

# **NATIONAL ASSOCIATION FOR THE EXCHANGE OF INDUSTRIAL RESOURCES, INC.**

**Annual report  
For the fiscal year ending June 30, 2017**

## NAEIR's Mission

NAEIR's mission is to provide needed materials and supplies to our members (qualified schools and nonprofit organizations) through quality donations of inventory from American corporations. We will strive for mutually beneficial relationships with our customers, employees, suppliers and the community in a spirit of honesty, fairness, and integrity. We will look to perpetuate our existence by developing creative solutions to problems that will ultimately enhance those we serve.

## **NATIONAL ASSOCIATION FOR THE EXCHANGE OF INDUSTRIAL RESOURCES**

Annual report for the fiscal year ending June 30, 2017

**NAEIR's Purpose:** NAEIR solicits donations of excess inventory from corporations throughout the United States. This merchandise is then re-distributed to qualified schools, churches, and 501(c)(3) nonprofit organizations that are members of NAEIR.

**NAEIR's Program:** NAEIR has one primary program service, the distribution of donated inventory to schools, churches, and 501(c)(3) nonprofit organizations.

NAEIR actively solicits donations of excess inventory from companies throughout the United States. Regular C corporations are entitled to an above-cost federal income tax deduction for the in-kind donations made to NAEIR. Companies will also donate products to NAEIR to clear out warehouse space, avoid having to deal with liquidators, to assure that their excess merchandise will be distributed to a closed market, or to fulfill philanthropic goals.

After the merchandise is received by NAEIR it is sorted, cataloged, and made available to NAEIR members through a wide variety of distribution channels.

There are several options for participation available to schools, teachers, churches and nonprofit organizations that become NAEIR members. The Premier Membership offers a twelve month and ten month option. Participants in the Premier Membership program have access to merchandise offers through Big Book Catalogs (five per year), Best Values Catalogs (twelve per year), Special Offer Catalogs (six per year), and Clearance Catalogs (twelve per year). Members can request products offered through NAEIR catalogs either by submitting request forms or using our on-line requesting site. In addition to the catalogs, members can also request merchandise from NAEIR Express, Deal of the Day, and Overstock – which are on-line only options. Participants in the Basic Membership program have access to the same merchandise offers as the Premier members with the exception of the Big Book Catalogs. In addition to our Premier and Basic memberships, NAEIR also provides a Teacher's Program membership. Member of the Teacher's Program have access to the same merchandise as a Basic member with the exception of merchandise offered through NAEIR Express – the primary difference being the Teacher's Program is an on-line only membership. No catalogs are sent to teachers and payment is required by credit card.

The merchandise requests are entered into NAEIR's system, and the product donations are processed, packed, and shipped to members.

After paying a membership fee to participate in the program (Premier Members \$595 for the full year program, \$495 for the ten month program; Basic Members \$59 annually; Teacher's

Program is free), organizations pay nominal handling charges for the products – the merchandise itself is free. All merchandise distribution channels are offered with free shipping, with the exceptions of the Big Book and NAEIR Express.

**NAEIR's Achievements During Fiscal 2017:** Inventory donations for fiscal 2017 totaled \$82,942,488 (estimated wholesale value). This was an 8% improvement over the prior fiscal year and the largest donation year for the past several years. We continued with our practice started during fiscal 2016, to carefully screen the donation proposals in order to make maximum use of the space available in the NAEIR warehouse.

During fiscal year 2017, NAEIR distributed \$81,865,076 (estimated wholesale value) of products to member schools, teachers, churches, and nonprofit organizations, where the merchandise was used to assist the ill, the needy, and minors.

As an organization we continued to focus on the NAEIR website. A scheduled system of offering products to our members was developed. This involved providing access to merchandise through Best Values Offers (first time product offers), Special Offers (merchandise that is considered to be in high demand by members), Clearance Offers (items that are available in large quantities being offered for very low handling charges) plus we experimented with adding a \$1-\$2-\$3 Overstock section to the website where members could find items available for handling of just \$1, \$2 or \$3.

We also continued to build upon our email campaigns – always emphasizing the benefits of product philanthropy – and attempting to make membership in NAEIR fun, interesting, and exciting for our members. Emails during fiscal 2017 were sent to members on a basis of two and often three emails per day. Why we were mindful that this was a lot of email activity, based on members' comments, they seem to genuinely understand that we our goal is to make the membership aware of the ever changing products that we are receiving and trying to move to this product to our members where it can be used in the operations of their organizations or given to those that they serve.

Fiscal 2017 will be remembered as the year of social media at NAEIR. We improved upon our communications on the organizational Facebook site and added group sites for our Teacher's Program members as well as our Premier and Basic Program members. This allows NAEIR's membership to share ideas, interact with one another and provide the organization with much appreciated feedback on our program. The results from the Facebook Groups have been extremely successful.

The end of the fiscal year saw a dramatic turn of events with our Teacher's Program membership as word spread of NAEIR and the service that we provide. While much of the impact will be realized during fiscal 2017, by the end of July 2017 the organization had over

40,000 new Teacher's Program members to add to NAEIR's membership base. We are excited and encouraged about the level of activity such a large membership will bring to the organization. In aggregate, with the Premier Program, the Basic Program (which also saw a significant increase of 15.5%) and after the influx of Teacher's Program membership Registrations are processed, the organization will conceivably be servicing around 100,000 members.

We hope to continue our philosophy of continual, managed growth and improvement to secure a future that will allow NAEIR to provide a real and meaningful benefit to our members: schools, teachers, churches, and nonprofit organizations involved with the care of the ill, the needy, and children – striving to Empower Generosity and provide what we envision as product philanthropy at its best.

**Eligibility to receive deductible contributions:** Attached is a copy of the 501(c)(3) determination letter issued by the Internal Revenue Service with regard to the National Association for the Exchange of Industrial Resources, Inc. Through this letter NAEIR has been designated as exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954. Paragraph three states that contributions made to NAEIR are deductible by donors in computing their taxable income in the manner and to the extent provided in Section 170 of the Internal Revenue Code.

#### **Governing Body as of June 30, 2017**

##### Board of Directors

Marvin H Dahlberg	Chairman of the Board First Bank Retired Regional President
Mary S Austin	Treasurer/Board Member NAEIR Retired Membership Supervisor
Robert B Clark	Board Member NAEIR Retired Director of Human Resources
Bruce Polay	Board Member Artistic Director/Conductor of the Knox-Galesburg Symphony Director of Music Knox College

### **Governing Body as of June 30, 2017 (continued)**

Gary C Smith            Board Member  
NAEIR  
President/Chief Executive Officer

*John J Hattery            Chairman of the Board Emeritus  
Board Secretary  
Retired attorney*

*Jerry R McCoy            Board Member Emeritus  
Attorney at Law*

NAEIR's management structure consists of the president and two vice presidents, which serve as functional leaders for the various areas of NAEIR.

Gary C Smith            President/Chief Executive Officer

Paula R DeJaynes      Vice President/Corporate Relations

Robert B Gilstrap      Vice President/Chief Financial Officer  
Assistant Secretary/Assistant Treasurer

### **Financial Information**

Please click on the following link for financial information:

<http://www.naeir.org/about/financial-information/>