on the selection task force and helped NOWRA identify and hire a new association management company. As NOWRA transitions to the new management company it is imperative that the association stay focused on the needs of the affiliate groups. The local associations provide very direct member benefits and NOWRA, through communication with the Board, realizes that affiliate group support is the wave of the future.

CHALLENGES

NOWRA faced some very difficult challenges in 2007. Some challenges were association induced, some were economically driven, yet others were a sign of a growing organization. Indeed, many of these same challenges continue to take up space on the NOWRA radar in 2008.

The below issues posed serious challenges for the Board, committees, and the membership in 2007.

- NOWRA's financial stability and financial management was a major concern for 2007. The Board of Directors appointed a selection task force to search for a new management company. BTF Enterprises, the new management company, was hired in November of 2007, too late to make a significant impact on the 2007 financials. However, NOWRA has realized a \$160,000.00 reduction in expenses so far in 2008 (compared to 2007 year-to-date) under BTF Enterprises' management. New processes and policies have given NOWRA a new foothold on the association's financial health.
- NOWRA and its Local Affiliate Groups experienced, in general, a downturn in membership and in sponsorships (BBP) in 2007. While there are many factors contributing to this disturbing trend, the Board and committees continued to focus on improving NOWRA's offerings to members. Increasing member benefits and communicating to the NOWRA members and Affiliate Groups is the top priority for the Board. Increasing BBP (Business Benefit Partner) benefits while keeping costs low is a strategy that may benefit all involved.

- NOWRA's conferences, the Annual Conference and the Installer Academy, have been met with mixed results. The 2007 Annual Conference experienced low attendance, yet offered world class learning opportunities. Some attribute the down turn in attendance to lack of international interest. One could point to marketing and communication as another contributing factor to the low attendance. One of the questions asked is, "Have the Local Affiliate Groups offered everything a member could need in terms of conferences, rendering the Annual Conference less relevant?" These are all considerations for the strategic planning meeting in 2008. The Installer Academy has experienced growth over its first three years. Look for 2008 to experience even more growth at this event.
- NOWRA does not offer much in the way of non-dues revenue generation. Non-dues revenue may be generated through (for example) conferences, grants, on-line stores and information, etc. A continued push for advertising in the *Onsite Journal* and *Septic Locator* has been the staple of non-dues revenue generation. For 2008, NOWRA will be focusing efforts on an on-line e-store for conference materials, on-line CEUs, and other revenue generating opportunities.
- NOWRA members have been hit hard by the slumping economy. One of the first items to get cut in any economically pressured household or business is memberships. Associations suffer through these times just as retail stores suffer. The housing market has slowed to a snails pace, thus installation of new onsite wastewater treatment systems have also slumped. How can NOWRA help its members get through these hard times? A national voice is still needed. Convincing local, state and federal governments to use onsite wastewater treatment systems is still going to help the industry, thus Mr. and Mrs. NOWRA Member. In 2007 the Board prepared for this challenge by hiring a new management firm and reducing costs, while NOT reducing member benefits. Indeed, many new member benefits are in the works for 2008 and beyond.
- The Local Affiliate Groups have been unhappy with NOWRA in many ways. Communication, accountability, and direct benefits are the priorities put forth by the Local Affiliates. In response to these major concerns, NOWRA made wide-sweeping changes in 2007. Hiring a new management company was, perhaps, the largest task completed to this end. Communication has improved with the rejuvenation of the Affiliate Group meetings every month. NOWRA has made major changes in late 2007, so expect improvement in the areas above for 2008.

FINANCIAL STATEMENT

The below financial information and management summary is derived from the Quickbooks reports available upon request and on the members only section of NOWRA’s web site (www.nowra.org). The new web site feature will be available in August of 2008. The fiscal year in review is January 1, 2007 to December 31, 2007. NOWRA uses the accrual accounting method.

The below table summarizes the income and expenses for the fiscal year 2007.

Program	Income- Expenses
Business Benefit Program	\$114,000.00
2006 Installer Academy	(\$1,639.17)
2007 Annual Conference	(\$43,894.74)
2007 Installer Academy	(\$4,759.44)
Grant Management	(\$1,782.77)
Member Services/Management	(\$77,764.48)
Onsite Journal	\$3,288.53
Other Publications	(\$444.96)
Website	(\$4,075.64)
Septic Locator	\$75.00
Net Surplus (Deficit)	(\$16,997.67)

NOWRA ended fiscal year 2007 with \$35,597.83 in the checking account, \$65,603.91 of accounts receivables, and \$27,406.68 of accounts payable.

Notes:

- The Business Benefit Program does not generate expenses. However, it should be noted that BBPs receive free advertising in the OSJ, free booth space, and other program benefits.
- The 2006 Installer Academy was held in second week of December, 2006. Some expenses were not realized until January of 2007. This happens every fiscal year due to the proximity of the Installer Academy to the year end. For example, the hotel bill is usually not completed and mailed to NOWRA HQ until January.

- The 2007 Annual (International) Conference total income was \$252,416.00. Major contributors to income were exhibit booth sales (\$82,985.00), registrations (\$128,351.00), and sponsorship (\$37,000.00). Major contributors to expenses include advertising and publications (\$43,871.84), equipment rental/AV (\$25,374.93), food and beverage (\$99,862.44), complimentary rooms (\$18,361.08), management fees (\$69,900.00), and “meeting expenses” (\$19,289.07), among others.
- 2007 Installer Academy total income was \$63,670.00. Major contributors to income were exhibit booths (\$32,990.00) and registrations (\$29,355.00). Major contributors to expenses were advertising and publications (\$13,551.54), food and beverage (\$20,119.25), management fees (\$12,000.00), speaker fees (\$7,500.00), awards (\$4,500.00), and trade show preparation (\$4,295.00).
- Grant management was monies loaned to the model code workshop project. The only income realized was directly from the EPA grant (\$41,389.62). Major expenses include advertising and publications (\$4,581.88), education (\$4,885.00), management fees (\$4,725.00), speaker fees (\$16,796.10), and travel (\$8,115.57).
- In the Management / Member Services area, NOWRA’s source of income was membership dues renewals (\$154,142.50). Many operating costs are captured in this class. The major expenses were advertising and publications (\$23,988.99), management fees (\$147,749.98), telephone (\$11,111.95), travel for the ED and Board (\$7,037.31), and office expenses (\$36,455.06).
- The Onsite Journal generated \$3,288.53 of income in 2007. Expenses for printing, layout and design, and postage were \$32,387.57. Income comprised of advertising and totaled \$35,645.50.
- The website does not generate income, yet is a marketing and communication expense for the association. The Septic Locator does generate income and did so in 2007.

In conclusion, NOWRA spent more money than it took in during FY 2007. Controlling costs while maintaining and even adding member benefits needs to be a priority in the future. The two highest revenue generating items on NOWRA balance sheet are BBP contributions and membership dues. Knowing each segment experienced a decrease in participation by the end of the year, NOWRA finds itself in a difficult situation. Usually, conferences can help generate revenue.

Both conferences lost money in 2007, although the Installer Academy was very close to breaking even and attendance is increasing. The Annual Conference was a disappointment.

NOWRA lost revenue and suffered reputation damage. The outcome of the 2007 Annual Conference may be attributed to ambitious goals, lack of marketing and publicity, over-commitments to the hotel and convention centers, and communication.

For 2008, NOWRA needs to control its costs and increase its revenue opportunities. For the first half of 2008 NOWRA has spent \$160,000.00 less in operating expenses compared to the same time period in 2007. NOWRA also realized a \$141,000 drop in revenue for the same time period. The reduction in expenses was possible because of the management change in November 2007 and an austerity program designed to curtail costs. Increasing member benefits in order to retain members and sponsors (BBPs) should be a top priority for 2008.

NOWRA BALANCE SHEET

**NOWRA
Balance Sheet**

As of December 31, 2007

Accrual
Basis

Dec 31, 07

ASSETS

Current Assets

Checking/Savings

Bank Of America 06705-61535	35,597.83
Model Code Regulator Education	<u>559.13</u>

Total Checking/Savings 36,156.96

Accounts Receivable

Accounts Receivables	<u>65,306.91</u>
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Total Accounts Receivable 65,306.91

Other Current Assets

Due From MOWPA	1,736.21
Due From NOWRA Ed and Research	1,542.05
Undeposited Funds	<u>-1,845.00</u>

Total Other Current Assets 1,433.26

Total Current Assets 102,897.13

Fixed Assets

Computer Equipment

Accum Depr - Computer	-443.00
Equipment	<u>1,227.47</u>

Total Computer Equipment 784.47

Total Fixed Assets 784.47

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TOTAL ASSETS	<u>103,681.60</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>27,406.68</u>
Total Accounts Payable	27,406.68
Credit Cards	
Bank One Visa1	<u>1,592.44</u>
Total Credit Cards	1,592.44
Other Current Liabilities	
Deferred Revenue	125,585.36
Grant Reserve	610.38
Unearned Dues Revenue	<u>700.00</u>
Total Other Current Liabilities	<u>126,895.74</u>
Total Current Liabilities	<u>155,894.86</u>
Total Liabilities	155,894.86
Equity	
Fund Balance - Prior Year	-43,333.73
Retained Earnings	8,118.14
Net Income	<u>-16,997.67</u>
Total Equity	<u>-52,213.26</u>
TOTAL LIABILITIES & EQUITY	<u>103,681.60</u>

MEMBERSHIP UPDATE

In the interest of providing the most up-to-date information, we have decided to provide the most recent membership levels from the 2008 membership drives.

The total number of members NOWRA has is 4486. The Local Affiliate Groups breaks down as:

Constituent Groups	# of members
Arizona Onsite Wastewater Recycling Association (AzOWRA)*	28
California Onsite Wastewater Association (COWA)	298
Carolina Onsite Water Recycling Association, Inc. (COWRA)	30
Colorado Professionals in Onsite Wastewater (CPOW)	60
Concrete Precasters Association of Ontario (CPA Ontario)*	269
Delaware On-Site Wastewater Recycling Association (DOWRA)	251
Florida Onsite Wastewater Association (FOWA)	426
Iowa Onsite Wastewater Association (IOWWA)	360
Kansas Small Flows Association (KSFA)	119
Maryland Onsite Wastewater Professional Association (MOWPA)*	100
Michigan Onsite Wastewater Recycling Association (MOWRA)	28
Minnesota Onsite Wastewater Association (MOWA)	282
Missouri Smallflows Organization (MSO)	315
Nebraska Onsite Waste Water Association (NOWWA)	58
NOWRA (direct members)	135
Ohio Onsite Wastewater Association (OOWA)	231
Ontario Onsite Wastewater Association (OOWA)*	34
Pennsylvania Onsite Wastewater Recycling Association (POWRA)	65
Tennessee Onsite Wastewater Association (TOWA)	69

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Texas Onsite Wastewater Association (TOWA)	202
Virginia Onsite Wastewater Recycling Association (VOWRA)	428
Washington On-Site Sewage Association (WOSSA)	399
Wisconsin Onsite Wastewater Recycling Association (WOWRA)	194
Wisconsin Precast Concrete Association	25
Yankee Onsite Wastewater Association (YOWA)	80

*Affiliate Group has not paid dues, however has given NOWRA commitment to renew membership.

Within the Septic Locator, members are able to select occupation categories. Each member may select multiple categories. A break down of these categories is presented in the below table.

Category	% of Membership
System Designer	16.86%
Installer	11.26%
Service Provider	9.74%
System Inspector	8.05%
Maintenance Provider	7.55%
Vendor/Product Supplier	7.37%
Operation/Maintenance	5.76%
Site Evaluator	4.71%
Pumper	3.66%
Tank Manufacturer/Supplier	3.18%
Soil Scientist	3.09%
Operator	3.05%
Soil Evaluator	3.05%
Soil Tester	2.71%

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Contractor	1.57%
Waste Transporter	1.34%
Registered Sanitarian	1.27%
Researcher	1.07%
Septic Inspector	0.96%
Environmentalist	0.71%
Government/Regulatory Official	0.64%
Consulting Engineer	0.48%
Manufacturer	0.48%
Realty/Mortgage Service Provider	0.34%
Other Interested Party	0.32%
Equipment Manufacturer	0.30%
Laboratory Services Provider	0.18%
Wholesale Distributor	0.16%
Student	0.14%
Builder/Developer	0.02%

LOOKING FORWARD TO 2008

There are many projects on the drawing table for 2008. With NOWRA’s transition to a new management company, the first year is always the most difficult as all stakeholders adjust to new procedures, styles, and people. The Strategic Planning Session for 2008 will be held in August. Many items will be discussed including NOWRA’s future and how the association must adjust to compensate for these trying times. New association management software will be implemented in 2008 offering many new on-line benefits to members.

2008 is an opportunity to chart fresh, new directions for NOWRA and take advantage of local and national industry trends.