

SMACN-IFUS ANNUAL REPORT

2022



LETTER FROM THE CHAIR

Dear IFUS Contributor,

I want to thank everyone for their continued support of our industry. As we move forward, there are opportunities that none of us could have even dreamed of two years ago. As our economy rebounds from the pandemic and we witness the rise of more and more megaprojects in our space, having the backing of everyone involved in our sector is more crucial than ever. Luckily, as I have been saying over the past couple of years, we have the support needed to grow this space in new and exciting ways.

This enthusiastic support continues to be pivotal as we seek to push the envelope in building a dynamic workforce that is both diverse and on the cutting edge of technological innovation. Your contributions enable us to build out technical standards and documents that ensure that the work being done by contractors is of the highest possible quality while, at the same time, delivering the highest potential value to our customers. None of this would be possible without the ongoing support of our contributors. The resources that you provide will help us remain steadfast in our mission.

This report will detail how the IFUS fund continues to support all aspects of our efforts to further the best interests of the Sheet Metal and HVAC Industry. When it comes time to write this report next year, the market forces will likely have changed in a way that might be challenging to forecast at this particular moment. However, through the efforts of everyone associated with this fund, we will continue to provide our industry with the tools and knowledge they need to survive the inevitable ebbs and flows. Instead of struggling, we will be able to support companies in a way that allows them to prosper and continue to grow their businesses.

This fund's mission is to provide the industry with tools such as information, training, and issues education that puts our constituents in a position to succeed and flourish. As local, state, and federal leaders are placing an increasing amount of importance on infrastructure, it is critical that we put our members in a position to take advantage of these opportunities. As the tumultuousness of the COVID-19 pandemic fades into the rearview mirror, we must support our constituents with the assets needed to thrive. Luckily, based on recent history, we will continue to lift everyone associated with our industry.

Thank you again for your constant and steadfast support.



Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Irwin', with a stylized flourish at the end.

Paul Irwin,
SMACN-IFUS chairman

2022 FINANCIAL REPORT

In 2022, the IFUS trustees approved a grant to the Sheet Metal and Air Conditioning Contractors National Association (SMACNA) to execute specific programs and projects consistent with the purposes of the trust. The grant was for a maximum expenditure of \$10,147,325, excluding the administrative fee and subject to the availability of receipts and collections.

Through the end of the year, total disbursements to SMACNA were \$8,714,111. IFUS finished the year with a \$198,946 deficit, resulting in a year-end fund balance of \$201,839.

— Paul Klaus, Secretary/Treasurer

MAXIMUM EXPENDITURE GRANT

\$10,147,325

TOTAL DISBURSEMENTS OWED TO SMACNA

\$8,714,111

BALANCE SHEET AS OF DECEMBER 31, 2022

CASH

\$201,839

TOTAL ASSETS

\$201,839

INCOME & EXPENSES AS OF DECEMBER 31, 2022

INCOME

CONTRIBUTIONS

\$8,515,165

EXPENSES

TRANSFERS TO SMACNA

\$8,714,111

EXPENSES

DEFICIT OF EXPENSE OVER REVENUE

\$198,946

IFUS FUND BALANCE

\$201,839



SMACN-IFUS TRUSTEES

Trustees of the Sheet Metal and Air Conditioning Contractors' National Industry Fund of the United States are responsible for the general management of the trust fund. This includes the receipt of contributions and the approval, development, execution, and subsequent monitoring of programs and projects that benefit the signatory sheet metal and air conditioning industry.

- Paul Irwin, Chair
- Paul Klaus, Secretary/Treasurer
- Gavin Brownlie
- Clay Cooke
- Mitch Golay
- Dan Hampton
- Jeff Link
- Aaron Hilger, Administrator
- Daniel Kelly, Legal Counsel
- Joye Blanscett, Staff Liaison
- Leila Sader, Staff Liaison

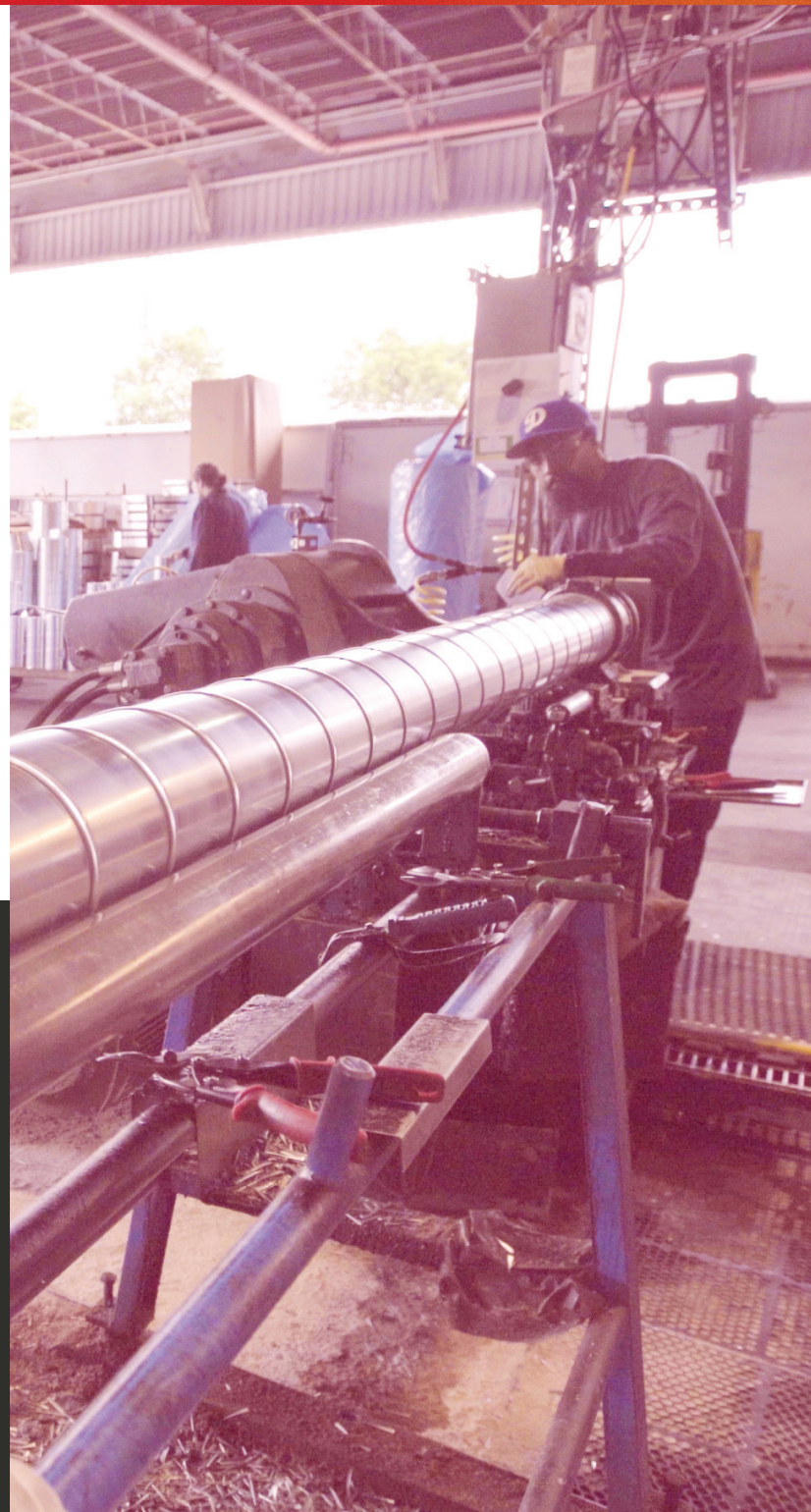
INDUSTRY FUND OF THE UNITED STATES STATEMENT OF PURPOSE

Ensuring the longevity, stability, and prosperity of the sheet metal and air conditioning industry is the sole mission of the Industry Fund of the United States (IFUS).

Members of the industry make contributions to the industry fund based on hours worked. The fund, through a contract with the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), develops programs and services to support the business endeavors of industry fund contributors.

INDUSTRY PROGRAMS INCLUDE BUT ARE NOT LIMITED TO:

- Educational opportunities
- Industry-wide public relations efforts that enhance work opportunities
- Development and promotion of technical standards that keep pace with industry advancements
- Initiatives that promote harmony between employees and employers
- Programs that assist the industry to be of greater service to the public



INQUIRIES ABOUT IFUS SHOULD BE DIRECTED TO:

Aaron Hilger, Administrator

Sheet Metal and Air Conditioning Contractors'
National Industry Fund of the United States

4201 Lafayette Center Drive,
Chantilly, VA 20151-1219

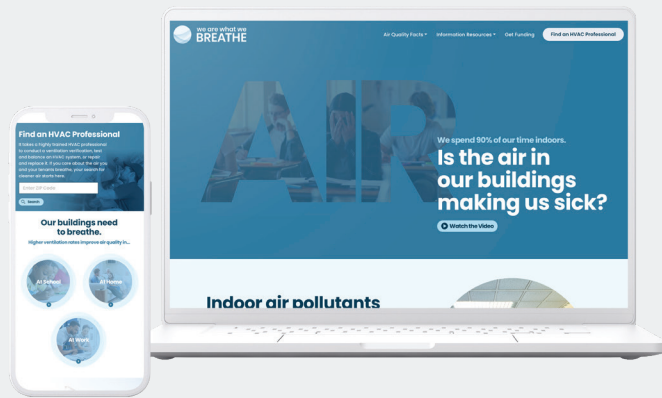
Phone: (703) 803-2980

COMMUNICATIONS & MARKETING

SMACNA's Communications and Marketing Department has been working to improve awareness within the membership of the association's activities and also to become a source of thought leadership for the general public on the pressing issues surrounding our industry.

INDOOR AIR QUALITY

SMACNA has launched WeAreWhatWeBreathe.com to improve public awareness of the need for safe indoor air and how public and private sector actors can leverage SMACNA contractors to address any IAQ challenges they may encounter. Moving forward, SMACNA will leverage these assets in concert with individual SMACNA chapters to better educate the public.



THOUGHT LEADERSHIP

SMACNA staff and contractors represent some of the foremost thought leaders in the sheet metal/HVAC sector. Throughout 2022/2023, SMACNA has been leveraging all our available media tools to enable these individuals to engage on critical issues of importance to the space, including indoor air quality, building a more respectful workplace, promoting a solid labor/management partnership, and increasing the number of skilled apprenticeship programs (among others). SMACNA's National President, CEO, and select Executive Directors were successfully leveraged in these efforts through multiple mediums, including print media, podcasts, webinars and social media.

HIGHLIGHTING THE WORK OF OUR MEMBERS

Throughout late 2022/early 2023, SMACNA has been focusing on illustrating the work being done by our members. Video has been especially useful in this regard, as SMACNA has commissioned multiple contractor spotlights to show the work being done by our members in the field. In addition, our team generated similar content to highlight the joint work being done by SMACNA and SMART toward furthering workforce development. These include a video spotlight on the Boston JATC and its work towards training apprentices and a content piece on the work that the Heavy Metal Summer Experience is doing to highlight the benefits of a career in the skilled trades to high school seniors and graduates.

DRIVING EVENT ATTENDANCE AND INFORMING THE MEMBERSHIP

The Communications and Marketing Team ensures the entire SMACNA membership has the knowledge, skills, and tools they need to keep their businesses functioning at the highest possible standard. These include the creation and distribution of publications such as SMACNews, Chapter Leadership, Member Update, and Executive News Brief. Each asset covers a specific content area of interest to our membership. In addition, the Communications and Marketing team continues to work with other departments to drive attendance to critical SMACNA meetings and trainings.



LABOR RELATIONS

The SMACNA Labor Relations Department provided chapters and members timely guidance, legal, and practical advice on all labor matters.

WEBINARS

IFUS funds contributed to a series of digital webinars on a wide range of topics, including:

- Market Opportunities Contained in the Inflation Reduction Act;
- Energy Savings Standards Contained in the Inflation Reduction Act;
- Toolbox and Tips for Recruiting;
- Davis Bacon
- TAB and Ventilation Verification
- Classification of HVAC work on DOE sites and military bases as DBA or Service Contract Act
- Project Labor Agreements

BEST PRACTICES TASK FORCE

The SMACNA/SMART Best Practices Task Force met two times in 2023. The meetings' objective was to ensure that the Task Force was operating in accordance with the strategic plans of both SMACNA and SMART and to finalize preparations for the upcoming 2024 edition of the Partners in Progress Conference.

MEGA PROJECT TASK FORCE

A new SMACNA-SMART Joint Task Force on the Collaboration to Support Mega Projects Implementation and Long-Term Organizational Stability and Growth for both organizations was established in 2023.

COLLECTIVE BARGAINING ORIENTATION

The 2023 edition of the Collective Bargaining Orientation was held January 23-24, 2023, and featured sessions on topics such as the basics of collective bargaining, avoiding work stoppages, handling discussions, and putting together a legal framework for labor negotiations.

WAGE AND FRINGE DATABASE

The Wage and Fringe Database is a great bargaining resource that is updated throughout the year. It tracks wage and fringe information for 107 areas and includes regional and national averages.

REGULATORY COMMENTING

Regulatory commenting continued to feature a front-and-center role in activities related to how we utilized IFUS funds. SMACNA and SMART continue to collaborate on regulatory issues of interest to the industry.



LEGISLATIVE AFFAIRS

LEGISLATIVE ACHIEVEMENTS AND GOALS IN 2023

- Independent Contractor Regulatory Reform – Draft Regulatory Comment Filed / support construction reforms in current draft process at DOL. Release expected any day of reformed IC rules beneficial to union contractors.
- Endorse Extension of R&D Tax Credit AND Section 179 Bonus Equipment Depreciation provisions (S. 866 / H.R. 2673)
- Promote Change Order Reform / Small Business Payment for Performance Act -Leading to endorse change order reform (H.R. 2726) bill again to provide payment on approval for half of change order amount, expedited resolution of the remainder once certified by contracting officer.
- Substance Abuse Program Funding and Research - (S. 1359 / S. 644) would increase access to care for people, often in the workforce, experiencing opioid use disorder (OUD) by reforming outdated rules for the prescription and dispensing effective medications.
- Defend PLAs / Davis-Bacon Act – Oppose (H.R. 1390/H.R. 720/S. 537) repealing both laws.
- Defend the IRA and CHIPS and Science Act 1.0 (Support 2.0) tax incentives for private construction incentives / public projects.
- Defend Continued Funding of School Construction / IAQ - Programs included in the American Rescue Plan intended for four years of retrofits and new infrastructure and reconciliation programs. **179d use is optional.
- Boost Registered Apprenticeship - Support (H.R. 2851/S. 249/H.R. 2900) funds for general workforce development programs for the construction industry in DOL Appropriations, Infrastructure Act, Rescue Plan, and reconciliation package / Apprenticeship Act / Apprenticeship Hubs Act.
- Advocate for The SAFE Banking Act – House and Senate bills (H.R. 2891 / S. 1323) would provide access to the federal banking system for cannabis-related industry payments.
- Support Nuclear Energy Financing, Licensing and Advanced Technology Act

S. 1111, Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act of 2023. It also directs the Nuclear Regulatory Commission to create a pathway for conventional energy source sites to be repurposed and used in the future to boost the deployment of the next generation of nuclear reactors.

REGULATIONS FAVORABLY COMMENTED UPON

- Davis – Bacon Act Reforms
- Independent Contractor / Worker Misclassification Reform
- Direct Pay / Tax Credit Monetization
- Registered Apprenticeship Reforms
- Project Labor Agreement Reform Implementing Presidential Executive Order
- Federal Procurement Decarbonization Guidance



MARKET SECTORS, CONSTRUCTION TECHNOLOGY, AND SAFETY & HEALTH

MARKET SECTOR COUNCILS

Recognizing the great diversity in the types of work SMACNA members perform, SMACNA established Market Sector Councils more than 15 years ago to address issues better and meet the needs of members and contributors serving specific markets. Initially, there were seven market sectors that, after a few years, were consolidated into the five that exist today: HVAC, Industrial, Architectural, Residential, and Testing Adjusting & Balancing (TAB.)

Unlike a task force or focused committee with a specific charge (e.g., Convention Committee, Legislative Committee, etc.,) the Market Sector Councils are responsible for performing an environmental scan of issues impacting members in a market sector. The broad mission is to identify current issues and emerging trends that affect members' and contributors' business operations and profitability – and to develop programs and services that help the industry perform better.

CONTRACTORS OPERATIONS MANUAL TASKFORCE

The Contractors Operations Manual Taskforce recommends white papers and manual chapters to develop, publish, and educate members and contributors.

Papers written in 2022 include:

- Advancing Your Business Negotiation Skills
- SMACNA Partnering
- Right Sizing: The Keys to Profitably Scaling Your Business

CONSTRUCTION TECHNOLOGY COMMITTEE

This new committee provides IFUS contributors and SMACNA members with information about new tools, software, technology, and processes to improve productivity and profitability. This committee is responsible for actively participating and collaborating with MCAA and NECA for a successful MEP (Mechanical Electrical Plumbing) Innovations Conference each year in January.

SAFETY AND HEALTH

SMACNA communicates with OSHA and other federal agencies on issues affecting members and offers briefings on regulatory compliance issues. SMACNA also develops safety programs, publications, services, and videos to assist members in establishing and managing effective safety programs. Highlights over the past year include:

- Partnering with MCAA, NECA, and TAUC to promote Mental Health Services and provide thousands of 988 Suicide Prevention awareness materials.
- Providing recognition for Member Safety efforts with the two SMACNA safety award programs (Safety Excellence and Safety Innovation awards).
- Conducting three safety and health committee meetings to assist SMACNA in creating comments for both OSHA and ANSI standards, focusing on OSHA rulemaking on Recordkeeping and Heat standards.
- Creating a new Be4All "Safety Sponsorship" program to assist in retaining and expanding the safety knowledge of the underrepresented groups in the sheet metal industry.
- Partnering with SMOHIT in supporting the annual Safety Champion Conference and continuing to promote the SMOHIT MAP program throughout the Association.

TECHNICAL SERVICES

SMACNA Technical Services & Research develops technical standards, manuals, and guidelines for worldwide acceptance in the construction/design industry and model building code community. SMACNA develops many of these standards under ANSI as an accredited standards developer. SMACNA also develops and presents technical programs for the education of the HVAC industry.

- Published the newly revised HVAC Systems Duct Design Manual
- Published the newly revised HVAC Systems Testing, Adjusting & Balancing Manual
- Published the newly revised HVAC Duct Systems Inspection Guide
- Created the Members Only Duct Calculator App
- Created the Members Only Exhaust Duct Sizing App
- Completed testing of round corrugated duct testing
- Commenced ANSI process for revisions to the Rectangular Industrial Duct Construction Standard and Seismic Restraint Manual.





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