DRAFT MINUTES
2012-2013 BOARD OF GOVERNORS
September 13, 2012

ITEM

11. Call to Order
12. Adoption of the Agenda
13. Announcements
14. Report on Executive Session
15. Discussion Items
16. Approval of FY12 Audited Financial Statements
17. Approval of ASME Pathway 2025
18. Approval of Proposed Strategic Budget Process
19. Items for Receipt
20. Items for Action
21. Dates of Future Meetings
22. Contingency Time
23. Adjournment
LIST OF APPENDICES

I. Audited Financial Reports FY12
II. HQ Task Force Report
III. ASME.org
IV. Qualified Active Content Contributor
V. Strategic Growth Task Force Report
VI. Proposed Strategic Budgeting Process
VII. Sector Management Committee Report
VIII. Committee on Governance Report
IX. Committee on Organization and Rules Annual Report
X. Committee of Past Presidents Annual Report
XI. Committee on Honors Annual Report
XII. Proposed Appointments
XIII. Appointment of Vice President, Financial Operations
XIV. Pension Plan Contribution
XV. IPTI $800k Request
XVI. IGTI $66k Request
XVII. ASME’s 2013-2014 Public Policy Agenda
XVIII. BOG Operation Guide
11. Call to Order:

A quorum being present, the meeting was called to order by the President at 12:03 PM Eastern Time, September 13, 2012 at ASME Headquarters in New York. Attendance was as follows:

**Board of Governors**
- President: Marc W. Goldsmith
- Immediate Past President: Victoria A. Rockwell
- President-Nominee: Madiha Kotb

**Other Officers**
- Senior Vice Presidents: Kenneth R. Balkey, Standards and Certification
- Robert E. Grimes, Institutes
- Karen Ohland, Knowledge and Community*
- Cynthia M. Stong, Student and Early Career Development
- William J. Wepfer, Public Affairs and Outreach

**Secretary and Treasurer:** Warren R. DeVries

**Executive Director:** Thomas G. Loughlin

**Assistant Secretary:** John Delli Venneri (also General Counsel)

**Second Assistant Treasurer:** June Ling (also Deputy Executive Director)

**Board of Governor-Nominees**
- Stacey E. Swisher-Harnetty
- Andrew C. Taylor
- William M. Worek

**Board Committee Chairs**
- Reginald I. Vachon: Committee on Finance and Investment (COFI)

**Corporate Counsel**
- John Sare

**Other Guests**
- Amos Holt: Past President
- Susan O’Neil: External Website Consultant
- Amip Shah: ECLIPSE Intern
- Terry Shoup: Past President
- Robert Simmons: Past President
- Sam Zamrik: Past President

*participated via phone*
12. **Adoption of the Agenda**: The Board

VOTED: to adopt the agenda as circulated on August 30, 2012.

13. **Announcements**:

The President welcomed all to the meeting and recognized Past Presidents Amos Holt, Terry Shoup, Robert Simmons, Reggie Vachon and Sam Zamrik and introduced the new Senior Vice Presidents Robert Grimes, Karen Ohland and Cynthia Stong.

14. **Report on Executive Session**:

There was a report given by Marc Goldsmith on the September 13, 2012 Executive Session of the Board of Governors. The following was reported: (1) approval of the FY12 Enterprise Performance Results Including Results of the Enterprise Incentive Objectives; (2) approval of the appointment of (a) Cynthia M. Stong as the 2012-2015 Senior Vice President, Student & Early Career Development; (b) Karen J. Ohland as the 2013-2016 Senior Vice President, Knowledge & Community; (c) Robert E. Grimes as the 2013-2016 Senior Vice President, Institutes; and (d) Robert E. Grimes to fill the unexpired term of Senior Vice President, Institutes ending at the 2013 Annual Meeting; and (3) received a report from Corporate Counsel.
15. **Discussion Items:** The Board

VOTED: to move into open session, as if in Committee of the Whole.

The Board heard reports concerning and discussed the following items: Audited Financial Statements by Reggie Vachon, Warren DeVries and William Garofalo (Agenda Appendix 2.4.1.1 and Minutes Appendix I); FY13 Auditor discussion by Reggie Vachon; HQ Task Force update by Reggie Vachon (Agenda Appendix 2.4.2 and Minutes Appendix II); ASME.Org Update by Susan O'Neil (Agenda Appendix 2.4.3 and Minutes Appendix III); Qualified Active Content Contributor by Roy Arbeit (Agenda Appendix 2.4.4 and Minutes Appendix IV); Strategic Growth Task Force Report led by Charla Wise and Thomas Loughlin (Minutes Appendix V); and Proposed Strategic Budgeting Process by Reggie Vachon (Minutes Appendix VI).

Following the close of the Discussion Items, the Board

VOTED: to move into formal session.

16. **Approval of FY12 Audited Financial Statements:** The Board

VOTED: to accept and approve ASME’s FY 2012 financial statements as presented by Marks Paneth & Shron.

17. **Approval of ASME Pathway 2025:** The Board

VOTED: to affirm target of a $500M enterprise in 2025; approve general approach outlined in the attached materials; reaffirm Vision, Mission and Core Values; reaffirm Strategic Intents of energy, workforce development and globalization; and embrace the work plan necessary to provide a document by the November meeting within the constraints set by the Executive Director.

18. **Approval of Proposed Strategic Budget Process:** The Board

VOTED: to approve the proposed strategic budgeting process.

19. **Items for Receipt:** The Board

VOTED: to receive the following items: (1) Report by the Treasurer (2) Sector Management Committee Report (Agenda Appendix 4.1.2 and Minutes Appendix VII); (3) Committee on Governance Report (Agenda Appendix 4.1.3 and Minutes Appendix VIII); (4) Committee on Organization and Rules Annual Report (Agenda Appendix 4.1.4 and Minutes Appendix IX); (5) Committee of Past Presidents Annual Report (Agenda Appendix 4.1.5 and Minutes Appendix X); and (6) Committee on Honors Annual Report (Agenda Appendix 4.1.6 and Minutes Appendix XI).
20. **Items for Action:** The Board

VOTED: to approve the following items: (1) Minutes from June 3, 2012; (2) Minutes from June 6, 2012; (3) Proposed Appointments (Agenda Appendix 4.2.4.1 and Minutes Appendix XII); (4) Appointment of Vice President, Financial Operations (Agenda Appendix 4.2.5 and Minutes Appendix XIII); (5) Contribution for Pension Plan (Agenda Appendix 4.2.6 and Minutes Appendix XIV); (6) IPTI $800k Request (Agenda Appendix 4.2.7 and Minutes Appendix XV); (7) IGTI $66k Request (Agenda Appendix 4.2.8 and Minutes Appendix XVI); (8) ASME’s Public Policy Agenda (Agenda Appendix 4.2.9 and Minutes Appendix XVII); and (9) the BOG Operation Guide (Agenda Appendix 4.2.10 and Minutes Appendix XVIII).

21. **Dates of Future Meetings:** The Board approved meeting dates and times as follows:

<table>
<thead>
<tr>
<th>DATE</th>
<th>DAY</th>
<th>TIME</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 10, 2012</td>
<td>Saturday</td>
<td>8:30 AM – 10:00 AM Executive Session</td>
<td>Houston, TX</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10:30 AM – 4:30 PM</td>
<td></td>
</tr>
<tr>
<td>February 14, 2013</td>
<td>Thursday</td>
<td>12:00 PM – 2:00 PM</td>
<td>Web Conference</td>
</tr>
<tr>
<td>April 18, 2013</td>
<td>Thursday</td>
<td>12:00 PM – 1:30 PM Executive Session</td>
<td>New York, NY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1:30 PM – 5:00 PM</td>
<td></td>
</tr>
<tr>
<td>April 19, 2013</td>
<td>Friday</td>
<td>8:00 AM – 1:00 PM</td>
<td>New York, NY</td>
</tr>
<tr>
<td>June 23, 2013</td>
<td>Sunday</td>
<td>10:00 AM – 11:30 AM Executive Session</td>
<td>Indianapolis, IN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12:00 PM – 4:00 PM</td>
<td></td>
</tr>
<tr>
<td>June 26, 2013</td>
<td>Wednesday</td>
<td>10:00 AM – 11:15 AM Executive Session</td>
<td>Indianapolis, IN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11:30 AM – 3:00 PM</td>
<td></td>
</tr>
</tbody>
</table>

(a) 2012-2013 Board of Governors (b) 2013-2014 Board of Governors

22. **Contingency Time for Discussion:**

The following item was covered during contingency time: Richard Benson asked the Board and Senior Vice Presidents to suggest generative speakers. Reggie Vachon presented a souvenir of the 2012 Annual Meeting to Immediate Past President Rockwell.

23. **Adjournment:** Meeting adjourned at 5:00 PM, September 13, 2012.

______________________________
Warren R. DeVries
Secretary
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: 8/9/2012, 9/6/2012
BOG Meeting Date: 9/13/12

To: Board of Governors
From: COFI
Presented by: Reggie Vachon
Agenda Title: Submission of Audited Financial Results for 2012

Consent Item Executive Summary:


Audit Committee will recommend to acceptance of financial report.

Proposed motion for BOG Action:

Approval of FY2012 Audited Financials

Attachments:
Consolidated Financial Statements and Audit and Financial Report
AMERICAN SOCIETY OF MECHANICAL ENGINEERS

CONSOLIDATED FINANCIAL STATEMENTS
(TOGETHER WITH INDEPENDENT AUDITORS’ REPORT THEREON)

YEARS ENDED June 30, 2012 and 2011

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Consolidated Statements of Activities .......................................................................................................... 3
Consolidated Statements of Cash Flows ....................................................................................................... 4
Notes to Consolidated Financial Statements ............................................................................................ 5-23
Independent Auditors’ Report

The Board of Governors of
the American Society of Mechanical Engineers:

We have audited the accompanying consolidated statements of financial position of The American Society of Mechanical Engineers D/B/A ASME (the “Society”) as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Society’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American Society of Mechanical Engineers D/B/A ASME as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Mark Paneth & Shron LLP

New York, NY
September 5, 2012
<table>
<thead>
<tr>
<th>Assets</th>
<th>General</th>
<th>Designated and restricted</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (notes 2 and 13)</td>
<td>$6,016,785</td>
<td>$1,016,173</td>
<td>$7,032,958</td>
<td>$10,991,136</td>
</tr>
<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $207,300 in 2012 and $172,300 in 2011.</td>
<td>8,665,237</td>
<td>514,907</td>
<td>9,180,144</td>
<td>9,175,975</td>
</tr>
<tr>
<td>Inventories</td>
<td>643,494</td>
<td>—</td>
<td>643,494</td>
<td>745,393</td>
</tr>
<tr>
<td>Prepaid expenses, deferred charges, and deposits</td>
<td>2,736,212</td>
<td>111,129</td>
<td>2,847,341</td>
<td>2,683,080</td>
</tr>
<tr>
<td>Investments (notes 2 and 4)</td>
<td>97,859,935</td>
<td>22,714,700</td>
<td>120,574,635</td>
<td>123,137,031</td>
</tr>
<tr>
<td>Property, furniture, equipment, and leasehold improvements, net (note 5)</td>
<td>15,538,744</td>
<td>5,194</td>
<td>15,543,938</td>
<td>13,206,497</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$131,460,407</td>
<td>$24,362,103</td>
<td>$155,822,510</td>
<td>$159,939,112</td>
</tr>
</tbody>
</table>

**Liabilities and Net Assets**

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>General</th>
<th>Designated and restricted</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$4,358,194</td>
<td>$5,327,955</td>
<td>$9,686,149</td>
<td>$5,655,577</td>
</tr>
<tr>
<td>Accrued employee benefits (notes 7 and 8)</td>
<td>30,498,789</td>
<td>—</td>
<td>30,498,789</td>
<td>21,583,268</td>
</tr>
<tr>
<td>Deferred publications revenue</td>
<td>10,638,672</td>
<td>—</td>
<td>10,638,672</td>
<td>17,443,226</td>
</tr>
<tr>
<td>Deferred dues revenue</td>
<td>3,658,578</td>
<td>—</td>
<td>3,658,578</td>
<td>3,510,470</td>
</tr>
<tr>
<td>Accreditation and other deferred revenue</td>
<td>22,236,597</td>
<td>414,225</td>
<td>22,650,822</td>
<td>21,980,009</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>71,390,830</td>
<td>5,742,180</td>
<td>77,133,010</td>
<td>70,172,550</td>
</tr>
</tbody>
</table>

**Commitments (note 11)**

**Net assets:**

| Unrestricted                            | 60,069,577 | 18,112,723            | 78,182,300 | 89,229,906 |
|Temporarily restricted (notes 2, 9, and 10) | —          | 370,633               | 370,633    | 400,089    |
|Permanently restricted (notes 2, 9, and 10) | —          | 136,567               | 136,567    | 136,567    |
|**Total net assets**                     | 60,069,577 | 18,619,923            | 78,689,500 | 89,766,562 |

| **Total liabilities and net assets**     | $131,460,407 | $24,362,103             | $155,822,510 | $159,939,112 |

See accompanying notes to the consolidated financial statements.
### Operating revenue (note 6):

<table>
<thead>
<tr>
<th>Sector / Operating Unit</th>
<th>General</th>
<th>Designated and restricted (notes 1, 9 and 10)</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Codes and Standards</td>
<td>$32,530,362</td>
<td>$212,084</td>
<td>$32,742,446</td>
<td>$35,891,865</td>
</tr>
<tr>
<td>Conformity Assessment</td>
<td>28,500,350</td>
<td>---</td>
<td>28,500,350</td>
<td>26,950,634</td>
</tr>
<tr>
<td>Training and Development</td>
<td>7,435,355</td>
<td>---</td>
<td>7,435,355</td>
<td>6,462,631</td>
</tr>
<tr>
<td>Public Affairs and Outreach</td>
<td>332,316</td>
<td>1,646,846</td>
<td>1,979,162</td>
<td>1,914,321</td>
</tr>
<tr>
<td>Knowledge and Community</td>
<td>2,076,155</td>
<td>2,756,196</td>
<td>4,832,351</td>
<td>5,400,110</td>
</tr>
<tr>
<td>Institutes Sector</td>
<td>---</td>
<td>4,778,930</td>
<td>4,778,930</td>
<td>4,872,131</td>
</tr>
<tr>
<td>Publications</td>
<td>14,139,272</td>
<td>---</td>
<td>14,139,272</td>
<td>14,243,464</td>
</tr>
<tr>
<td>Membership</td>
<td>10,643,341</td>
<td>---</td>
<td>10,643,341</td>
<td>9,951,959</td>
</tr>
<tr>
<td>Members’ voluntary contributions</td>
<td>---</td>
<td>16,360</td>
<td>16,360</td>
<td>377,740</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>507,883</td>
<td>---</td>
<td>507,883</td>
<td>291,138</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>96,165,034</td>
<td>9,410,416</td>
<td>105,575,450</td>
<td>106,355,993</td>
</tr>
</tbody>
</table>

### Operating expenses:

<table>
<thead>
<tr>
<th>Sector / Operating Unit</th>
<th>General</th>
<th>Designated and restricted (notes 1, 9 and 10)</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Codes and Standards</td>
<td>13,687,062</td>
<td>1,211,591</td>
<td>14,898,653</td>
<td>16,811,559</td>
</tr>
<tr>
<td>Conformity Assessment</td>
<td>17,650,189</td>
<td>---</td>
<td>17,650,189</td>
<td>18,222,854</td>
</tr>
<tr>
<td>Training and Development</td>
<td>6,741,661</td>
<td>---</td>
<td>6,741,661</td>
<td>6,053,760</td>
</tr>
<tr>
<td>Public Affairs &amp; Outreach</td>
<td>8,701,143</td>
<td>1,299,262</td>
<td>10,000,383</td>
<td>8,682,033</td>
</tr>
<tr>
<td>Knowledge and Community</td>
<td>6,953,615</td>
<td>2,276,262</td>
<td>9,230,241</td>
<td>9,513,675</td>
</tr>
<tr>
<td>Institutes Sector</td>
<td>---</td>
<td>4,320,262</td>
<td>4,320,262</td>
<td>3,616,055</td>
</tr>
<tr>
<td>Publications</td>
<td>13,413,717</td>
<td>---</td>
<td>13,413,717</td>
<td>10,696,502</td>
</tr>
<tr>
<td>Membership</td>
<td>3,112,148</td>
<td>---</td>
<td>3,112,148</td>
<td>2,740,776</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>70,259,535</td>
<td>9,107,719</td>
<td>79,367,254</td>
<td>76,337,214</td>
</tr>
</tbody>
</table>

### Supporting services:

<table>
<thead>
<tr>
<th>Service</th>
<th>General</th>
<th>Designated and restricted (notes 1, 9 and 10)</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Governors and Committees</td>
<td>2,713,683</td>
<td>206,782</td>
<td>2,920,465</td>
<td>2,967,089</td>
</tr>
<tr>
<td>Marketing</td>
<td>10,339,847</td>
<td>---</td>
<td>10,339,847</td>
<td>8,701,025</td>
</tr>
<tr>
<td>General Administration</td>
<td>13,778,475</td>
<td>---</td>
<td>13,778,475</td>
<td>10,700,943</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>97,091,540</td>
<td>9,314,501</td>
<td>106,406,041</td>
<td>98,706,271</td>
</tr>
</tbody>
</table>

### (Deficit) / Excess of operating revenue over operating expenses

- **Deficit**: (926,506) | 95,915 | (830,591) | 7,649,722

### Nonoperating activities:

- **Interest and dividends, net of investment fees of $204,881 in 2012 and $223,972 in 2011**: 2,508,099 | 491,366 | 2,999,465 | 2,554,602

- **Realized/unrealized (loss) / gain on investments (note 4)**: (1,847,562) | (641,314) | (2,488,876) | 15,102,196

- **(Decrease) increase in net assets (note 9)**: (265,969) | (54,033) | (320,002) | 25,306,520

### Pension and post-retirement changes other than net periodic costs (notes 7 and 8)

- **(Decrease) increase in net assets (note 9)**: (10,757,060) | --- | (10,757,060) | 1,721,064

- **Net assets at beginning of year**: 71,092,606 | 18,673,956 | 89,766,562 | 62,738,978

- **Net assets at end of year**: $60,069,577 | $18,619,923 | $78,689,500 | $89,766,562

See accompanying notes to the consolidated financial statements.
### ASME

Consolidated Statements of Cash Flows

Years Ended June 30, 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) Increase in net assets</td>
<td>$ (11,077,062)</td>
<td>$ 27,027,584</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,962,693</td>
<td>1,987,463</td>
</tr>
<tr>
<td>Realized/unrealized loss (gain) on investments</td>
<td>2,488,876</td>
<td>(15,102,196)</td>
</tr>
<tr>
<td>Bad debt expense (recapture)</td>
<td>35,000</td>
<td>(5,700)</td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
<td>(39,169)</td>
<td>(2,539,103)</td>
</tr>
<tr>
<td>Decrease in inventories</td>
<td>101,899</td>
<td>102,254</td>
</tr>
<tr>
<td>Increase in prepaid expenses, deferred charges, and deposits</td>
<td>(164,261)</td>
<td>(1,576,650)</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>4,030,572</td>
<td>349,268</td>
</tr>
<tr>
<td>Increase in accrued employee benefits</td>
<td>8,915,521</td>
<td>2,436,068</td>
</tr>
<tr>
<td>(Decrease) Increase in deferred publications revenue</td>
<td>(6,804,554)</td>
<td>15,778,112</td>
</tr>
<tr>
<td>Increase in deferred dues revenue</td>
<td>148,108</td>
<td>235,167</td>
</tr>
<tr>
<td>Increase (Decrease) in accreditation and other deferred revenue</td>
<td>670,813</td>
<td>(2,001,476)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>2,268,436</td>
<td>26,690,791</td>
</tr>
</tbody>
</table>

**Cash flows from investing activities:**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(40,817,043)</td>
<td>(35,953,418)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>40,890,563</td>
<td>15,101,550</td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>(6,300,134)</td>
<td>(4,146,711)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(6,226,614)</td>
<td>(24,998,579)</td>
</tr>
</tbody>
</table>

**Net (decrease) / increase in cash and cash equivalents**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(3,958,178)</td>
<td>1,692,212</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents at beginning of year**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,991,136</td>
<td>9,298,924</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents at end of year**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 7,032,958</td>
<td>$ 10,991,136</td>
</tr>
</tbody>
</table>

See accompanying notes to the consolidated financial statements.
(1) Organization

Founded in 1880, The American Society of Mechanical Engineers (the “Society”), also known as ASME, is the premier organization for promoting the art, science, and practice of mechanical engineering throughout the world. The Society is incorporated as a not-for-profit organization in the State of New York and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”).

The Society’s mission is to serve diverse global communities by advancing, disseminating and applying engineering knowledge for improving the quality of life, and communicating the excitement of engineering.

The accompanying consolidated financial statements do not include the assets, liabilities, revenue and expenses of the Society’s sections (unincorporated geographical subdivisions which are not controlled by the Society), with the exception of direct section appropriations from the Society, which are included in the expenses of the Knowledge and Community Sector. In addition, they do not include The ASME Foundation, Inc. (the “Foundation”) or The American Society of Mechanical Engineers Auxiliary, Inc. (the “Auxiliary”), which are separately incorporated organizations affiliated with, but not controlled by, the Society.

The Society has four limited liability corporations (“LLC”) that are fully consolidated into the Society’s statements. These are the Innovative Technologies Institute (“ITI”) LLC, the Standards Technology (“ST”) LLC, the Asia Pacific (“AP”) LLC, and the Engineering for Change (“E4C”) LLC. ITI develops standards primarily in the risk assessment/management area. ST develops standards for emerging technologies. AP promotes the understanding and use of ASME Codes & Standards, along with other ASME services, in the growing markets of the Asia Pacific region. E4C facilitates the development of affordable, locally appropriate and sustainable solutions to the most pressing humanitarian challenges. These operations are included in the designated and restricted column of the consolidated financial statements. All significant intercompany transactions have been eliminated.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Society’s net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

**Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or the passage of time.

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Continued
Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions (note 9). Restricted contributions are recorded as unrestricted revenues if the restrictions are fulfilled in the same time period in which the contribution is received.

**Revenue and Expenses**

The Society’s revenue and expenses are classified in a functional format. Classifications are composed principally of the following:

- **Codes & Standards - Revenue** includes publication sales of Codes and Standards. Revenue from the sale of Codes and Standards is recognized over the life of the code sold. The principal product affecting revenue and expenses for this financial statement component is the Society’s Boiler and Pressure Vessel Code (“the Boiler Code”). The Boiler Code has been published every three years. This publication cycle causes variances in the related revenue and deferred publications revenue accounts from year to year. The 2011 Boiler Code was released in July 2010. The next Boiler Code is scheduled to be released in July 2013. Beginning with the 2014 Boiler Code, the publication cycle for the Boiler Code will be reduced to two years.

- **Conformity Assessment - Revenue** includes accreditation program fees. All accreditation revenues and expenses are recognized in the period that the accreditation process is completed and certificates and / or stamps are issued.

- **Training & Development - Revenue** includes registration fees for and publication sales related to continuing education courses provided by the Society. Revenue and expenses are recognized in the period the program is held.

- **Public Affairs and Outreach - Revenue** is composed principally of sales of miscellaneous publications and government grant revenue. Publication sales are recognized upon shipment of the publications. Grant revenue is recognized as expenses are incurred. Expenses relate to the Society’s programs to identify emerging issues of interest to members, provide technical advice to government, disseminate information to the public, support the active involvement of women and minorities in the Society and engineering and for government sponsored programs for improving engineering education, promoting diversity in the profession, public awareness, and development of future Society leaders.

- **Knowledge and Community Sector - Revenue** is composed principally of technical division meeting and conference fees, as well as revenue from research activities. All conference and meeting fees are recognized in the period the program is held. Research revenue is recognized as expenses are incurred. Expenses are associated with the Society’s technical activities, including research.

- **Institutes Sector - Revenue** includes all registration fees for continuing education courses and meeting, conference, and exhibit fees from the International Gas Turbine Institute (“IGTI”) and the International Petroleum Technology Institute (“IPTI”), collectively (the “Institutes”). All fees are recognized in the period the program is held. Expenses relate to the Institutes’ continuing education program, development and accreditation of engineering curricula, and to IGTI and IPTI technical activities.
Publications - Revenue includes publication sales. Publication sales are recognized upon shipment of the publications except for some subscription based activity where the revenue is recognized over the term of the subscription. Expenses relate to publication activities.

Membership - Revenue includes member dues and royalties from membership-based affinity programs. Member dues are recognized over the applicable membership period. Affinity revenue is recognized over the term of the scheduled payment period. Expenses relate to membership activities, as well as membership standards, grades, recruitment, and retention, and to the Society’s technical activities.

Cash Equivalents
Cash equivalents include commercial paper maturing within 3 month unless renewed, and money market funds that are not maintained in the investment portfolio.

Investments
Investments are reported at fair value in the consolidated statements of financial position (see Note 4). Although available for operating purposes when necessary, the investment portfolio is generally considered by management to be invested on a long-term basis. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

Fair Value Measurements
Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

Property, Furniture, Equipment, and Leasehold Improvements
Property, furniture, and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 30 years. Leasehold improvements are amortized over the lease term or the useful life of the asset, whichever is less.

Inventories
Inventories are stated at lower of cost or market. Unit cost, which consists principally of publication printing costs, is determined based on average cost.

Use of Estimates
The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reported period. Actual results could differ from those estimates.

Non-operating Activities
The consolidated statements of activities distinguish between operating and non-operating activities. Non-operating activities include investment returns (interest and dividends, as well as appreciation or depreciation in fair value of investments), certain pension and post-retirement changes, and nonrecurring revenues and expenses. All other activities are classified as operating.
Designated Funds

The Designated Funds are primarily made up of the ASME Development Fund, the ASME Custodial Funds, the ITI LLC, the ST LLC, the AP LLC, and the E4C LLC funds. The ASME Development Fund is funded by member voluntary contributions for the purpose of launching new programs. The ASME Custodial Funds hold and invest institute, division and section funds. These funds are used by institutes, divisions and sections to support engineering discipline specific programs and local engineering programs.

Accounts Receivable

Historically, ASME has not experienced significant bad debt losses. As of June 30, 2012 and 2011, ASME determined that an allowance for uncollectable accounts is necessary for accounts receivable in the amount of $207,300 and $172,300, respectively. This determination is based on historical loss experience and consideration of the aging of the accounts receivable. Accounts receivables are written off when all reasonable collection efforts have been exhausted.

Subsequent Events

ASME has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through September 5, 2012, the date the consolidated financial statements were available to be issued. No events have occurred subsequent to the consolidated statement of financial position dated through September 5, 2012, that would require adjustment to or disclosure in the accompanying consolidated financial statements.

Income Taxes

ASME had no uncertain tax positions as of June 30, 2012 and 2011 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions. ASME is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended June 30, 2009 and prior years.

Reclassifications

Certain line items in the June 30, 2011 consolidated financial statements have been reclassified to conform to the June 30, 2012 presentation.

(3) Transactions with Related Parties

The Society performs certain administrative functions for the Auxiliary. The Society charges for all direct expenses along with additional charges and then records a donation for the services. In fiscal years 2012 and 2011, such charges totaled $27,416 and $24,773, respectively. The contributed services are included in the supporting services sector expenses on the accompanying consolidated statements of activities.

The Society performs certain administrative functions for the Foundation as well as managing the development office. The Society charges the Foundation for all direct expenses along with additional charges for office space and other support services. In fiscal years 2012 and 2011, such charges totaled $449,036 and $507,971, respectively. In fiscal years 2012 and 2011, the Foundation made total contributions of $66,000 and $25,000, respectively, to ASME in support of honors and awards. Foundation payments for services are included in miscellaneous revenue in the consolidated statements of activities. In each of the fiscal years 2012 and 2011 the Society contributed $39,000 for award programs to the Foundation.
Investments

Investments of the Society, as well as amounts held on behalf of the Foundation and the Auxiliary, are combined on a fair value basis. FASB guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under ASC 820 as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under ASC 820 are described below:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments in Level 1 include listed equities and U.S. government debt.

**Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. Investments in this category may include certain corporate debt and less liquid securities such as securities traded on certain foreign exchanges. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

**Level 3:** Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments in this category generally include equity and debt positions in private companies.

In determining fair value, the Society utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The following methods and assumptions were used in estimating the fair values of significant financial instruments at June 30, 2012 and 2011.

**Mutual Funds:**

Mutual funds are valued based upon quoted market prices determined in an active market. There are no restrictions on redemptions of these funds.

**Common Stock:**

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Shares are liquid with conversion to cash generally within a few days.

Investments, measured at fair value on a recurring basis, are classified as Level 1 and consist of the following at June 30, 2012 and 2011:
### Common stock - managed funds:

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer discretionary</td>
<td>$1,172,980</td>
<td>$565,506</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>806,092</td>
<td>241,152</td>
</tr>
<tr>
<td>Energy</td>
<td>208,195</td>
<td>483,038</td>
</tr>
<tr>
<td>Financials</td>
<td>806,456</td>
<td>570,158</td>
</tr>
<tr>
<td>Health care</td>
<td>251,550</td>
<td>—</td>
</tr>
<tr>
<td>Industrials</td>
<td>1,485,037</td>
<td>1,285,308</td>
</tr>
<tr>
<td>Information technology</td>
<td>795,312</td>
<td>516,200</td>
</tr>
<tr>
<td>Materials</td>
<td>633,202</td>
<td>644,301</td>
</tr>
<tr>
<td>Telecom services</td>
<td>401,983</td>
<td>300,898</td>
</tr>
<tr>
<td>Utilities</td>
<td>431,225</td>
<td>351,805</td>
</tr>
<tr>
<td>Total common stock - managed funds</td>
<td>$6,992,032</td>
<td>$4,958,366</td>
</tr>
</tbody>
</table>

### Equity - mutual funds:

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer discretionary</td>
<td>5,401,543</td>
<td>8,081,205</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>5,119,309</td>
<td>6,049,067</td>
</tr>
<tr>
<td>Energy</td>
<td>8,499,770</td>
<td>13,105,877</td>
</tr>
<tr>
<td>Financials</td>
<td>7,167,421</td>
<td>9,119,724</td>
</tr>
<tr>
<td>Health care</td>
<td>6,165,992</td>
<td>8,816,103</td>
</tr>
<tr>
<td>Industrials</td>
<td>6,521,107</td>
<td>8,331,838</td>
</tr>
<tr>
<td>Information technology</td>
<td>10,238,389</td>
<td>10,894,990</td>
</tr>
<tr>
<td>Materials</td>
<td>2,632,574</td>
<td>6,816,465</td>
</tr>
<tr>
<td>Telecom services</td>
<td>2,492,403</td>
<td>2,669,348</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,069,633</td>
<td>1,545,270</td>
</tr>
<tr>
<td>REIT's</td>
<td>1,390,406</td>
<td>755,182</td>
</tr>
<tr>
<td>Commodities - gold &amp; silver</td>
<td>—</td>
<td>521,453</td>
</tr>
<tr>
<td>Total equity - mutual funds</td>
<td>$56,698,547</td>
<td>$76,706,522</td>
</tr>
</tbody>
</table>

### Bonds and fixed income - managed funds

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and fixed income - managed funds</td>
<td>28,705,831</td>
<td>29,759,830</td>
</tr>
<tr>
<td>Mutual funds - bonds and fixed income</td>
<td>48,405,232</td>
<td>31,822,335</td>
</tr>
<tr>
<td>Money market funds</td>
<td>2,473,370</td>
<td>3,939,575</td>
</tr>
<tr>
<td>Total Portfolio</td>
<td>143,275,012</td>
<td>147,186,628</td>
</tr>
</tbody>
</table>

Less undivided interest held on behalf of the Foundation

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less undivided interest held on behalf of the Auxiliary</td>
<td>(21,341,290)</td>
<td>(22,623,679)</td>
</tr>
<tr>
<td>TOTAL ASME</td>
<td>$120,574,635</td>
<td>$123,137,031</td>
</tr>
</tbody>
</table>

Realized/unrealized (loss) gain on investments for the years ended June 30, 2012 and 2011 consists of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized gain on investment transactions</td>
<td>$1,767,906</td>
<td>$1,885,962</td>
</tr>
<tr>
<td>Unrealized (loss) / gain</td>
<td>(4,256,782)</td>
<td>13,216,234</td>
</tr>
<tr>
<td>Total</td>
<td>(2,488,876)</td>
<td>$15,102,196</td>
</tr>
</tbody>
</table>
(5) **Property, Furniture, Equipment, and Leasehold Improvements**

Property, furniture, equipment, and leasehold improvements at June 30, 2012 and 2011 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>583,077</td>
<td>583,077</td>
</tr>
<tr>
<td>Building and building improvements</td>
<td>2,805,797</td>
<td>2,798,516</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>26,946,647</td>
<td>21,777,650</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5,191,324</td>
<td>4,503,171</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5,781,645</td>
<td>5,587,700</td>
</tr>
<tr>
<td>Others</td>
<td>41,338</td>
<td>54,032</td>
</tr>
<tr>
<td></td>
<td>41,349,828</td>
<td>35,304,146</td>
</tr>
</tbody>
</table>

Less accumulated depreciation and amortization

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(25,805,890)</td>
<td>(22,097,649)</td>
</tr>
<tr>
<td></td>
<td>$ 15,543,938</td>
<td>$ 13,206,497</td>
</tr>
</tbody>
</table>

Construction in Progress of $7,393,195 is included in the above property, furniture, equipment, and leasehold improvements at June 30, 2012. The estimated cost to complete these projects at various dates through January 2013 is approximately $12,460,000.

Depreciation and amortization expenses amounted to $3,962,693 and $1,987,463 for the years ended June 30, 2012 and 2011, respectively. In January 2012, ASME signed a lease agreement to move the corporate headquarter from 3 Park Avenue to 2 Park Avenue. This move is scheduled for January 2013. ASME currently has assets associated with 3 Park Avenue, and has accelerated the depreciation for these assets. The accelerated depreciation will reduce the asset value to zero by December 31, 2012. The additional depreciation for the year ended June 30, 2012 is $873,924. During the years ended June 30, 2012 and 2011, ASME wrote off fully depreciated property and equipment amounting to $254,452 and $2,137, respectively.

(6) **Operating Revenue**

Operating revenue is presented principally by Sector in the accompanying consolidated statements of activities. Set forth below is revenue for the years ended June 30, 2012 and 2011, summarized by type:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$ 8,192,626</td>
<td>$ 8,084,246</td>
</tr>
<tr>
<td>Codes and standards and technical publication revenue</td>
<td>46,881,718</td>
<td>50,135,329</td>
</tr>
<tr>
<td>Accreditation revenue</td>
<td>28,500,350</td>
<td>26,950,634</td>
</tr>
<tr>
<td>Conferences, exhibits, and course fees</td>
<td>17,046,636</td>
<td>16,734,872</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>4,429,877</td>
<td>3,782,034</td>
</tr>
<tr>
<td>Member's voluntary contributions</td>
<td>16,360</td>
<td>377,740</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>507,883</td>
<td>291,138</td>
</tr>
<tr>
<td></td>
<td>$ 105,575,450</td>
<td>$ 106,355,993</td>
</tr>
</tbody>
</table>
(7) **Pension Plans**

The Society has a noncontributory defined benefit pension plan (the “Plan”) covering approximately 55% of its employees. Normal retirement age is 65, but provisions are made for early retirement. Benefits are based on salary and years of service. The Society funds the Plan in accordance with the minimum amount required under the Employee Retirement Income Security Act of 1974, as amended. The Society uses a June 30 measurement date.

The Society adopted the recognition and disclosure provisions of ASC 715-30, “Employer’s Accounting for Defined Benefit Pension and Other Postretirement Plans” (“ASC 715-30”). ASC 715-30 requires organizations to recognize the funded status of the defined benefit pension and other postretirement plans as a net asset or liability and to recognize changes in that funded status in the year in which the changes occur through a separate line within the change in unrestricted net assets, apart from expenses, to the extent those changes are not included in the net periodic cost.

During the 2012 fiscal year, there were no significant events that would require remeasurement. The Society’s obligation as of June 30, 2012 reflects the amendment to cease accrual of any further benefits under the Plan effective on the last day of the Plan year during which the number of participants actively accruing benefits under the Plan as of April 1 of such Plan year is 60 or lower. The obligation as of June 30, 2012 reflects the assumption of no future benefits accrual after the Plan year ending June 30, 2022. Such amendment reduced the Society’s obligation as of June 30, 2012 by $3,449,211.

The funded status reported on the consolidated statements of financial position as of June 30, 2012 and 2011, in accordance with ASC 715-30 was measured as the difference between fair value of plan assets and the benefit obligation on a plan-by-plan basis.

The following table provides information with respect to the Plan as of and for the years ended June 30, 2012 and 2011:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation at June 30, $</td>
<td>(63,402,727)</td>
<td>(50,549,875)</td>
</tr>
<tr>
<td>Fair value of plan assets at June 30, net of accounts payable and accrued expenses</td>
<td>40,523,947</td>
<td>37,198,917</td>
</tr>
<tr>
<td>Funded status $</td>
<td>(22,878,780)</td>
<td>(13,350,958)</td>
</tr>
</tbody>
</table>

Amounts recognized in the consolidated statements of financial position:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued employee benefits</td>
<td>(22,878,780)</td>
<td>(13,350,958)</td>
</tr>
<tr>
<td>Total net periodic benefit cost</td>
<td>3,249,079</td>
<td>3,478,349</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>4,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(2,391,635)</td>
<td>735,839</td>
</tr>
</tbody>
</table>

Weighted average assumptions used to determine benefit obligations at June 30:

- **Discount rate**: 4.50% 5.75%
- **Rate of compensation increase**: 3.50 3.50

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2012 and 2011:

- **Discount rate**: 5.75% 6.00%
- **Expected return on plan assets**: 7.50 7.50
- **Rate of compensation increase**: 3.50 3.50

The accumulated benefit obligation for the Plan was $53,603,543 and $38,962,608 at June 30, 2012 and 2011, respectively.
Other changes in plan assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (loss) gain</td>
<td>$(14,868,964)</td>
<td>$789,452</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>3,449,211</td>
<td>-</td>
</tr>
<tr>
<td>Amortization of loss</td>
<td>1,174,931</td>
<td>1,346,980</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>(33,921)</td>
<td>(33,921)</td>
</tr>
<tr>
<td>Net amount recognized in change in unrestricted net assets</td>
<td>$(10,278,743)</td>
<td>$2,102,511</td>
</tr>
</tbody>
</table>

The net periodic pension cost for the years ended June 30, 2012 and 2011 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of loss</td>
<td>$1,174,931</td>
<td>$1,346,980</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>(33,921)</td>
<td>(33,921)</td>
</tr>
</tbody>
</table>

Amounts that have not been recognized as components of net periodic benefit cost but included in unrestricted net assets to date as the effect of adoption of ASC 715-30 as of June 30, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$29,288,156</td>
<td>$15,594,123</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(3,715,829)</td>
<td>(300,539)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$25,572,327</td>
<td>$15,293,584</td>
</tr>
</tbody>
</table>

The fair value hierarchy defines three levels, as further described in Note 4. Plan assets carried at fair value at June 30, 2012 and 2011 are classified in the table as Level 1 as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds invested in equity securities</td>
<td>$15,804,339</td>
<td>$14,507,578</td>
</tr>
<tr>
<td>Mutual funds invested in debt securities</td>
<td>21,072,452</td>
<td>19,343,437</td>
</tr>
<tr>
<td>Other</td>
<td>3,647,156</td>
<td>3,347,902</td>
</tr>
<tr>
<td>Plan assets total</td>
<td>$40,523,947</td>
<td>$37,198,917</td>
</tr>
</tbody>
</table>

The expected long-term rate of return for the Plan’s total assets is based on both the Society’s historical rate of return and the expected rate of return on the Society’s asset classes, weighted based on target allocations for each class. The typical asset allocation consists of 40-65% of the funds to be invested in equity securities, with the remaining funds to be invested in debt securities and cash equivalents.

The Society’s pension plan weighted average asset allocations at June 30, 2012 and 2011, by asset category, are as follows:
Mutual funds invested in equity securities 39% 47%
Mutual funds invested in debt securities 52 44
Other 9 9
100% 100%

The pension investments are managed to provide a reasonable investment return compared to the market, while striving to preserve capital and provide cash flows required for distributions. The portfolio is diversified among investment managers and mutual funds selected by the Plan’s trustees using the advice of an independent performance evaluator. Investments, broken down by industry sector, are as follows at June 30, 2012 and 2011:

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer discretionary</td>
<td>$1,349,224</td>
<td>$1,615,503</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>1,290,466</td>
<td>1,293,073</td>
</tr>
<tr>
<td>Energy</td>
<td>2,266,566</td>
<td>2,121,779</td>
</tr>
<tr>
<td>Financials</td>
<td>1,968,302</td>
<td>2,080,509</td>
</tr>
<tr>
<td>Health care</td>
<td>1,557,172</td>
<td>1,804,226</td>
</tr>
<tr>
<td>Industrials</td>
<td>1,401,193</td>
<td>1,596,051</td>
</tr>
<tr>
<td>Information technology</td>
<td>2,000,447</td>
<td>1,980,456</td>
</tr>
<tr>
<td>Manufacturing &amp; materials</td>
<td>1,184,316</td>
<td>2,391,195</td>
</tr>
<tr>
<td>Telecom Services</td>
<td>578,246</td>
<td>605,019</td>
</tr>
<tr>
<td>Utilities</td>
<td>357,845</td>
<td>403,625</td>
</tr>
<tr>
<td>Bonds &amp; other fixed income</td>
<td>25,163,696</td>
<td>19,500,183</td>
</tr>
<tr>
<td>REIT</td>
<td>434,746</td>
<td>273,689</td>
</tr>
<tr>
<td>Commodities</td>
<td>—</td>
<td>187,814</td>
</tr>
<tr>
<td>Money market funds</td>
<td>971,728</td>
<td>1,345,795</td>
</tr>
<tr>
<td><strong>Total Plan Investments</strong></td>
<td><strong>$40,523,947</strong></td>
<td><strong>$37,198,917</strong></td>
</tr>
</tbody>
</table>

The Society expects to contribute $3,000,000 to the Plan in fiscal year 2013.

Amounts in unrestricted net assets and expected to be recognized as components of net periodic benefit cost over fiscal year 2013 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss (gain)</td>
<td>$2,604,754</td>
</tr>
<tr>
<td>Prior services cost (credit)</td>
<td>(425,432)</td>
</tr>
</tbody>
</table>

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$2,655,919</td>
</tr>
<tr>
<td>2014</td>
<td>3,349,420</td>
</tr>
<tr>
<td>2015</td>
<td>3,596,164</td>
</tr>
<tr>
<td>2016</td>
<td>3,355,531</td>
</tr>
<tr>
<td>2017</td>
<td>3,866,079</td>
</tr>
<tr>
<td>2018-2022</td>
<td>22,990,388</td>
</tr>
</tbody>
</table>
In addition to the Plan, the Society maintains the ASME Benefit Restoration Plan ("SERP"). ASME’s SERP is a non-qualified, unfunded deferred compensation plan for the benefit of ASME executives whose compensation exceeds a federally imposed limit on the amount of compensation that can be contributed to qualified (i.e., tax-exempt) retirement plans. The effect of the federal limits was that the compensation of persons at or below the limit was fully eligible for qualified retirement contributions, while those with compensation greater than the limit “lost” the additional compensation for purposes of calculating their retirement plan contributions.

In 1994, ASME initiated the SERP as a “Benefits Restoration Plan” in order to “restore” more highly compensated employees to a measure of parity with employees who earn lower amounts and whose full compensation is taken into account for purposes of calculating retirement plan contributions. Participants in the SERP are those employees whose compensation exceeds the compensation limit for qualified plan contributions, subject to ASME’s Board of Governors’ approval.

During the 2012 fiscal year, there were no significant events that would require remeasurement. The obligation as of June 30, 2012 reflects the amendment to cease accrual of any further benefits under the Plan effective on the last day of the Plan Year during which the number of participants actively accruing benefits under the Plan as of April 1 of such Plan Year is 60 or fewer. The obligation as of June 30, 2012 reflects the assumption of no future benefit accrual after the Plan Year ending June 30, 2022. Such amendment reduced the Society’s obligation by $170,349 as of June 30, 2012.

The following table provides information with respect to the SERP as of and for the years ended June 30, 2012 and 2011:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation</td>
<td>(1,014,848)</td>
<td>(795,624)</td>
</tr>
<tr>
<td>Fair value of plan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>assets at June 30,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funded status</td>
<td>(1,014,848)</td>
<td>(795,624)</td>
</tr>
</tbody>
</table>

Amounts recognized in the consolidated statements of financial position:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued employee benefits</td>
<td>(1,014,848)</td>
<td>(795,624)</td>
</tr>
<tr>
<td>Total net periodic benefit</td>
<td>134,880</td>
<td>51,362</td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Weighted average assumptions used to determine benefit obligations at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.50%</td>
<td>5.75%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
</tbody>
</table>

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2011 and 2010:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.75%</td>
<td>6.00%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
</tbody>
</table>
The accumulated benefit obligation for the SERP was $633,421 and $454,234 at June 30, 2012 and 2011, respectively.

Other changes in SERP assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain (loss)</td>
<td>$(301,096)</td>
<td>$(328,028)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>170,349</td>
<td>-</td>
</tr>
<tr>
<td>Amortization of loss</td>
<td>83,873</td>
<td>49,077</td>
</tr>
<tr>
<td>Amortization of prior service cost (credit)</td>
<td>(37,470)</td>
<td>(37,470)</td>
</tr>
<tr>
<td>Net amount recognized in change in unrestricted net assets</td>
<td>$ (84,344)</td>
<td>$(316,421)</td>
</tr>
</tbody>
</table>

The net periodic pension cost for the years ended June 30, 2012 and 2011 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of loss</td>
<td>83,873</td>
<td>49,077</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>(37,470)</td>
<td>(37,470)</td>
</tr>
</tbody>
</table>

Amounts that have not been recognized as components of net assets benefit costs but included in unrestricted net assets to date as the effect of adoption of ASC 715-30 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>998,806</td>
<td>781,583</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>(415,327)</td>
<td>(282,448)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$ 583,479</td>
<td>$ 499,135</td>
</tr>
</tbody>
</table>

Amounts in unrestricted net assets and expected to be recognized as components of net periodic benefit cost over fiscal year 2013 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>$78,232</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior service cost (credit)</td>
<td>(52,322)</td>
</tr>
</tbody>
</table>

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$-</td>
</tr>
<tr>
<td>2014</td>
<td>2,108</td>
</tr>
<tr>
<td>2015</td>
<td>2,966</td>
</tr>
<tr>
<td>2016</td>
<td>3,803</td>
</tr>
<tr>
<td>2017</td>
<td>4,953</td>
</tr>
<tr>
<td>2018-2022</td>
<td>365,168</td>
</tr>
</tbody>
</table>
The Society has a qualified defined contribution plan covering all eligible full-time employees hired after December 31, 2005. The Society is required to make contributions in accordance with the pension plan agreement. The maximum plan contribution per year will not exceed the amount permitted under IRS Code Section 415, and will also be subject to the limitations of IRS Code Section 403(b). Pension expense for the years ended June 30, 2012 and 2011 are $315,388 and $256,889, respectively.

The Society also maintains a thrift plan under Section 403(b) of the Code covering substantially all employees. The Society’s contribution was approximately $834,000 and $848,000 for the years ended June 30, 2012 and 2011, respectively.

(8) Postretirement Healthcare and Life Insurance Benefits

The Society provides certain healthcare and life insurance benefits to retired employees (the “Postretirement Plan”). For eligible retirees hired prior to 1995, the life insurance benefit is non-contributory and the healthcare coverage is subsidized by ASME. The Society no longer provides life insurance benefits to retirees. The Society currently permits eligible early retirees (55 with twenty years of service or age 62 with ten years of service) to remain on the group health insurance plan until age 65, by paying the full insurance cost. The estimated cost of such benefits is accrued over the working lives for those employees expected to qualify for such benefits. The Society uses a June 30 measurement date. This benefit was terminated for current employees as of July 1, 2005, and is in effect only for then-current participants. As discussed in note 7, the Society adopted the provisions of ASC 715-60.
The following table provides information with respect to the postretirement benefits as of and for the years ended June 30, 2012 and 2011:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postretirement benefit obligation</td>
<td>$(2,642,908)</td>
<td>$(2,357,876)</td>
</tr>
<tr>
<td>Accrued benefit recognized</td>
<td>$(2,642,908)</td>
<td>$(2,357,876)</td>
</tr>
<tr>
<td>Net periodic postretirement benefit cost</td>
<td>$(25,462)</td>
<td>$(19,694)</td>
</tr>
<tr>
<td>Employer contribution</td>
<td>83,479</td>
<td>125,218</td>
</tr>
<tr>
<td>Plan participants’ contribution</td>
<td>66,695</td>
<td>73,972</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>150,174</td>
<td>199,190</td>
</tr>
</tbody>
</table>

Estimated amounts that will be amortized from unrestricted net assets into net periodic benefit cost in the fiscal year ending in 2013 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial (gain)/loss</td>
<td>$(21,853)</td>
<td>$(38,491)</td>
</tr>
<tr>
<td>Prior service cost/(credit)</td>
<td>$(74,263)</td>
<td>$(161,434)</td>
</tr>
</tbody>
</table>

Weighted average assumptions used to determine benefit obligations at June 30:

- Discount rate: 3.75% (2012), 5.25% (2011)
- Expected return on plan assets: n/a
- Rate of compensation increase: 3.50% (2012), 3.50% (2011)
- Healthcare cost trend:
  - Increase from current year to next fiscal year: 7.50% (2012), 8.00% (2011)
  - Ultimate rate increase: 5.00% (2012), 5.00% (2011)
  - Fiscal year that the ultimate rate is attained: 2018

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2012 and 2011:

- Discount rate: 5.25% (2012), 5.50% (2011)
- Expected return on plan assets: n/a
- Rate of compensation increase: 3.50% (2012), 3.50% (2011)
- Healthcare cost trend:
  - Increase from current year to next fiscal year: 8.00% (2012), 8.50% (2011)
  - Ultimate rate increase: 5.00% (2012), 5.00% (2011)
  - Fiscal year that the ultimate rate is attained: 2018

Amounts that have not been recognized as components of net periodic benefit costs, but included in unrestricted net assets to date as the effect of adoption of ASC 715-60 as of June 30, 2012 and 2011, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (gain) loss</td>
<td>$(529,805)</td>
<td>$(762,344)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>$(74,263)</td>
<td>$(235,697)</td>
</tr>
<tr>
<td>Net amount recognized in unrestricted net assets</td>
<td>$(604,068)</td>
<td>$(998,041)</td>
</tr>
</tbody>
</table>
The net periodic benefit cost for the years ended June 30, 2012 and 2011 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of gain</td>
<td>$(41,507)</td>
<td>$(35,787)</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>(161,434)</td>
<td>(161,434)</td>
</tr>
</tbody>
</table>

Other changes in postretirement plan assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial (loss) gain</td>
<td>$(232,539)</td>
<td>$96,408</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>(161,434)</td>
<td>(161,434)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$(393,973)</td>
<td>$(65,026)</td>
</tr>
</tbody>
</table>

Healthcare cost rate trend:

1. Assumed health care cost trend rate for the next year 7.5%
   General description of the direction and pattern of change in the assumed trend rates thereafter -0.5% per year to 5%
   Ultimate trend rate and when that rate is expected to be achieved 5.0%

2. One Percentage Point Increase:
   Effect on total service and interest cost $15,231
   Effect on end of year postretirement benefit obligations 156,708

3. One Percentage Point Decrease:
   Effect on total service and interest cost $(13,194)
   Effect on end of year postretirement benefit obligations (137,419)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$189,046</td>
</tr>
<tr>
<td>2014</td>
<td>184,237</td>
</tr>
<tr>
<td>2015</td>
<td>178,655</td>
</tr>
<tr>
<td>2016</td>
<td>185,147</td>
</tr>
<tr>
<td>2017</td>
<td>204,194</td>
</tr>
<tr>
<td>2018-2022</td>
<td>1,093,623</td>
</tr>
</tbody>
</table>
Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets and the income earned on permanently restricted net assets are restricted by donors to the following purposes at June 30, 2012 and 2011:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Temporarily restricted</td>
<td>Permanently restricted</td>
</tr>
<tr>
<td>Award programs</td>
<td>$186,402</td>
<td>$40,110</td>
</tr>
<tr>
<td>The Engineering Library</td>
<td>184,231</td>
<td>74,695</td>
</tr>
<tr>
<td>Membership programs</td>
<td></td>
<td>21,762</td>
</tr>
<tr>
<td></td>
<td>$370,633</td>
<td>$136,567</td>
</tr>
</tbody>
</table>

Temporarily restricted net asset activity has not been separately presented in the consolidated statements of activities. There was no activity in permanently restricted net assets during 2012 and 2011. Temporarily restricted activity for 2012 and 2011 is summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends, net of investment fees</td>
<td>$16,704</td>
<td>$18,952</td>
</tr>
<tr>
<td>Realized/unrealized (loss) gain in fair value of investments</td>
<td>$(10,494)</td>
<td>123,126</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$(35,666)</td>
<td>$(49,704)</td>
</tr>
<tr>
<td>(Decrease) increase in temporarily restricted net assets</td>
<td>$(29,456)</td>
<td>$92,374</td>
</tr>
</tbody>
</table>

The (decrease) / increase in unrestricted net assets in 2012 and 2011 was $(11,072,860) and $26,935,210, respectively.

Endowment Net Assets

The Society recognized that New York State adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaces the prior law which was the Uniform Management of Institutional Funds Act ("UMIFA").

In addition, NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated.

The Society’s Board of Governors has interpreted NYPMIFA as allowing the Society to appropriate for expenditure or accumulate so much of an endowment fund as the Society determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Governors. As a result of this interpretation, the Society has not changed the way permanently restricted net assets are classified. See Note 2 for how the Society classifies its net assets.

The Society’s investment policy is to provide for safety and marketability of principal, maintenance of purchasing power, reasonable yield on invested funds, and minimum idle cash in working funds. Any surplus should be invested. The policy has charged the Committee on Finance and Investments ("COFI") with investment decision responsibility. The policy further states that the COFI will have the advice of professional counsel in deciding the desired ratio of equities to fixed-income securities, and in deciding investment purchases and sales. To this end, the COFI uses the professional firm of Lowery Asset Consulting ("LAC"). LAC does not trade in any securities, only provide analysis and advice. The current equity-to-fixed ratio goal is 60% equity to 40% fixed, dependent on market conditions.
Changes in endowment net assets for the year ended June 30, 2012:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total Endowment Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$ 400,089</td>
<td>$ 136,567</td>
<td>$ 536,656</td>
</tr>
<tr>
<td>Contributions to endowment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Activity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>16,704</td>
<td>-</td>
<td>16,704</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>9,867</td>
<td>-</td>
<td>9,867</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>(20,361)</td>
<td>-</td>
<td>(20,361)</td>
</tr>
<tr>
<td>Total investment activity</td>
<td>6,210</td>
<td>-</td>
<td>6,210</td>
</tr>
<tr>
<td>Amount appropriated for expenditure</td>
<td>(35,666)</td>
<td>-</td>
<td>(35,666)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$ 370,633</td>
<td>$ 136,567</td>
<td>$ 507,200</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the year ended June 30, 2011:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total Endowment Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$ 307,715</td>
<td>$ 136,567</td>
<td>$ 444,282</td>
</tr>
<tr>
<td>Contributions to endowment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Activity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>18,952</td>
<td>-</td>
<td>18,952</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>14,541</td>
<td>-</td>
<td>14,541</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>108,585</td>
<td>-</td>
<td>108,585</td>
</tr>
<tr>
<td>Total investment activity</td>
<td>142,078</td>
<td>-</td>
<td>142,078</td>
</tr>
<tr>
<td>Amount appropriated for expenditure</td>
<td>(49,704)</td>
<td>-</td>
<td>(49,704)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$ 400,089</td>
<td>$ 136,567</td>
<td>$ 536,656</td>
</tr>
</tbody>
</table>

Endowment net assets of $507,200 and $536,656 are included with investments on the consolidated statements of financial position for the fiscal year ended June 30, 2012 and 2011, respectively.
(11) Commitments

The Society’s principal offices are located at 3 Park Avenue, New York, under a lease expiring on September 30, 2013. On February 15, 2007, the Society vacated, and the landlord took back, one of the four floors originally occupied, reducing the rent by 25%. On December 15, 2010, the Society leased additional space, expiring on September 30, 2013. Approximate rental payments for fiscal year 2013 is approximately $2,315,000, and payment for partial fiscal year 2014 is $578,700.

In connection with this lease, the Society has provided as security a $2,332,000 letter of credit. No amounts have been drawn against this letter of credit.

The Society entered into a rental agreement to move its principal offices to 2 Park Avenue, New York. The lease is effective from January 1, 2012 to December 31, 2026. Lease payments on an annual basis are approximately $4,300,000 for years 1-5, $4,665,000 for years 6-10, and $5,062,000 for years 11-15.

In connection with this lease, the Society has provided as security a $2,134,133 letter of credit. No amounts have been drawn against this letter of credit.

The Society entered into a new lease agreement for the property located at 1828 L Street NW, Washington, DC. The lease is effective from November 1, 2011 to October 31, 2022. The first four months of lease payments have been abated thereby reducing the rent to approximately $129,000 in fiscal year 2012. Future lease payments are approximately $396,000 for fiscal year 2013, $406,000 for fiscal year 2014, $416,000 for fiscal year 2015, $27,000 for fiscal year 2016, and $445,000 for fiscal year 2017. The remaining rent payments of approximately $2,397,000 will be paid in fiscal years 2018 to fiscal year 2022.

In addition to its principal offices, the Society also has a number of other lease commitments for regional offices and office equipment expiring through 2026.

The following is a schedule of the approximate minimum future rentals on all leases at June 30, 2012:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$7,163,185</td>
</tr>
<tr>
<td>2014</td>
<td>5,377,312</td>
</tr>
<tr>
<td>2015</td>
<td>4,811,416</td>
</tr>
<tr>
<td>2016</td>
<td>4,886,077</td>
</tr>
<tr>
<td>2017 - 2026</td>
<td>51,657,167</td>
</tr>
<tr>
<td></td>
<td>$73,895,157</td>
</tr>
</tbody>
</table>

Rent expense under all of the Society’s leases was approximately $5,438,000 and $2,630,000 in 2012 and 2011, respectively. The Society sublet space in one of its operating offices and sub-rental income was approximately $50,200 and $78,000 in 2012 and 2011, respectively.

(12) Line of Credit

The Society had established a $5,000,000 secured, uncommitted line of credit to service short-term working capital needs. The line of credit, renewable annually, expires on December 31, 2012. Terms are LIBOR plus 1.50%, the bank has a general lien on the assets of the Society, and interest will be automatically deducted from the Society’s bank account monthly. As of June 30, 2012 and August 31, 2012, the Society had not drawn any funds from this line of credit.
(13) Concentration of Credit Risk

ASME maintains cash and cash equivalents in several major financial institutions. Cash in banks are insured by the Federal Deposit Insurance Corporation (“FDIC”). In 2010, FDIC insurance coverage for interest-bearing accounts was increased from $100,000 to $250,000, expiring December 31, 2013. For non-interest-bearing accounts, such coverage is unlimited to December 31, 2012. During the current fiscal year, ASME may have cash balances in the financial institutions in excess of the limit. As of June 30, 2012 and 2011, cash accounts in financial institutions exceeded the federal insured limits by approximately $5,795,000 and $9,619,000, respectively.
ASME 2012 Audit and Financial Report
Audited Statements and Additional Reports
Reggie Vachon, COFI & Audit Chair
Warren DeVries, Treasurer
September 13th, 2012

- Audit process and timeline, highlights
- ASME’s audited financial statements
- Executive Summary of 2012 Performance
- ASME’s one page financial summary - monthly report format
- ASME’s General Fund reserves and invested fund balances
- Financial Reports in the new uniform reporting format for:
  - ASME General Fund
  - ASME Custodial Funds
  - ASME Development Fund
  - ASME Awards & Endowments
  - LLCs
ASME 2012 Audit Process & Timeline

June - Engagement letters issued and signed
June - Planning meeting with staff
June - Warehouse inventory observation
July - Audit Plan presented to Audit Committee
July 28 - Preliminary close of financial systems
August - Auditor fieldwork at ASME Fairfield
August 24th - Draft/unaudited financial statements completed by staff
August 28th - Audited financial statements finalized
August 28th - Exit meeting with Auditors and staff
August 30th - Auditors present statements to Audit Committee
August 30th - Audit Committee submits audited statements to COFI
August 30th - COFI votes to recommend BoG acceptance and approval

ASME 2012 Audit Summary & Highlights

Recommendations on areas for improvement
- Reimbursable expense review and approval
- Conflict of interest disclosure practice enhancement
- Stale check policy
- New bank accounts approval process
- Fixed asset disposal policy
- Revenue sharing agreement documentation
ASME 2012 Audit Summary & Highlights

Recommendations on areas for improvement (continued)

- Review payroll master control
- Improve processing of cash receipts
- Enhance review of A/P master vendor file
- Conduct network and application account audits
- Limit IT rights to HR systems
- Enhance administrator password management controls

ASME 2012 Audit Summary & Highlights

The audit of ASMEs FY2012 Finance & Operations has been successfully completed

- Marks Paneth & Shron presented the audited financials to the Audit committee
- ASME received an unqualified & clean opinion
- No material weakness were identified / reported
- Marks Paneth & Shron conducted audit for fifth consecutive year
- Process was extensive with auditors in-house for four weeks
- Scope of audit:
  - Accounting & Information Technology Process & Controls
  - Information Technology Systems
ASME 2012 Audited Financial Statements

ASME 2012 Financial Statements

- Consolidates all activities of ASME general fund, institutes & K&C, the development fund, awards & endowments and the four LLCs
- New activity format to reflect ASME’s current operating structure
- Total revenue was $106 million including technical divisions and LLCs
- A significant pension expense required due to lower discount rate reduced operating results and ending asset balances
- Net assets decreased from $90 million to $79 million
- Total assets decreased from $160 million to $156 million

### ASME 2012 Financial Statements of Activities

<table>
<thead>
<tr>
<th>Designated and restricted</th>
<th>General</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Codes &amp; Standards</td>
<td>32,530,362</td>
<td>$212,034</td>
<td>$23,743,466</td>
</tr>
<tr>
<td>Conformity Assessment</td>
<td>28,500,350</td>
<td>—</td>
<td>29,500,350</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>7,405,235</td>
<td>—</td>
<td>7,405,235</td>
</tr>
<tr>
<td>Public Affairs &amp; Outreach</td>
<td>322,215</td>
<td>1,684,646</td>
<td>3,875,192</td>
</tr>
<tr>
<td>Knowledge and Community</td>
<td>2,078,105</td>
<td>2,758,106</td>
<td>2,823,105</td>
</tr>
<tr>
<td>Institutes</td>
<td>—</td>
<td>4,776,303</td>
<td>4,776,303</td>
</tr>
<tr>
<td>Publications</td>
<td>14,109,272</td>
<td>—</td>
<td>14,109,272</td>
</tr>
<tr>
<td>Membership</td>
<td>10,845,341</td>
<td>16,260</td>
<td>10,845,341</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>927,883</td>
<td>—</td>
<td>527,083</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>96,758,564</td>
<td>$3,419,416</td>
<td>100,177,450</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>97,091,564</td>
<td>$3,419,416</td>
<td>100,177,450</td>
</tr>
<tr>
<td>Excess of operating revenue over operating expenses</td>
<td>(3,333,000)</td>
<td>(3,419,416)</td>
<td>(3,333,000)</td>
</tr>
</tbody>
</table>

### Operating Revenue (Note 6)

- Membership Dues, Publications, Accreditation, Conformity Assessment Revenue by Sector / Operating Unit

### Operating Expenses (Note 6)

- Program services by sector / operating unit
- Supporting services
- Total program services
- Total operating expenses

### Excess of operating revenue over operating expenses

- (968,506) $65,915 ($930,481) 7,649,722

### Pension and post-retirement changes other than net periodic

- Net assets at beginning of year
- Net assets at end of year

Minutes Appendix I
Page 30 of 40
### ASME 2012 Financial Statements of Financial Position

#### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
<th>Designated and restricted</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (note 2 and 13)</td>
<td>$6,016,785</td>
<td>$1,016,173</td>
<td>$7,032,958</td>
<td>$10,991,136</td>
</tr>
<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $207,300 in 2012 and $172,300 in 2011.</td>
<td>8,665,237</td>
<td>514,907</td>
<td>9,180,144</td>
<td>9,175,975</td>
</tr>
<tr>
<td>Inventories</td>
<td>643,494</td>
<td>—</td>
<td>643,494</td>
<td>745,394</td>
</tr>
<tr>
<td>Prepaid expenses, deferred charges, and deposits</td>
<td>2,736,212</td>
<td>111,129</td>
<td>2,847,341</td>
<td>123,137,031</td>
</tr>
<tr>
<td>Property, furniture, equipment, and leasehold improvements, net (note 5)</td>
<td>15,588,744</td>
<td>5,194</td>
<td>15,593,938</td>
<td>13,206,497</td>
</tr>
<tr>
<td>Total assets</td>
<td>$131,460,407</td>
<td>$24,362,103</td>
<td>$155,822,510</td>
<td>$159,939,113</td>
</tr>
</tbody>
</table>

#### Liabilities and Net Assets

**Liabilities:**
- Accounts payable and accrued expenses: $4,358,194, $5,327,955, $9,686,149, $5,655,577
- Accrued employee benefits (notes 7 and 8): $30,498,789, —, $30,498,789, $21,583,268
- Deferred publications revenue: $10,638,672, —, $10,638,672, $17,443,226
- Deferred dues revenue: $3,658,578, —, $3,658,578, $3,510,470
- Accreditation and other deferred revenue: $22,236,597, 414,225, $22,650,822, $21,980,009

**Total liabilities:** $71,390,830, $5,742,180, $77,133,010, $70,172,550

**Net assets:**
- Unrestricted: $60,069,577, $18,112,723, $78,182,300, $89,229,906
- Temporarily restricted (notes 2, 4, 9, and 10): —, 370,633, 370,633, 400,089

**Total net assets:** $60,069,577, $18,619,923, $78,689,500, $89,766,562

**Total liabilities and net assets:** $131,460,407, $24,362,103, $155,822,510, $159,939,113

### ASME 2012 Financial Statements of Cash Flows

#### Cash Flows from Operating Activities:

- Increase / (Decrease) in net assets: $(11,077,062), $27,027,584
- Adjustments to reconcile increase in net assets to net cash provided by operating activities:
  - Depreciation and amortization: 3,962,693, 1,987,463
  - Realized/unrealized loss (gain) on investments: 2,488,876, 15,102,196
  - Bad debt recapture: 36,000, (5,700)
  - Changes in assets and liabilities:
    - Increase / (decrease) in accounts receivable: (39,169), (2,539,103)
    - Increase / (decrease) in inventories: 101,899, 102,254
    - Increase / (decrease) in prepaid expenses, deferred charges, and deposits: (164,262), (1,576,650)
    - Increase in accounts payable and accrued expenses: 4,030,572, 349,268
    - Increase in accrued employee benefits: 8,915,521, 2,436,068
    - Increase in deferred publications revenue: (6,804,554), 15,778,112
    - (Decrease) increase in accreditation and other deferred revenue: 670,813, (2,001,476)

Net cash provided by operating activities: $2,268,435, $26,806,791

#### Cash Flows from Investing Activities:

- Purchases of investments: (40,817,043), (35,963,418)
- Proceeds from sales of investments: 40,990,563, 15,101,550
- Acquisition of fixed assets: 8,045,692, 4,146,711
- Disposal of fixed assets: (254,452),

Net cash used in investing activities: (6,226,614), (24,998,579)

#### Net increase / (decrease) in cash and cash equivalents:

- (3,958,179), 1,692,212
- Cash and cash equivalents at beginning of year: 10,991,136, 9,298,924
- Cash and cash equivalents at end of year: $7,032,957, $10,991,136

---

*Notes:*
- Several notes for full disclosure are mentioned in the financial statements, including notes 2, 4, 8, 9, and 10, which provide additional details on various financial aspects.
- The financial statements cover the years 2012 and 2011, showing comparative data.
- The statements are structured to present a clear overview of assets, liabilities, and net assets, as well as cash flows from operating and investing activities.
ASME 2012 Executive Summary of 2012 Performance

ASME’s operating results from budgeted operations exceeded budget by $6.2 million

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Favorable / (Unfavorable)</td>
<td>Favorable / (Unfavorable)</td>
</tr>
<tr>
<td>Revenue</td>
<td>$98.6</td>
<td>$100.8</td>
<td>$2.2</td>
<td>2.2%</td>
</tr>
<tr>
<td>Expense</td>
<td>99.4</td>
<td>95.4</td>
<td>4.0</td>
<td>4.0%</td>
</tr>
<tr>
<td>Net</td>
<td>($0.8)</td>
<td>+ $5.4</td>
<td>+ $6.2</td>
<td></td>
</tr>
</tbody>
</table>

Figures include IGTI & IPTI

ASME 2012 Executive Summary of 2012 Performance

• Revenue was above budget by $2.2 million, driven by favorable variances of
  – $1.8 million in Codes & Standards,
  – $1.0 million in Training & Development,
  – $0.3 million from Membership,
  – $0.2 million each in IPTI and ESET and
  – $0.1 million in PA&O.
  These favorable variances were offset by shortfalls of ($0.5 million) in K&C, ($0.4 million) in Conformity Assessment, ($0.3 million) in Publishing and ($0.2 million) in IGTI.

• Expenses were mostly favorable to budget.

• All Product and Program / Service areas contributed to the favorable variance to budget.
## ASME 2012 Results in Monthly Report Format

<table>
<thead>
<tr>
<th>Category</th>
<th>Full Year 2012 (Actual)</th>
<th>Full Year 2013 Budget</th>
<th>YTD (Variance to Budget)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Expense</td>
<td>Net</td>
</tr>
<tr>
<td>Products</td>
<td>15,798.00</td>
<td>13,740.00</td>
<td>2,058.00</td>
</tr>
<tr>
<td>Conformity Assessment</td>
<td>26,493.00</td>
<td>22,860.00</td>
<td>3,633.00</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>14,387.00</td>
<td>10,840.00</td>
<td>3,547.00</td>
</tr>
<tr>
<td>Publishing</td>
<td>32,376.00</td>
<td>11,734.00</td>
<td>20,642.00</td>
</tr>
<tr>
<td>IT</td>
<td>2,082.00</td>
<td>2,482.00</td>
<td>(400.00)</td>
</tr>
<tr>
<td>Programs / Services</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Outreach</td>
<td>178.00</td>
<td>2,818.00</td>
<td>(2,640.00)</td>
</tr>
<tr>
<td>Public Affairs</td>
<td>226.00</td>
<td>3,123.00</td>
<td>(2,898.00)</td>
</tr>
<tr>
<td>Public Information</td>
<td>94.00</td>
<td>1,444.00</td>
<td>(1,350.00)</td>
</tr>
<tr>
<td>Knowledge &amp; Community</td>
<td>608.00</td>
<td>3,790.00</td>
<td>(3,182.00)</td>
</tr>
<tr>
<td>Events Management</td>
<td>1,468.00</td>
<td>1,528.00</td>
<td>(60.00)</td>
</tr>
<tr>
<td>Programs / Services</td>
<td>2,574.00</td>
<td>12,703.00</td>
<td>(10,130.00)</td>
</tr>
<tr>
<td>Energy</td>
<td>203.00</td>
<td>129.00</td>
<td>74.00</td>
</tr>
<tr>
<td>Energy Teams</td>
<td>203.00</td>
<td>129.00</td>
<td>74.00</td>
</tr>
<tr>
<td>Corporate Support</td>
<td>0.00</td>
<td>2,245.00</td>
<td>(2,245.00)</td>
</tr>
<tr>
<td>Executive Office</td>
<td>(1).00</td>
<td>3,774.00</td>
<td>(3,775.00)</td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td>(1).00</td>
<td>3,306.00</td>
<td>(3,306.00)</td>
</tr>
<tr>
<td>Facilities</td>
<td>33.00</td>
<td>5,924.00</td>
<td>(5,892.00)</td>
</tr>
<tr>
<td>Information Services</td>
<td>0.00</td>
<td>6,134.00</td>
<td>(6,134.00)</td>
</tr>
<tr>
<td>Marketing &amp; Sales</td>
<td>8,041.00</td>
<td>8,041.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Corporate Support</td>
<td>120.00</td>
<td>31,829.00</td>
<td>(31,709.00)</td>
</tr>
<tr>
<td>Total Operating Surplus / (Deficit)</td>
<td>96,042.00</td>
<td>91,288.00</td>
<td>4,753.00</td>
</tr>
<tr>
<td>Less: Non-Operating / Non-Budgeted Investment Earnings</td>
<td>865.00</td>
<td>205.00</td>
<td>660.00</td>
</tr>
<tr>
<td>Miscellaneous Activity</td>
<td>399.00</td>
<td>17,996.00</td>
<td>(17,597.00)</td>
</tr>
<tr>
<td>Non-Operating / Non-Budgeted</td>
<td>1,265.00</td>
<td>18,201.00</td>
<td>(16,936.00)</td>
</tr>
<tr>
<td>Intercompany Eliminated</td>
<td>276.00</td>
<td>1,436.00</td>
<td>(1,160.00)</td>
</tr>
<tr>
<td>General Fund Reported Deficit</td>
<td>(11,023).00</td>
<td>(3,561).00</td>
<td>(7,462).00</td>
</tr>
</tbody>
</table>

### ASME General Fund Reserves (net assets)

![Graph showing ASME General Fund Reserves from 1997 to 2012](Image)

9/6/2012
ASME 2012 Invested Fund Balances

ASME Invested Fund Balances

($ Millions)

- General Fund
- Restricted Funds
- Foundation
- Auxiliary

ASME 2012 Financial Reports

ASME 2012 Financial Reports General and Restricted Funds

- Provided in new uniform reporting format
  - ASME General Fund
  - ASME Custodial Funds
    - IGTI
    - IPTI
    - K&C
  - ASME Development Fund
  - ASME Awards & Endowments
  - Standards Technology LLC
  - Innovative Technologies Institute LLC
  - Engineering for Change LLC
  - Asia Pacific LLC
### ASME 2012 Financial Reports - General Fund (excluding Institutes)

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$96,042,756</td>
<td>$93,003,279</td>
<td>$3,039,477</td>
</tr>
<tr>
<td>Net Operating Surplus / (Deficit)</td>
<td>$4,713,086</td>
<td>$(1,025,773)</td>
<td>$5,778,859</td>
</tr>
</tbody>
</table>

#### ASME Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
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<tbody>
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<td>Publications &amp; Products</td>
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<td>10,233,243</td>
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<td>Reimbursements</td>
<td>670,622</td>
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<td>136,183</td>
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#### ASME Expense

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<tr>
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<td>19,529,568</td>
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<td>1,365,304</td>
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<td>840,485</td>
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<td>502,400</td>
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<td>758,937</td>
<td>1,479,455</td>
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<td>405,506</td>
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#### All Custodial Divisions

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<td>Surplus / Deficit</td>
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<td>106,011</td>
<td>12,000</td>
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#### ASME 2012 Financial Reports - Custodian Funds

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<th>KCTI</th>
<th>K&amp;C</th>
<th>Non-K&amp;C</th>
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<tbody>
<tr>
<td>Total Revenue</td>
<td>$7,070,136</td>
<td>2,497,307</td>
<td>2,381,543</td>
<td>2,652,183</td>
<td>166,011</td>
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<tr>
<td>Net Operating Surplus / (Deficit)</td>
<td>$1,382,494</td>
<td>547,269</td>
<td>375,365</td>
<td>661,381</td>
<td>(880,280)</td>
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#### ASME Revenue

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<th>KCTI</th>
<th>K&amp;C</th>
<th>Non-K&amp;C</th>
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<td>Total Revenue</td>
<td>$7,070,136</td>
<td>2,497,307</td>
<td>2,381,543</td>
<td>2,652,183</td>
<td>166,011</td>
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#### ASME Expense

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<th>KCTI</th>
<th>K&amp;C</th>
<th>Non-K&amp;C</th>
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</thead>
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<tr>
<td>Staff Compensation &amp; Benefits</td>
<td>1,382,494</td>
<td>547,269</td>
<td>375,365</td>
<td>661,381</td>
<td>(880,280)</td>
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**Minutes Appendix I**

Page 35 of 40
### ASME 2012 Custodian Funds - IPTI

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<th>Budget</th>
<th>Variance</th>
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<tr>
<td>Publications &amp; Products</td>
<td>$13,832</td>
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<td>Conformity Assessment</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Training &amp; Continuing Education</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Conferences &amp; Events</td>
<td>2,032,339</td>
<td>1,823,500</td>
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<td>Advertising and Sponsorships</td>
<td>382,790</td>
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<td>10,290</td>
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<td>Reimbursements</td>
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<td>263</td>
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<td>Grants and Third-Party Funding</td>
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<tr>
<td>Intercompany and Related Party Funding</td>
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<tr>
<td>Miscellaneous Revenue</td>
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<td><strong>Total Revenue</strong></td>
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<td>Intercompany and Related Party Transfers</td>
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| Net Operating Surplus / (Deficit) | $527,683 | $259,767 | $267,916 |

---

### ASME 2012 Custodian Funds - IGTI

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<th>ASME Revenue</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Publications &amp; Products</td>
<td>$13,832</td>
<td>$25,000</td>
<td>$(9,168)</td>
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<tr>
<td>Royalties / Licenses</td>
<td>—</td>
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<tr>
<td>Conformity Assessment</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Training &amp; Continuing Education</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Subscriptions</td>
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<tr>
<td>Conferences &amp; Events</td>
<td>2,032,339</td>
<td>1,823,500</td>
<td>208,839</td>
</tr>
<tr>
<td>Advertising and Sponsorships</td>
<td>382,790</td>
<td>372,500</td>
<td>10,290</td>
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<tr>
<td>Membership</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Reimbursements</td>
<td>263</td>
<td>—</td>
<td>263</td>
</tr>
<tr>
<td>Grants and Third-Party Funding</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Intercompany and Related Party Funding</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$2,281,543</td>
<td>$2,505,800</td>
<td>$(224,257)</td>
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<table>
<thead>
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<th>ASME Expense</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
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<tbody>
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<td>Staff Compensation &amp; Benefits</td>
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<td>Promotion &amp; Advertising</td>
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<td><strong>Total Expense</strong></td>
<td>$2,281,543</td>
<td>$2,505,800</td>
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| Net Operating Surplus / (Deficit) | $527,683 | $259,767 | $267,916 |
### ASME 2012 Financial Reports - Development Fund

<table>
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<tr>
<td>Training &amp; Continuing Education</td>
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<td>Subscriptions</td>
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<td>Conferences &amp; Events</td>
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<td>Advertising and Sponsorships</td>
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<th>Variance</th>
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<tr>
<td>General Office - Controllable</td>
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<td>—</td>
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<tr>
<td>Rent, Amort, Deprec, other Overhead</td>
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<tr>
<td>Legal, Audit &amp; Tax</td>
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<tr>
<td>Contributions to Third Parties</td>
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<td>Intercompany and Related Party Transfers</td>
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<td>Miscellaneous Expense</td>
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<td><strong>Total Expense</strong></td>
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**Net Operating Surplus / (Deficit)** $11,597

### ASME 2012 Financial Reports - Awards & Endowment Fund

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<tr>
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<tr>
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<tr>
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<table>
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<td>Contributions to Third Parties</td>
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**Net Operating Surplus / (Deficit)** $(454,100)
### ASME 2012 Financial Reports - Standards Technology IIC

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<td>Subscriptions</td>
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<td>Conferences &amp; Events</td>
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<td>Legal, Audit &amp; Tax</td>
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| **Net Operating Surplus / (Deficit)** | $ 119,822 | $ 115,524 | $ 4,298 |

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### ASME 2012 Financial Reports - Innovative Technology Institute

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<tr>
<td>Training &amp; Continuing Education</td>
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<tr>
<td>Subscriptions</td>
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<tr>
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<td>Reimbursements</td>
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<th>Variance</th>
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<td>$ 543,668</td>
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| **Net Operating Surplus / (Deficit)** | $ 163,721 | $ 79,362 | $ 84,359 |
### ASME 2012 Financial Reports - Engineering For Change llc

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<tr>
<td>Conformity Assessment</td>
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<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Training &amp; Continuing Education</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>—</td>
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<td>Reimbursements</td>
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**Net Operating Surplus / (Deficit)** $ 325,041 $ 469,000 $ (143,959)

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### ASME 2012 Financial Reports - Asia Pacific llc

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<td>Training &amp; Continuing Education</td>
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<td>Subscriptions</td>
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<td>Conferences &amp; Events</td>
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<td>Advertising &amp; Sponsorships</td>
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<tr>
<td>Membership</td>
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<td>Reimbursements</td>
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<td><strong>Total Revenue</strong></td>
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<td>Intercompany and Related Party Transfers</td>
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**Net Operating Surplus / (Deficit)** $ —     $ —     $ —
Concluding Remarks

- ASME’s results from budgeted operations exceeded budget by $6.2 million
- ASME’s financial position remains strong
- ASME received an unqualified and clean opinion on the FY 2012 audit

COFI Recommended Motion

COFI recommends that the ASME Board of Governors accept and approve ASME’s FY 2012 financial statements as presented by Marks Paneth & Shron
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 28, 2012
BOG Meeting Date: September 13, 2012

To: Board of Governors
From: HQ Task Force
Presented by: Reggie Vachon
Agenda Title: HQ Task Force Update

Agenda Item Executive Summary:
Reggie Vachon will provide an update to the Board of Governors on the move to 2 Park Avenue.

Proposed motion for BOG Action:
none

Attachments:
PowerPoint slides
HQ: 3 to 2

- Architectural design was finalized in late May.
- Construction Permits were approved by the NYC Buildings Department in June.
- Icon Interiors was selected as the General Contractor in early July.
- Staff briefings explaining the move were conducted in early July.
- Furniture and Equipment was ordered in mid-July.
- Pentagram, a Design Consultant, was engaged to design ASME’s heritage/art display.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 24, 2012
BOG Meeting Date: September 13-14

To: Board of Governors
From: Marketing & Sales
Presented by: Susan O’Neill and Peter Hess
Agenda Title: ASME.org Phase 2 Update

Agenda Item Executive Summary: (Do not exceed the space provided)
We will be providing an update on the next important phase of the web site development.

Proposed motion for BOG Action: (if appropriate)

Attachments:
ASME.org Phase 2 Update

BOG Meeting

September 13, 2012

PHASE 2 RECAP AND UPDATE

- Phase 2 of the ASME.org project focuses primarily on Community features.
- Phase 2 also includes a navigational refresh, changes to the home page, and an update to the content in the About ASME sections of the site.
- Phase 2 project remains on budget.
- A two-stage release is planned:
  - Private Preview – 4 to 6 weeks (December/January)
  - Public Launch – January
- Preparation and migration activities are in progress.
- A sustained marketing and communications campaign will start in November and run through calendar 2013.
BENEFITS OF COMMUNITY STRATEGY

- Facilitates collaboration and knowledge-sharing, and positions ASME at the center of engineering discussions
- Fosters communications, networking, and making new connections
- Makes participation in the ASME community convenient and easy; participants can participate:
  - Whenever they want
  - As much or as often as they have time
- Places ASME in a strong position to attract and engage a larger and broader range of engineers – younger, more diverse and more geographically spread

KEY COMMUNITY FEATURES

Participants who are registered will have a more personalized experience throughout the site, and they will be able to:
- Create profiles that describe their interests, experience and knowledge
- Find others like them in the Directory
- Add other participants to their Network
- Share links and comments with others in their Network
- Follow other participants’ activities
- Determine privacy settings

Participants in Groups will be able to:
- Share links and comments with others in the group
- Stay informed via alerts and announcements
- Stay better connected to their Divisions and Sections

Group Leaders will be able to:
- Send alerts and announcements
- Share documents, files and links
PHASE 2 IMPLICATIONS FOR MEMBERS

- Members will be encouraged to register but they will not be forced to become Participants.
  - They will be able to continue to access their account and member information as before.

- However, a user does need to be a registered participant to participate in a Group.
  - All existing ASME group leadership will be pre-registered and enrolled in their groups as part of the migration effort.

- A user needs to be a registered participant to appear in the Directory.
  - But registered participants can choose not to appear in the Directory.

MARKETING AND COMMUNICATIONS PLAN

- Unique challenges versus Phase 1 driven by interactive features and personalization

- Goal: Gain adoption and usage of Phase 2 features among volunteers, members and those beyond our membership and staff

- Three major buckets of M&C activity
  - Heads Up
  - Private Preview
  - Roll-out / Public Launch

- Gaining adoption for Group features requires tailored efforts in training / education and marketing
### THREE MAJOR BUCKETS OF M&C ACTIVITY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>M&amp;C Timing</th>
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<tbody>
<tr>
<td>Heads Up</td>
<td>Prepares the organization</td>
<td>September - October</td>
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<tr>
<td>Private Preview (Site live: December)</td>
<td>▪ Invite select audience to:</td>
<td>November - January</td>
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<td>- Register</td>
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<td>- Complete profile</td>
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<td></td>
<td>▪ Motivate usage and activity</td>
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<td></td>
<td>▪ Limited channels / tactics</td>
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<tr>
<td>Roll-Out / Public Launch (Site live: January)</td>
<td>▪ Invite broader audience to:</td>
<td>January onward</td>
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<td></td>
<td>- Register</td>
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<td>- Complete profile</td>
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<td>▪ Motivate usage and activity</td>
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<td></td>
<td>▪ Broader channels / tactics</td>
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</table>

### IMPLEMENTATION ACTIVITIES

- Existing ASME Groups will be migrated to the new social networking platform. Groups includes:

  Divisions  | Governance Committees
  Committees | PAO Committees
  Sections   | Affinity Groups
  Student Sections | Discussion Groups on Peerlink
  Institute (IGTI) |

- Orientation sessions planned for staff administrators.
- Guidance and training support will be available for group leadership.
- Demos and tutorials will be offered at Congress.
- Student Sections will be the focus of a targeted communications effort in 2013.
SPECIAL STAKEHOLDER GROUP STRATEGY

- Special Stakeholders will include the Presidential Team, BOG members, SVPs, VPs, and COFI.
- Special Stakeholders will be pre-registered, and their Participant Profiles and Dashboards will be set up for them.
- Tutorials and other support will be provided.
- More details will be provided via email in October.

QUESTIONS?
APPENDIX -- DEFINITIONS

- **ASME.org Participant** – a user who registers on the site. ASME members or user who have an existing account will be able to “convert” their existing information. Users will also be able to import information from their LinkedIn accounts.

- **Participant Profile** – when a user registers he or she can set up a personal profile highlighting their interests, experience, education and preferences. The profile will allow the user to determine what information to share with others in the community.

- **Participant Dashboard** – a user’s personal activity center on the site where he/she can see their community activity, add other participants to their personal network, share content with their network, follow other participants and receive customized alerts as well as review membership benefits and purchase history.

- **Participant Directory** – searchable and sort-able listing of participants’ profile information based on the privacy settings selected by each individual participant.

- **Groups** – group collaboration and administration capabilities for existing ASME groups as well as the ability for participants to create their own ad-hoc groups.

- **Groups Directory** – searchable and sort-able listing of ASME Groups.

- **Commenting** – ability for registered participants to comment publicly on ASME.org articles.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 24, 2012
BOG Meeting Date: September 13-14

To: Board of Governors
From: Marketing & Sales
Presented by: Roy Arbeit
Agenda Title: Qualified Active Content Contributors

Agenda Item Executive Summary: *(Do not exceed the space provided)*
Discussion defining and describing a new Incentive Objective for 2013.

Proposed motion for BOG Action: *(if appropriate)*

Attachments:
**Qualified Active Content Contributors**

**Establishing a Baseline**

---

### Proposed for FY13...

#### Enterprise Objectives and Performance Metrics

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Weight</th>
<th>Lower Threshold (award=50% of target amount)</th>
<th>Target (award=100% of target amount)</th>
<th>Upper Threshold (award=150% of target amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Surplus* (deriving from mission-related activities)</td>
<td>60%</td>
<td>$0 M</td>
<td>$1.5 M</td>
<td>$3 M</td>
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<tr>
<td>(Sustain favorable net to invest in new mission-related opportunities/priorities)</td>
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<tr>
<td><strong>Note:</strong> Net Surplus = Actual Revenue minus Actual Expenses (NOT variance to budget). As a reference point, the FY13 budget net is ($1.2 M) which includes IGTI &amp; IPTI.</td>
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</tr>
<tr>
<td>Qualified Active Content Contributors (QACC)</td>
<td>20%</td>
<td>Establish baseline</td>
<td>Establish Baseline by mid-year and achieve + 3% over baseline by year-end</td>
<td>Establish Baseline by mid-year and achieve + 5% over baseline by year-end</td>
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<tr>
<td>(Volunteers and others contributing to ASME’s Content Inventory)</td>
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</tr>
<tr>
<td>Energy Portfolio Releases (Expand and refresh energy portfolio with new releases)</td>
<td>20%</td>
<td>105 Releases</td>
<td>115 Releases</td>
<td>130 Releases</td>
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</tbody>
</table>
Important Program Tenets

- Any activity counted towards this program must contribute to the development of content or programs
- Any activity counted towards this program must have data that is easily trackable/retrievable
- Any activity counted towards this program should require minimal staff time for reporting

Qualified Active Content Contribution Activities:

| Authors and co-authors of papers published in an ASME journal | Individuals who serve on code committees |
| Authors and co-authors of papers published in an ASME sponsored conference proceedings | Journal Editors and Associate Editors |
| Conference Organizers (individuals acting as Conference Chairs & Co-Chairs, Track, Topic or Session Chairs or peer reviewers at an ASME-sponsored conference) | Journal Peer Reviewers |

Multiple instances of the same activity count as one. Examples include:
- Authors/co-authors of multiple papers or papers published in both a conference and a journal
- An individual serves on multiple code committees
- An individual serves as a Track Chair and Session Chair

Individuals completing more than one type of activity count multiple times. For example:
- An individual serving as a journal editor and also serves as a topic chair would be counted twice – once for each specific activity.
- An individual who serves on a code committee and serves as a Journal Peer Reviewer is counted twice – once for each activity
Qualified Active Content Contributions: What Doesn’t Count

<table>
<thead>
<tr>
<th>Individuals who serve on non-content producing committees i.e. Governance committees such as Nominations Committee, COFI, etc.</th>
<th>Individuals who serve in non-content producing leadership positions in Sections, Divisions, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributors cannot be ASME staff members</td>
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</tbody>
</table>

Next Steps

- Request reports for FY’12 as the basis to establish baseline for FY ‘13
ASME Pathway 2025

Board of Governors
September 2012

Strategic Growth TF (+ ED):
  Charla Wise
  Rich Laundenat
  John Elter
  Marc Goldsmith
  Tom Loughlin

09.04.12

• Seeing and hearing the threats from open access
• Agreeing on the need to grow the enterprise to fulfill the vision and mission
• Recognizing the need to integrate the business goals with the strategic intents and the external drivers into one consolidated plan
• Feeling more comfortable with uncertainty and using flexibility to address uncertainty
• Pathway 2025 Builds on the Discussions from BOG 2012 Retreat
Why Do We Need “Pathway 2025”? New Construct/Old Discussion

- Strategic discussions of ASME growth path underway at the BOG level for more than 2 years and staff for even longer
- External drivers for associations radically changing from membership model to virtual/social media models and beyond
- Value creation is in content/knowledge/expertise creation and dissemination
- BOG needs to agree on growth “pathway”
- With the “Pathway” a revitalized and intently focused organization can emerge

Pathway 2025 is a comprehensive strategic plan driving ASME to achieve its Vision and Mission:

- **Embodies the goals and the strategies that will guide volunteers and staff towards its vision within the context of the mission, core values and strategic intents.**
- **Pathway 2025 sets the specific targets providing the trajectory to the business vision that supports our core mission.**
Today’s BOG Discussion Will Address:

1. Pathway 2025: Review/discuss & achieve consensus on Vision and “Pathway” to 2025.
4. Approve Actions and Path forward
   1. (BOG): Review/discuss/clarify BOG role & engagement.
5. Future BOG meetings: Refine/Review/Monitor

INITIAL ACTION:
Today BOG endorse “Pathway 2025” Framework, goals and next steps

ASME Vision and Mission

VISION: ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind

MISSION: To serve our diverse global communities by advancing, disseminating and applying engineering knowledge for improving the quality of life; and communicating the excitement of Engineering.
ASME Core Values:

*Embrace integrity and ethical conduct*
*Embrace diversity and respect the dignity and culture of all people*
*Nurture and treasure the environment and our natural and man-made resources*
*Facilitate the development, dissemination and application of engineering knowledge*
*Promote the benefits of continuing education and of engineering education*
*Respect and document engineering history while continually embracing change*
*Promote the technical and societal contribution of engineers*

ASME Strategic Intents

**ENERGY:**
ASME WILL SERVE AS AN ESSENTIAL ENERGY TECHNOLOGY RESOURCE AND A LEADING ADVOCATE FOR TECHNICALLY SOUND ENERGY POLICIES.

**GLOBAL IMPACT:**
ASME WILL COLLABORATE TO DEVELOP AND PROVIDE LOCALLY RELEVANT ENGINEERING RESOURCES THAT ADVANCE PUBLIC SAFETY AND QUALITY OF LIFE THROUGHOUT THE WORLD.

**WORKFORCE DEVELOPMENT:**
ASME WILL FOSTER A BROADER, COMPETENT, VIBRANT AND MORE DIVERSE ENGINEERING WORKFORCE WITH SUSTAINED ENGAGEMENT IN ASME OVER ALL CAREER STAGES.
Pathway 2025: Pathway 2025 is a comprehensive strategic plan driving ASME To Achieve Its Vision and Mission

Goals:
- Realize Vision/Mission
- Growth
- Qualified Active Content Contributors

Strategic Intents:
- Energy
- Workforce
- Global Impact

Operating Discipline:
- Finance/Accounting
- Business Models
- Program Management
- Marketing

Major Enablers:
- Asme.org
- Engagement
- Content Strategy
- Communication Platforms

New Models:
- PA & O, SECD, K&C
- Foundation
- Staffing
- Etc.

ASME’s recent activity along with the BOG’s readiness to set ambitious targets for ASME in 2025 enables us to realize our mission and achieve significant growth.

Pathway 2025: Defining the Path

In the year 2025, ASME’s will achieve its current vision by...
- Global: Engaging and convening a global network of students, engineers, practitioners, experts and companies for the generation and consumption of technical content
- Adapting and Embracing the Digital Future: Attracting, managing, and distributing technical content through
  - Education
  - Standards
  - Technical publications
  - Conferences
  - Information hubs
  - Training
- Leading in global standardization and certification
- Creating and sustaining beneficial outreach that advances global and domestic public understanding of engineering leading to the formation of sound public policy
- ASME will remain a not-for-profit (501c3) with a “hybrid” outlook achieving complementary mission and revenue gains.
Pathway 2025

Review/Discuss/Clarify Pathway

Pathway: Strategic Growth Portfolio
ASME Competencies:

Existing Competencies:
Neutral Convener
Access to talent and content
Credible & Trusted Brand
Understand Knowledge

New Competencies:
Phase II+ of asme.org
Content curation & platforms
True Global presence
True Market orientation
Organizational Readiness

Breakthrough Growth

Break-through Growth: Pathway 2025 Goals

ASME will grow to world leader... having a comprehensive portfolio of programs, products, and services that advance the mission of the organization. To achieve this, net revenue growth must be achieved.

- Organization
  - Revamp ASME Organization (both staff and volunteer) to meet Pathway 2025
  - Membership vs. QACC goal...
- Markets:
  - XX% of annual content and delivery will be outside North America in XX prime countries (up from 4 today) and XX% will come from emerging markets (Standards will be available in XX Languages)
- Financials
  - ASME will achieve $250 million in annual revenue by 2025
  - Global Expansion
    - XX% of annual revenue will be derived outside North America and Europe
- Alliance and Partnerships
  - XX% of growth will be achieved through Alliances and Partnerships
- Content / Portfolio and Product
  - Revenue will be diversified with no single source comprising more than XX% over a 2 year budget cycle
  - XX% annual new content will come from new Qualified Active Content Contributors (less than 5 years of contribution)
  - XX% of annual revenue will come from new products and services less than 5 years old (within the 3 strategic intents)

To be developed with detailed plan.
Pathway 2025: Growth Portfolio (Conceptual)

**Potential Portfolio Mix:**
- Acquisitions
- Partnerships
- Capture/reflect all ASME Activity
- Examples:
  - Content and delivery
  - New Products & Services
  - Standards & Certification
  - Etc.

Traditional ASME Portfolio

Need legend to explicitly define existing and future portfolio.

**Align Operational Objectives**

ASME will remain a not-for-profit (501c3) with a “hybrid” outlook achieving complementary mission and revenue gains. Volunteers and staff will collaborate in new ways in order to achieve unprecedented effectiveness and scale.

ASME needs clear, uniform metrics across organization. We need to move in this direction as soon as possible in order to align resources and activity (consolidate BSC, ED goals, incentive, etc.).
ASME will remain a not-for-profit (501c3) with an outlook that achieves complementary mission and revenue gains. Volunteers and staff will collaborate in new ways in order to achieve unprecedented effectiveness and scale.

- Establish Project Management Office to align activity across ASME and Map/Track Pathway – (Senior staff assignment to report to ED)
  - BOG Committees & Task Forces:
    - SMC
    - COG
    - COFI
    - EDESC
      - ED Goals & Incentives
  - ASME Staff Operations:
    - Incentive and Individual Goals
    - BSC

Roadmap: Product/Program Mix in Two-Year Intervals

<table>
<thead>
<tr>
<th>FY13-14</th>
<th>FY15-16</th>
<th>FY17-19</th>
<th>FY20-22</th>
<th>FY22-25</th>
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<tbody>
<tr>
<td><strong>Financial:</strong></td>
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<td>Ann rev &gt; $250 Million</td>
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<tr>
<td>- Establish Target Ratios for KPI</td>
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<td><strong>Engagement &amp; Registered Users:</strong></td>
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<tr>
<td><strong>Net Revenue Activity Development:</strong></td>
<td>Detailed development plans by product.</td>
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<tr>
<td><strong>Program Development:</strong></td>
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TBD
Consider shorter cycle for first few years

To be developed with detailed plan.
Pathway Targets:

Review/Discuss/Clarify Pathway Goals

Pathway Building:
Key Focus Areas

Detailed plans to be coordinated across key areas:

- **Organization** – Align and implement organizational shifts to support plan.
- **Markets** – Assure true market orientation in all decision-making.
- **Financial** – Integrate financial systems and reporting.
- **Global** – Assure ASME’s path to becoming truly global.
- **Alliances** – Synthesize existing and build strategic alliances as needed.
- **Content/Portfolio & Product** – Assure ASME becomes truly content (knowledge) centered.

Consider Re-orienting Organization

Capitalize on ASME’s market orientation and mission-center by aligning Programs and Products. Let customer-facing Products and Programs drive the organization.
Pathway 2025 - Enabling Conduct:

- **Board of Governors**: Owns the plan, and will refresh each program year. The BOG has the sole authority to approve and authorize the implementation of the plan. Candidates for BOG office will need to be familiar and supportive of the plan.

- **Project Management Office**: Assure, high-level driver/support for Pathway.

- **Presidents** (current, incoming and immediate past): As board chair will support the board prerogative. Candidates for Presidential office will need to be familiar and supportive of the plan.

- **SMC/Operating Units**: will support the board prerogative. Candidates for SVP positions will need to be familiar and supportive of the plan.

- **ED**: will marshal financial and operational resources to meet the objectives set out in the plan, and report and adjust as necessary to assure success.

Pathway 2025 - Enabling Conduct:

- **Resource planning**: Will reflect a managed approach to achieve the plan.

- **Communications**: An appropriate communications plan will be established to support the board prerogative.

- **Tools**: It is recognized that Task Forces and Advisory Groups will be widely used in order to achieve success, however, new modes of engagement are warranted and will be developed.

- **Conduct**: A managed disciplined approach must be taken by all participants in order to be mutually supportive and to meet the schedule

- **Culture**: Assure an enabling culture for the strategy to succeed.
### 2 Yr. BOG Schedule: Strategic Growth Discussion

<table>
<thead>
<tr>
<th></th>
<th>FY13Q1</th>
<th>FY13Q2</th>
<th>FY13Q3</th>
<th>FY13Q4</th>
<th>FY14Q1</th>
<th>FY14</th>
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<tbody>
<tr>
<td>Strategic Growth</td>
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<td>Discussion</td>
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<td>Pathway</td>
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<td>Refine/Report/Update</td>
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<td>Review/Revise</td>
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<td>Report/Update</td>
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<td>Resolve Growth</td>
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<td>Formalize plan</td>
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<td>plans and its component parts</td>
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### Pathway 2025 – What next?

- BOG – Review/Approve Concepts
- Establish Project office and rough out project plan.
- Analyze and specify goals & metrics
- Consider resource requirements.
- Report back to BOG with detailed plan for November Board meeting
- Move ahead and report /engage board and other units as necessary.
Pathway Planning:

Review/Discuss/Clarify Pathway Planning

Pathway Action:
ACTIONS:

Approve ASME Pathway 2025 as presented.

- Affirm target of a $250M enterprise in 2025.
- Approve general approach outlined in the attached materials.
- Reaffirm Vision, Mission and Core Values.
- Reaffirm Strategic Intents of energy, workforce development and globalization (does not preclude revisiting them in some regular fashion).
- Embrace the work plan necessary to fill in the blanks by the November meeting.
Proposed Strategic Budgeting Process

ASME Budget Process to Adopt a Target Driven Approach

- Five year outlooks will be requested from all groups
- Group level targets will be proposed by staff with input from SMC/volunteers
  - Finance will work directly with senior managing directors
- ELT and COFI will recommend group level targets
- Board of Governors will be asked to approve group level targets
- Three year balanced budget will be submitted to Board of Governors in June
  - 2014 Budget will be constructed with approved targets
Proposed Strategic Budgeting Process

Budget Targets will take into account:

- ASME’s Strategic Objectives
- Current Operations (baseline)
- Expense Structure (Facilities, Staffing, Growth)
- International Expansion
- New Products and Missions
- Product Changes
- Product Delivery Improvements (Digital)
- Acquisitions
- Economic Climate
- Legislative Environment

Proposed Strategic Budgeting Process

Budget Process will utilize an approach that focuses on four key drivers

- **Revenue** - Forecast based on history and market conditions and scenario selection
- **Compensation & Benefits** - Based on approved headcount and proposals to support planned growth
- **Overhead** - Fixed charges: rent, depreciation, amortization, maintenance & repairs
- **Controllables** - Budget development becomes a resource allocation exercise focusing on controllable/discretionary activities
Proposed Strategic Budgeting Process

Staff Roles (MDs and Finance)
- provide COFI with analysis and quantify scenarios
- suggest goals and act on opportunities

Volunteer/Staff Collaboration Roles
- assess and communicate expertise, capabilities and needs
- SMC Operationalize sector business plans

Board of Governor Roles
- set the strategic direction and communicate the vision and mission
- clarify what constitutes success / provide metrics
- provide the enabling environment that allows operating groups to succeed
- approve net surplus / (deficit) targets

COFI Roles
- support the board and manage the budget process and monitor operating performance
- perform the financial analysis / recognize risks and upside
- recommend the financial path forward and suggest building blocks
- endorse financial operating goals and recommend opportunities
- communicate financial targets and long-term objectives
Committee on Finance & Investment Recommendation:

COFI recommends that the Board approve a new strategic budgeting process consistent with the roles and responsibilities outlined in the previous two pages.

### Proposed Strategic Budgeting Process

<table>
<thead>
<tr>
<th>Activity</th>
<th>July</th>
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<td>Preliminary Target Analysis</td>
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<td>Aug COFI Meeting: Budget Process Presentation</td>
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<td>Sep BoG Meeting: Propose new strategic planning framework</td>
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<td>Nov Board of Governors’ Meeting: Introduce Methodology &amp; Propose Timeline</td>
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<td>Presentation of Preliminary Targets for ELT Feedback</td>
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2014 - 2016 Budget Process Proposed Timeline
### 2014 - 2016 Budget Process Proposed Timeline

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<td>March Forecast &amp; ELT Budget Review</td>
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<td>May COFI Meeting: Final Recommendations for Board of Governors</td>
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<td>June Board of Governors’ Meeting: Approval of FY14-FY16 Budget</td>
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Date Submitted: August 22, 2012
BOG Meeting Date: September 13 & 14, 2012

To: Board of Governors
From: Sector Management Committee

Agenda Item Executive Summary: (Do not exceed the space provided)

The report updates the BOG on SMC activity and is for information only. There is no action required.

Proposed motion for BOG Action: (if appropriate)

No Action

Attachments:
One
I. SMC ACTIVITIES

- Madiha Kotb became SMC chair for the year 2013.
- The SMC held one teleconference on July 10, 2012.

II. SECTOR UPDATES

Standards & Certification – Ken Balkey, Bill Berger

QUARTERLY HIGHLIGHTS

- The Council on Standards and Certification met on June 5, 2012 in Montreal. Some of the key items discussed at that meeting were the continuing efforts on the Incorporation by Reference (IBR) issue; update on the planned S&C General Assembly scheduled for October, that will include meetings of the Council, its supervisory boards, and a strategic plenary session; report on efforts to converge requirements of global nuclear codes and standards; and reports from the Board on Nuclear Codes and Standards Task Group and the ASME Presidential Task Force reviewing the events at Fukushima, including the issuance of the Presidential TF’s final report.

- On June 12, 2012, ASME conducted a joint workshop on nuclear standards and conformity assessment with FinNuclear Association, an industry association formed in 2007 to promote “preconditions, cooperation, competencies, and international profile in manufacturing, construction and service activities in the nuclear energy field”. Held in Helsinki, Finland prior to the June 14, 2012 meeting of ASME’s Board on Nuclear Codes & Standards, the workshop comes as Finland is in the process of expanding its four operational nuclear units, with one under construction and two more slated for development. The workshop covered safety assessments in response to Fukushima, new reactor developments, and global standards and conformity assessment frameworks for the nuclear power industry, including application of ASME’s design, in-service inspection, and quality assurance standards and participation on ASME’s standards development activities.

- On July 16, 2012 ASME - joined by partners from IHS, the National Board of Boiler and Pressure Vessel Inspectors, Hartford Steam Boiler, the Brazilian Association of Non Destructive Examination (ABENDI), and the Brazilian Association of Mechanical Sciences (ABCM) - conducted a workshop on the use of standards, conformity assessment and training solutions in São Paulo, Brazil. The event attracted a diverse mix of over 160 students, academics, industry members, regulatory and government agencies from areas including manufacturing, design, maintenance, non-destructive examinations, and piping and pipelines. Attendees were able to learn about the important role of standards in ensuring safety and product quality and facilitating trade, as well as how to resolve any issues they may have in applying standards in practice.
• In July 2012, Israel noted a change to its regulations permitting the option to use ASME Boiler and Pressure Vessel Code Section VIII Division I (Rules for the Construction of Pressure Vessels; Division II (Alternative Rules); and Division III (Alternative Rules for High Pressure Vessels) to plan, produce and test pressure vessels.

• Working with the Board on Education, S&C has initiated a pilot program to deliver online Assessment Based Courses (ABC) to a selection of colleges with students pursuing degrees in mechanical engineering and mechanical engineering technology. The courses comprise a series of modules and case studies on the practical application of ASME’s codes and standards and include approaches to solving real-world engineering challenges. Faculty members from ten colleges are using these eLearning courses as supplemental material in existing curricula. The pilot is expected to finish later in 2012 with a wider implementation thereafter.

• ASME S&C has submitted a request to assume, on behalf of the U.S. and the American National Standards Institute, administration of the Secretariat of a Subcommittee of the International Organization for Standardization (ISO), ISO TC10/SC 1, Basic Conventions. The standards under this Subcommittee align with many of ASME’s Y14 Engineering Drawing standards

UPCOMING ACTIVITIES/WHAT’S ON THE HORIZON?

• The Council on S&C approved revisions to the S&C Sector Operation Guide (and to the Operation Guides of its Boards) to implement a limit of two consecutive terms for members-at-large of the Council and its Boards. The revisions to the Sector Operation Guide will be submitted to CoR.

Knowledge & Community – Karen Ohland, Michael Ireland

QUARTERLY HIGHLIGHTS

K&C Sector:
• New interim Sr. VP- Karen Ohland

• Sr. VP nomination held at Annual Meeting - Karen Ohland nominated and put forth to the BOG for consideration

• K&C Sector Board Retreat, New York, August 10-12 - coordinated with staff to get updates on apparent authority, new membership models, ASME.org content generation, ASME.org Phase II

• J.H. Cohn Interviews with representative units – Sections, Student Sections, Districts and Divisions

• Bioengineering Division Audit on July 17th

• K&C working on LTC training for spring 2013
Affinity Communities

- The Board on Affinity Communities (ACOB) is progressing well. We are working on structuring the roles within the Board to clearly delineate task responsibilities. The ACOB will be reviewing and voting for the structure during the month of September. For our groups, we continue to push for listserv capability and are looking forward to Phase 2 of ASME.org as we understand it will have many new capabilities for us to use so we can move away from our use of social networking sites such as FaceBook and LinkedIn as our primary source of communication.

- As a board with a focus on early career engineers and international members, we continue to pull in new leaders from both groups. The ACOB is presently made up of 10 ASME members, of which 5 members are internationally located. There are 11 people designated as Affinity Group Leaders (Chair or Vice-Chair) and 5 of those members are internationally located. Of the Affinity Group Leaders, 2 of the international and 3 additional members fall into the Early Career Engineer category.

- Internationally, four of our groups stand out for recruiting and engaging members outside of the US. These groups are International Outreach, Graduate Students, ECC and the Student Liaisons.

Technical Communities

- Heat Transfer, Fluids Engineering, & Nanochannels, Microchannels and Minichannels Conference (HTFNMM) 2012 (this was a 3 conference co-location. Normally Fluids, Heat Transfer and ICNMM occur separately)
  July 8-12, 2012, Puerto Rico, 750 Attendees

- ICONE/Power 2012 (this was a 2 conference co-location. Normally ICONE and Power occur separately)
  July 30 – August 3, Anaheim, CA, 995 Attendees

- International Design Engineering Technical Conferences (IDETC) and Computers and Information in Engineering Conference (CIE) (IDETC/CIE) 2012
  August 12-15, Chicago, IL, Over 1,000 Attendees

- International Symposium on Flexible Automation (ISFA 2012)
  June 18-20, St. Louis, MO, 166 attendees

- Energy Sustainability + Fuel Cell 2012
  July 23-26, San Diego, CA, 370 attendees

- 2012 ASME PVP Conference
  July 15 – 19, Toronto, Canada, 907 attendees

- 2012 Summer Bioengineering Conference
  June 20 – 23, Fajardo, Puerto Rico
• Establishment of Division Annual Plans

• Establishment and implementation of the New Product Development (NPD) Funding Process; funding of the first two NPDs

• Review of various ASME Policies by the Standing Committees, Boards and TCOB
  ➢ Policy P-5.3 on Formation/Operation of Sections/Subsections/Groups
  ➢ Policy P-12.6 on Editorial Policy
  ➢ Policy P-12.7 on Reprint Permissions
  ➢ Policy P-12.13 on Publishing Practices
  ➢ Policy P-14.1 on Registration in Technical Divisions/Subdivisions
  ➢ Policy P-14.2 on Recognition of Deceased Members
  ➢ Policy P-14.11 on Life Membership for Calvin Rice Lecturers
  ➢ Policy P-16.1 on Research, Revisions

• Review and update of External Appointments for ASME (One External appointment for the current quarter; for the year (07/11-06/12), TCOB processed 10 External Appointments and eliminated 2 positions from the list)

• Review and update of various Division By-Laws and Operation Guides

• Approval of the Coal Position Paper by the Energy Committee

• Development of two more Energy Talking Points (ETPs)

• Organization of the 2nd Energy Colloquium in conjunction with the ICONE 2012 Conference

• Municipal Wastewater Use by Electric Utilities: Best Practices and Future Directions Workshop held May 21-22; draft report to be issued in late summer 2012

• Consensus on the Operating Practices for Control of Water and Steam Chemistry and Combined Cycle and Cogeneration Power Plants published by ASME Press in print format in late April 2012. Digital version to be released at a later date

• International Steam Tables for Industrial Use – 3rd Edition published by ASME Press

• ASME Advanced Manufacturing Initiative Workshop on June 5, 2012.

• Update of the 2008 custodial account summaries report

Global Communities

The K&C Sector Global Communities Operating Board (GCOB) has had a successful year, staying within appropriate spending limits and reaching out to both local members and students thanks to the “on the ground” efforts of the 10 District Leaders. Highlights follow:

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
• The K&C Programs and Activities Committee transferred operation of the Speakers’ Bureau to GC at AM2011. Increased use of speakers followed, primarily due to financial support provided by the BOG to the program. Local Sections contract with the speakers and if approved by the Districts, up to $500 in travel cost is reimbursed to the Section. International travel reimbursement can be higher but each District has the same base fund availability. Most Section requests are under the maximizing allowable. A program review form rating the speaker is required with every funding request. Program feedback has been positive within the Sections and this approach keeps funding and Staff time overhead to a minimum.

• The Global Communities wide “Best Newsletter Award” program was initiated. Baltimore Section in District A is the first winner.

• A focused, combined Student Leadership, Student Professional Development and Senior Section Leadership Conference, held this spring in Toledo, Ohio was presided over by new District Leader Nael Barakat PhD PEng

• New District Leader Tom Wendt presents the District C Student Section Advisor Award to Dr. Jay Samuel, University of Wisconsin-Madison.

• District D held its first District Leadership Conference for Section Leaders and welcomes incoming District Leader Judith Bamberger PE from Idaho.

• District E hosts a Student Professional Development Conference at Instituto Tecnologico de Morelia - Morelia, México with a total attendance of 304 from 20 schools.

• Incoming District F Leader Mary Bailey PE hosted the 2011 Early Career Technical Conference at Georgia Tech for early career faculty, graduate and undergraduates with financial support from the Old Guard. Twenty-six reviewed papers were presented.

• Hong Kong Section in District G holds Young Inventor Solar Amphibious Design and Competition and welcomes incoming District Leader Desmond Y.R. Chong, a lecturer at the National University of Singapore.

• The French Section submits a Landmark Candidate to the History and Heritage Committee and District H welcomes their new District Leader, Dean Memis Acar PhD of Loughborough University.

• The Chilean Section is formed in District I.

• District J is supporting Section revitalization in Saudi Arabia led by Mohammed Gunalyan of Saudi Aramco

• The Student Section Committee initiated “Rapid Technical Abstract” competitions in two 2012 Student Professional Development Seminars.

UPCOMING ACTIVITIES/WHAT’S ON THE HORIZON?

K&C Sector
• Interim VP Financial Ops election, put forth to BOG for consideration

• Possible selection of voting Chair, Information and Communication

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
- Select members of task forces for K&C reorganization
- Restart of 2 task forces for K&C reorganization
- Implementation of BOG recommendations following J.H. Cohn presentation & report
- VOLT training to be held with K&C leadership at IMECE

**Affinity Communities**

- All Affinity Leaders will be attending IMECE. We are looking forward to having a forum for discussion of recruiting and maintaining contact via Social Media.
- We are designating a member to head up the project on ASME.org Phase 2. The ACOB feels that this is a project of great importance to the maintenance and growth of our groups. The intention is to have a full on implementation from all groups when it is released.
- Review the Merit Based Funding process for Affinity Groups to ensure “ease of use” and clarity.
- Prepare a handbook for new Affinity Group Leaders that can spring board into leadership training

**Technical Communities**

- Smart Materials, Adaptive Structures and Intelligent Systems (SMASIS) Sept 19-21, Stone Mountain, GA
- Launch of a Task Force to: 1) clarify the roles, responsibilities, authorities and accountabilities regarding the Technical Program at Congress, and 2) identify how disagreements are to be resolved
- Planning under way for *Industrial Desalination Workshop* tentatively scheduled for Fall 2012
- TCOB face-to-face meetings in connection with IMECE 2012
- Update of the 2008 custodial account summaries report
- Review and update of various Division By-Laws and Operation Guides
- Enterprise-Wide *ASME Advanced Manufacturing Initiative Workshop* planned for IMECE 2012
- *Micro-Nano Forum* to be organised at IMECE 2012
- Multidisciplinary *2nd Global Congress on Nanoengineering for Medicine and Biology* on February 4-6, 2013 in Boston, MA

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Institutes – Bobby Grimes, Michael Ireland

QUARTERLY HIGHLIGHTS

- IGTI’s – ASME Turbo Expo conference and exhibition was held in Copenhagen, Denmark during June, 2012. It had the largest attendance ever at 2618, with over 1100 papers presented.

- IPTI’s OOAE division held OMEA in Rio de Janeiro in July, 2012, with 1300 attendees and 900 technical papers presented.

UPCOMING ACTIVITIES/WHAT’S ON THE HORIZON?

- IPTI’s Petroleum Division (PD) will hold their annual planning meeting during August.

- IPTI’s board will hold its annual planning meeting in September.

- Both IGTI & IPTI are planning events in India this coming winter.

- The Institutes Sector anticipates collaborating with the K&C Sector to develop a proposal for some type of realignment between these two sectors, once guidance is provided by the BOG, President, SMC, and/or Executive Director.

Public Affairs & Outreach – Bill Wepfer, Phil Hamilton

QUARTERLY HIGHLIGHTS & UPCOMING ACTIVITIES/WHAT’S ON THE HORIZON?

Public Information

Quarterly Highlights

- Press release and articles on ASME Presidential Task Force report on Japan Nuclear Events.

- Planning, logistics, feature video for 2012 Member Assembly: “ASME.org – Phase 2: Virtual Communities Real-World Possibilities”.

- Speech/media training for Marc Goldsmith.

- ASME DiscoverE Summit and Educator Awards featured in DISCOVER Magazine blog.

- Victoria Rockwell featured in Perspectives on Women in STEM; STEMconnectors™.

- Invited to submit clues related to engineering for the Jeopardy TV game show.

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• ASME selected as the recipient of two 2012 Telly Awards for videos produced on the 2011 State of the Society and Human Powered Vehicle Challenge.

• Ongoing planning for Display Area at 2 Park Avenue

Upcoming Activities

• 2012 State of the Society video
• 2012 Honors Assembly scripting and videos
• 2011-2012 ASME Annual Report

Public Affairs

Quarterly Highlights

Strategic Issues Committee

• Environmental Scan 2011-2012 was completed and distributed to the BOG; the report will be available on the ASME website shortly.

Board on Government Relations

• ASME served as a co-chair of STEM Solutions 2012: A Leadership Summit, which was held June 27-29, 2012, in Dallas, Texas. The event brought together over 1,500 educators, policymakers, and corporations to determine the strategies, policies, and collective changes needed to create a competitive STEM (science, technology, engineering and math) workforce in the United States. ASME was one of 50 co-chairs for the summit, which included five discussion tracks and participation by leading technology corporations. ASME Past President Victoria A. Rockwell was also among an elite group of female STEM executives who were profiled in a special publication, 100 Women Leaders in STEM, which was unveiled at the Summit.

• Position Statements Issued:
  (available at http://www.asme.org/about-asme/advocacy-government-relations/position-statements)

  PS#12-26: ASME IAB letter on the Budget Sequestration Process
  PS#12-25: Coalition Letter on "Budget Sequestration"
  PS#12-24: Energy-Water Nexus Paper
  PS#12-23: ETP-6: Energy-Water Nexus: Will Water determine our energy Future?

*ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.*
PS#12-21: ASME ISCFRD DOD Task Force Position Statement on the FY 2013 Budget for the Department of Defense (DOD)

PS#12-20: Coalition on National Security Research FY 2013 Funding Statement

PS#12-19: ASME Board on Education Comments on the Administration's Design Principles for Federal STEM Investments

PS#12-18: ASME Board on Education Comments on the Next Generation Science Standards

- ASME Federal Government Fellowships (concluded August 2012)
  - Dr. David McStravick, Rice University (Congressional)
  - Dr. Kenneth Miller, St. Cloud State University (Congressional)
  - Dr. Benjamin I. Cohen, Rensselaer Polytechnic Institute (Congressional)
  - Dr. Charles E. "Chuck" Thorpe, Carnegie Mellon University (Office of Science & Technology Policy)

- 2012-2013 Federal Fellows (as of August 2012)
  - Dr. Thomas Kurfess, Clemson University & Georgia Institute of Technology, (Office of Science & Technology Policy)
  - Daniel Breig, ConEdison of California (retired), (Congressional)
  - Noel Bakhtian, Stanford University, (Congressional)

- The 2012 WISE Intern Program ran from June 4- August 3, 2012. ASME sponsored three WISE interns this summer: Ann Motl, Brady Gilchrist, and Elsa Culler. Motl’s paper focused on “Policy Tools for Stimulating Innovation and Access to Technologies for Developing Countries,” while Gilchrist’s paper was entitled, “Advanced EV Battery Technology Incentives for Applications Beyond Their Useful Life in Vehicles and End-of-Life Disposal to Ensure Materials Security.” Culler’s research was funded by the ASME Environmental Engineering Division, and examined policy options for controlling soil erosion on U.S. farms using education, research, and technology. All WISE policy papers will soon be available at: http://www.wise-intern.org/journal/2012/WISEJournalofEngineeringandPublicPolicy2012.html

Upcoming Activities

- ASME IMECE 2012 and the 2012 SWE annual conference (WE12) will be held in close proximity in Houston in November. The following is an update related to the slated collaborations.

  - The ASME Board of Governors and the SWE Board of Directors will be having a Joint Leadership Meet-Up during breakfast on Sunday, November 11 from 7:30-9:00 AM. SWE will also be extending a special invitation to the ASME Board of Governors to attend the SWE Awards Banquet on Friday, November 9 (SWE realizes not all Board of Governors members may be able to attend).
  - As supporter of E4C, SWE will be increasing the visibility of E4C at the SWE conference. Some notable events include:
    - E4C will present a “lightning talk” at the SWE conference (a lightning talk is a 20-minute session that provides a succinct overview of an exciting project or research); and

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E4C is planning to hold a meet-up for ASME SWE student members on the evening of Friday, November 9 (most SWE students do not attend the aforementioned awards banquet).

ASME and SWE have recently signed an MOU. Because of this MOU, ASME members will be able to attend the SWE conference at the SWE member rate, and vice versa.

**Innovation**

- Ninety students from 22 collegiate teams applied to compete in the 6th Annual ASME Innovation Showcase (IShow) competition, held on Saturday, June 2nd, in conjunction with the ASME Annual Meeting in Montreal, Quebec, Canada. The 2012 ASME IShow marks the first time that international student teams were actively recruited, with three of the 22 teams from schools outside of North America (a team from the Indian Institute of Technology Delhi, was selected as a semi-finalist). The following winners were announced by ASME President Vickie Rockwell at a reception sponsored by the ASME Foundation later that same evening: first place and cash award of $10,000, QuickStitch from Johns Hopkins University; second place and a cash award of $7,000, Equalizing Distribution Deice from Santa Clara University; and, third place and a cash award of $5,000, RenAir from Rensselaer Polytechnic Institute.

- The ASME IShow Committee met at ASME’s Washington Center on August 6-7, to assess the current status of the program, identify trends and relationships to be pursued, and begin development of strategic plan for next stage growth. Short-term enhancements and actions were identified for implementation in the 2013 event, with a beginning framework established for long-term implementation.

**Outreach**

**Board on Education**

- Pan American Convention of Engineering XXXIII UPADI 2012 was held April 9-14 in Havana, Cuba with ASME leading the production of the first Engineering Education track of sessions to be held at the conference. In addition to the principal drivers, Reggie Vashon and Mike Michaud, the ASME delegation was made up of the leadership of the ASME Education Vision 2030 project: Robert Warrington (also Chair of the UPADI Education Committee), Allan Kirkpatrick, Scott Danielson, Richard Smith and Thomas Perry.

- The Board on Education elected its first member-at-large from outside the US. Yang Tian Chew is the Deputy Executive Director of the Institute for Engineering Leadership at the Faculty of Engineering, National University of Singapore.

- The Board on Education expanded its mission, vision and goals to embrace its new role in advancing pre-college engineering education.

- ASME Program Evaluators were posted to ABET accreditation visits to 101 undergraduate degree programs at universities, colleges and community colleges in the US, Egypt, Mexico, Turkey, and the Philippines.

*ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.*
• ASME & the Chinese Mechanical Engineering Society have been collaborating on a CMES-hosted Mechanical Engineering Education Summit in Beijing for December 9-12, 2012. The event also includes IMechE (UK) with KSME and JSME have been invited. ASME will feature Mark Goldsmith at the conference opening and participate in presentations in each of the four (4) half-day plenaries of the conference.

• ASME Scholarships attracted 577 applications for 61 scholarships totaling $170,500. This is nearly a 4X increase over last year and includes a doubling (to 40) of applicants from outside the US. Among the scholarship awards, 38% went to women and 20% to student members outside the U.S.

• $5,000 Graduate Teaching Fellowships were awarded to four PhD students.

Upcoming Activities

• December 9-12, 2012 – Mechanical Engineering Education Summit in Beijing together with the Chinese Mechanical Engineering Society and IMechE (UK).

Pre-College Education

• The ASME Pre-college Education “Heroes of Engineering” exhibit was staffed, and hundreds of guidance brochures and activities distributed, at the FIRST Robotics Competition (St. Louis). Also at the event, five of the ten 2012 winners of the $5,000 ASME-ASME Auxiliary Clark-FIRST Scholarships met and were awarded certificates from Marc Goldsmith and Bob Simmons.

• An ASME Pre-College Education booth was also part of the USA Science & Engineering Fair (Washington DC). At the booth, ME students from the University of Delaware demonstrated the mechanical and engineering aspects of orthopedic surgery, thanks to the “Perry Initiative,” an outreach program for young women based at the University of Delaware and run by ASME member and University of Delaware Professor Jenni Buckley.

• Inspire Innovation Workshops for Teachers were held in Las Vegas and during the ASME Annual Meeting in Montreal, completing a total of seven workshops given during ASME’s “E-week year.” These brought the FY12 total number teacher participants to 197, exceeding the 180 target for the year and all averaging high satisfaction ratings from participants.

• At the end of June, a market research report commissioned by the Workforce Strategy group (the WSET) resulted in the idea of exploring development of a Mobile App product for the Pre-College market. Specifically identifying a gap in the 10-13 year old (middle school) age group, the proposal was for an “edutainment” game app for multiple mobile (tablet, laptop, web) platforms. This proposal was reviewed, will be further developed and added to the portfolio of central ideas targeted for pre-college product/service development.
As part of continuing PAO strategy development, several areas of focus were identified as key for the expanding ASME Education portfolio of pre-college programs and platforms. Among those are:

- Expansion and university “hub” deployment of the Inspire Innovation Workshops for middle school teachers
- A nationwide scaling collaboration with the Penn State Engineering Ambassadors program that brings engineering students into middle and high schools
- Exploration of a Micro-Grant project for web-based platform for donations for teachers doing K-12 engineering projects in their classrooms
- Exploration of other teacher tools and resources, including the middle school game/app project described above

Mo Hosni, VP, Education worked with staff and other ASME leaders to identify and invite a core of 8 new members of the new Pre-College Engineering Education Committee of the Board on Education, including 4 classroom teachers (including one of the 2012 DiscoverE Educator Awardees) and 3 engineering educators with significant contemporary pre-college education experience. The inaugural chair of the new committee is Callie Tourigny of GE Energy.

Upcoming Activities

- The first Penn State Engineering Ambassadors (to K12 Education) Workshop will be held August 16-19 with 18 collaborating universities participating. ASME is represented on the Steering Committee for the NSF funded PSU pilot project and has been invited to consider a central role in the scale-up and national sustainability of the effort. In October 2012, ASME in collaboration with IEEE and ASCE will be exhibiting career guidance resources at the annual conference of the National Association of College Admissions Counselors (NACAC) in Denver, CO and will also be producing a panel session of engineering students entitled “What I Wish My Guidance Counselor had Told Me About Engineering”. The conference is attended by 5,500 high school and college counselors.

- December 9-12, 2012 – Mechanical Engineering Education Summit in Beijing together with the Chinese Mechanical Engineering Society and IMechE (UK).

- The next North America ASME International Mechanical Engineering Education Leadership Summit (formerly the Mechanical Engineering Education Conference (aka department heads conference) will take place March 13-16, 2013 in San Diego, CA.

- While volunteer engagement has already begun, the new Committee on Pre-College Engineering Education (PREE) is expected to officially empanelled by the Vice President and Board on Education in its early September teleconference.

- Planning is underway for a pre-college middle school teachers’ workshop at IMECE and outreach activities in conjunction with SWE during that time.

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
Student and Early Career Development

- Student and Early Career Development Taskforce
  - The taskforce developed a strategic plan and presented it to the BOG with a motion to form new Student and Early Career Development Sector. The motion was approved by the BOG on April 19
  - The BOG approved SECD by-laws at their June 06 meeting at the AM in Montreal
  - An open call for SVP of the SECD sector started in June and was closed on July 31, 2012. Candidate selection is in process to be completed by August for a nomination to the BOG in September.

Student Programs

- The Student Design Competitions at the regional Student Professional Development Conferences are proceeding according to the schedule. The theme of this year challenge is "Energy Relay". 478 students participated in this year SD competition and 60 students participated in the Student Design Exposition.

- The HPVC committee approved the site for the HPVC East 2013 competition which will be held in Big Rapids, MI and will be hosted by Ferris State University. The committee is also in a process of finalizing the paperwork with the potential host for HPVC West 2013 NASA Ames in California. Also the committee approved the site for the HPVC Latin America 2013 host Universidad Simon Bolivar in Caracas, Venezuela on February 22-24, 2013.

- The HPVC committee had formed an International sub-committee which is responsible for organizing HPVC events outside of the North America. The sub-committee is considering one of the universities in India as a potential site for the event.

Old Guard

- The 2012 Old Guard Oral, Poster and Web Presentation Competitions at the regional Student Professional Development Conferences are proceeding according to the schedule. Overall 253 students participated in those competitions.

- The Diversity Action Grant program attracted applications from 32 schools. The grant was awarded to 23 schools. The program purpose is to help ASME Student Sections to promote inclusion and diversity, reach out to pre-college communities, assist the engineering companies owned by members of minority communities and assist developing communities with service learning design projects in collaboration with EWB-USA student chapters. The submitted reports indicate that 128 students participated in the projects funded by the Diversity Action Grant. These projects benefited more than 11K people with about 5K women and 4.7K minorities.

Early Career Engineer Development
• The Committee on Early Career Development (CECD) formed a project team to reach out to technical divisions to include them in developing technical web-content for ECEs. This group is also working on a database of technical experts who can be approached for content development in the future. A video series is being developed, with the first two on technical topics – Structured Innovation and Systems Engineering. The video-series will be posted on ASME.org starting from Q2 FY13.

• Anita Rebarchak was selected as the 2012 Old Guard Early Career Award recipient. She will be honored at the 2012 Honors and Awards ceremony at the Congress in Houston. This will be the first time this award will be part of ASME’s Honors Assembly. In the past it was presented at the Member & Student luncheon.

Engineering for Change (E4C)

• E4C was awarded an ASME Foundation Grant in the amount of $400,000 (200K in FY12 and 200K in FY13) to support Phase II development. This includes the functional updates to the site, expansion of the Solutions Library Program, the Learning Lab Program and the News Program.

III. VOLT ACADEMY – PROGRESS REPORT SUBMITTED BY JUSTIN YOUNG /DAVE SOUKUP

QUARTERLY HIGHLIGHTS

• Presidential Candidate Briefing was held May 8 and facilitated by Senior Leadership Training Chair Terry Shoup. The briefing was designed to give candidates a real-world overview of the office of the ASME President along with details on the position responsibilities. The overall rating for the forum using a 4.0 scale was 3.90.

• Nominating Committee Briefing was held May 9 with training items delivered by Bill Cousins. The briefing provided the nominating committee members an overview of the open positions, the necessary qualifications of applicants and current background information on the sectors. The overall rating for the forum using a 5.0 scale was 4.50.

• Joint SMC/VOLT Meeting was held May 9 in Washington, DC to discuss future VOLT activities.

• ECLIPSE Interns and Mentors participated in a workshop led by ECLIPSE Chair Caecilia Gotama and VOLT Academy Chair Justin Young on June 2. This workshop was followed later in the day by a reception attended by ASME Senior Leadership recognizing incoming and outgoing ECLIPSE Interns as well as their coaches. The overall rating for the forum using a 4.0 scale was 3.10.

• Two focus groups were held to gather input on the proposed Emerging Leaders Program (June 3 and June 4).

• VOLT Academy Chair Justin Young presented to the K&C Sector Operating Board and received agreement on the topics and format of the K&C Leadership Workshop to be delivered by VOLT at IMECE on November 10th. This event will provide leadership training to approximately 60

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
enterprise level volunteers and leaders from the K&C Sector. Topics include: Leading Leaders, Reaching Agreement, and Strategic Planning. The workshop will run 4 hours providing each trainee the opportunity to attend two of the three topics.

- VOLT Workshop was held June 5 with John Canfield as the speaker. The topic was Good Thinking – Collaboration Skills. There were 27 attendees. The overall rating for the forum using a 4.0 scale was 3.30.

- BOG Nominee Briefing was delivered by Terry Shoup on June 6 preceding the 2012-13 Board of Governors meeting. The overall rating for the briefing using a 4.0 scale was 3.50.

- SMC endorsed the VOLT Academy Executive Committee selection of Justin Young as Chair for the term of 2012-2015.

- Justin Young held a teleconference on July 13 with S&C SVP Ken Balkey and Managing Director Bill Berger to discuss a pilot program designed to facilitate succession management for the top (14) S&C Sector volunteers. An initial draft should be available in September for review by the Board on Codes and Standards Operations.

- A survey asking for input on the upcoming VOLT Leadership Workshop to be held at the 2012 Congress was sent on July 30 to the ASME Board of Governors, Senior Vice Presidents, and Vice Presidents.

- The Committee on Governance (COG) invited Terry Shoup, Chair of the Senior Leadership Committee of VOLT to the August 8 COG teleconference to discuss the BOG-nominee orientation on September 13.

**Upcoming Activities/What’s on the Horizon?**

- BOG Nominee Orientation is scheduled for September 13 in New York. Terry Shoup will facilitate discussions. The President-nominee and all three BOG Nominees will be participating. The BOG members who are in their first term will be invited, as well.

- VOLT Retreat is scheduled for October 5-7 in Denver. This will bring together the VOLT Executive Committee to plan further VOLT activities.

- Officer-Elect Orientation is scheduled for November 9 in Houston. Terry Shoup will facilitate this event.

- K&C Leadership Workshop is scheduled for November 10.

- VOLT Leadership Workshop to be held at Congress 2012. Survey input is currently being solicited from Senior ASME Leaders for both the date and topic. Proposed topics include: Power of Positive Leadership, Leading Change, Strategic Thinking, Driving Organizational Change, Generations and Diversity in the Workplace, Communicating With Global Customers.

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
The schedule for soliciting candidates for the 2013-14 ECLIPSE program has been developed. Applications are due January 4, 2013. Email blasts will be sent to individuals from the ASME member database 3-10 years since the BS graduation as follows: Mid October, Early November, Mid November, and Mid December. Additional marketing will be conducted at IMECE. Selected interns will be notified by letter no later than January 31, 2013.

VOLT is partnering with the Standards and Certification Sector to provide an E-Learning Platform for volunteer training use. Initial module development will focus on providing Sectors with a globally scalable training platform for delivering tool box type training to their unit volunteers. VOLT is recommending that each module be tightly focused on 1-2 training objectives and no longer than 30 minutes in length.

Planning has started for the Leadership Training Conference (LTC) in St. Louis February 28-March 3, 2013. It is being reduced in scope from previous years to focus solely on the K&C Sector. LTC 2013 represents the last year VOLT will organize and deliver the LTC. For 2014 organizational duties will be handled by K&C Sector Volunteers and Staff for LTC 2014. Starting in 2014 VOLT will deliver a Leadership Workshop focused on the Emerging Leaders Program currently in development.

A first draft of the Emerging Leaders Program plan is to be available for comment in Fall 2012.

IV. EVENTS COMMITTEE (EC) – PROGRESS REPORT SUBMITTED BY JIM COAKER/PHYLLIS KLASKY

QUARTERLY HIGHLIGHTS

During EC’s first year of operation through July 31, 2012, we have reviewed 35 event proposals
- 2 declined (one appealed to SMC)
- 1 proposal withdrawn
- 1 event cancelled after approval (insufficient response)
- 5 events “Requested to revise”
- 1 past event (under $500K) audited (report and follow-up being handled by Audit Committee)
- Several “cautionary” and “future planning notes” sent to planning committees re: expectations for future proposal submittals and compliance with P12.1

Scope of EC responsibilities
- Based on first year of experience, EC scope will now include review of proposals for ASME co-sponsored events. These are generally associated with use of ASME logo by a co-sponsoring organization and do not involve fiduciary liability (therefore not under P12.1 – revert to P14.6). For proposals which encounter issues which cannot be resolved, EC will refer to ASME staff and ED (if necessary) for resolution.
- Recent staff changes impact as follows: Mike Ireland reports to June Ling (Deputy ED); EC liaison will continue with Mike Ireland’s team

ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.
• EC met face to face in May, 2012. Based on value of that meeting, we plan to meet face to face twice yearly (Dec and May)

• Staff and IT continue to work on committee suggestions to streamline process, refine questionnaire format / options and concurrently give latitude for questions to be addressed during the review process

• With Sector realignment in the latter part of FY 12, we have 4 voting members who conduct reviews, and 1 advisor (non-voting). At such time as a 5th sector is added to our organization, their representative to EC will be appointed.
  ➢ Terms of 2 of 4 EC members (including chair) will expire in June, 2013. SVPs are asked to give consideration to identifying viable candidates for EC membership.
  ➢ EC balance appears to be working effectively. Advisor and chair of CPC continue to be valuable resources

**Upcoming Activities/What’s on the Horizon?**

• Staff is working on obtaining event closure data as part of EPAT record and to provide historical data as basis for future proposal evaluation

• Staff support continues to be strong
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 17, 2012
BOG Meeting Date: September 13, 2012

To: Board of Governors
From: Committee on Governance
Presented by: Richard Benson
Agenda Title: Committee on Governance Report

Agenda Item Executive Summary: (Do not exceed the space provided)
A report of the activities of the Committee on Governance is attached.

Proposed motion for BOG Action: (if appropriate)
None

Attachments:
Report
Committee on Governance  
September 13-14, 2012 Report

The Committee on Governance has established the following priorities for FY13

- Top five opportunities from survey
  - Updating nominating packet
    - COG to develop questions for nominating committee to ask candidates. COG will discuss at its March meeting for submission to the Nominating Committee by April or May 2013.
  - Examining Board Make-up
    - Collaboration with the Nominating Committee is underway to find ways to increase the workplace experience diversity of the Board
- Improving Communication
- Senior Vice President Issues
  - An ad hoc committee was formed to address the communications with the Senior Vice Presidents
- Providing Training Opportunities
  - Bowersox is developing a plan for satisfying this goal.
- Generative Discussion Speakers
  - An email was sent out to the BOG in August asking for recommendations
- Governor-Nominee Orientation
  - Comments have been incorporated into the September 2012 Governor-Nominee Orientation. The orientation structure and content will be reviewed again after the September orientation
Attached, please find the Committee on Organization and Rules Annual Report for the Fiscal Year 2012.

Proposed motion for BOG Action: (if appropriate)

None.

Attachments:

Report.
The Committee on Organization and Rules (COR) provided support to the Board of Governors, the Committees reporting to the Board of Governors and the five Sectors. For FY2011-2012, the committee held five meetings via telephone and one meeting via email.

COR reviewed proposed changes to the Constitution, By-Laws, and 17 Society Policies and recommended changes to be adopted by the Board of Governors. COR also made some editorial changes to the By-Laws and Policies, adding efficiency for the Society, since additional action by the BOG was not required.

COR reviewed revisions to By-Laws for the Students and Early Career Development Sector and the Public Affairs and Outreach Sector.

COR reviewed 27 appointments or reappointments and made recommendations for approval to the BOG. COR continued to strictly enforce the examination process of appointments and reappointments to make sure of compliance with Society Policies.

COR conducted a review of changes proposed by the Nominating Committee for the MM-10 (Nominating Committee Manual) and offered suggested improvements to the documents.

COR reviewed the Standards & Certification Sector Operation Guide.

As ASME continues to evolve, the importance of being agile to make necessary changes to rules quickly and efficiently is ever more important. COR is responsive to these needs and brings a corporate history and continuity to the process.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 22, 2012
BOG Meeting Date: September 13 & 14, 2012

To: Board of Governors
From: Committee of Past Presidents
Presented by: Thomas Barlow
Agenda Title: 2011 – 2012 Committee of Past Presidents Annual Report to the BOG

Agenda Item Executive Summary: (Do not exceed the space provided)

A report of the activities of the Committee of Past Presidents during 2011 – 2012 follows for information for the BOG as a Consent Item for Receipt.

Proposed motion for BOG Action: (if appropriate)
Receipt

Attachments:
Report
Committee of Past Presidents
2011 – 2012 Annual Report

During the past year, individual members of the Committee of Past Presidents (CPP) continued to play a vital role as ASME volunteer leaders. Service included many high level activities at ASME ranging from developing the Fracking Facts and Perspectives document, VOLT, the Energy Committee, Fellows, History and Heritage, the Nominating Committee, the ASME Foundation and BOG Standing Committees including: Pension Plan Trustees, Committee on Finance and Investment, Committee on Honors, Committee on Executive Director Evaluation and Staff Compensation and Committee on Organization and Rules.

The CPP held two meetings during fiscal year 2012, on November 14, 2011 and June 4, 2012.

Congress

Joseph Falcon continues his work with the Energy Committee.

Susan Skemp, Vice Chair of the ASME Foundation announced the launch of the new Alexander Holley Society and continues to be an advocate for the Foundation.

CPP Chair Sam Zamrik reported that the Ethics Committee is now under the Committee of Past Presidents. Amos Holt is current Chair of the Ethics Committee with Sam Zamrik as an ex-officio member. David Soukup is the lead ASME Staff member and RuthAnn Bigley is assisting.

The CPP once again sponsored the post Honors Dinner Reception, capping off the evening that began with the Honors Assembly.

Annual Meeting

The CPP members continue to nominate members for DSA’s and Fellow recognitions.

Robert Simmons is the Chair for the ASME Outside Awards Task Force. The charge is to identify a limited number of awards that ASME should, on a regular basis, seek to nominate qualified members for. The task force shall submit at least 2 nominations by the end of the 2012 calendar year. The task force shall transition in to a subcommittee of the CPP and continue submitting annual nominations.

Gene Feigel is the new chair of the Fellow Review Committee (FRC). Susan Skemp, Terry Shoup, Reginald Vachon, and Sam Zamrik are the other CPP members on the FRC.
Paul Torpey announced an interview was conducted with Gene Feigel as part of the oral history program of the past presidents. Terry Shoup and Harry Armen are scheduled to be interviewed at the 2012 Congress.

Keith Thayer noted that there are approximately 40 volunteers on the Energy Committee. An award named for Joe Falcon was presented at the energy colloquium on July 28-29.

Reginald Vachon provided an update on the World Federation of Engineering Organizations (WFEO), the Union of Pan American Engineering Associations (UPADI), and the RIO+20 conference on sustainable development, where he spoke on sustainability. Past ASME Vice President Robert Warrington is serving on both the UPADI and WFEO Energy Committees.

The first Nancy DeLoye Fitzroy and Roland V. Fitzroy Medal will be presented at the 2012 Congress.

The CPP again hosted the Leadership Recognition Reception to acknowledge service by outgoing officers. This year, the event took place the Cosmodome in Montreal, Canada.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 17, 2012
BOG Meeting Date: September 13, 2012

To: Board of Governors
From: Committee on Honors
Presented by: Karen Thole
Agenda Title: Committee on Honors Annual Report

Agenda Item Executive Summary: (Do not exceed the space provided)

Committee on Honors Annual Report for Fiscal Year 2011

Proposed motion for BOG Action: (if appropriate)

None

Attachments:

Report
Committee on Honors Annual Report to the Board of Governors
2011-2012

The Committee on Honors (COH) held two meetings during the 2011-2012 year. Major activities were in the following areas:

a. Diversity.

COH promoted ASME’s goal of leadership development and diversity by requesting the Special Awards Committee seek to nominate women and other underrepresented members who would be willing to serve on award committees and to actively seek nominations of underrepresented candidates who should be considered for the various Society Awards.

To inspire young engineers to attend the Honors Assembly and to further promote diversity, the COH recommended that the Old Guard Early Career Award be presented at the 2012 Honors Assembly.

b. Selection of Award Recipients.

During the year, COH reviewed and acted favorably upon nominations for 65 of the Society's 73 awards. Eight recipients were international. Twenty recipients were from Industry.

The Committee considered the six nominations for the 2012 Honorary Membership. Four nominations for Honorary Member were recommended to the Board of Governors for approval. The Committee also considered four nominations for the 2012 ASME Medal, and recommended a single nomination to the Board of Governors for approval.

Award nominations not submitted for 2012 were: Henry Hess Award, Melville Medal, Henry Laurence Gantt Medal, Machine Design Award, Frank Von Flue Medal and the Ben C. Sparks Medal.

COH did not approve the Holley Medal nomination.

c. Rules of Award.

The Committee continued its triennial review of the rules of award to ensure that the procedures reflected in the documents correspond to those of the award committees. This ongoing activity helps to identify areas of concern that must be addressed, as well as to provide the Committee and special award committees the opportunity to make suggestions relative to procedures.

d. Dedicated Service Award.

Program Effectiveness. The presentations are intended to bring recognition to those individuals who have provided 10 years of significant service to ASME. Of the 75 potential Dedicated Service Awards, 36 nominations were submitted.
The following is a breakdown of the different areas showing submittals received in relation to the maximum potential: Presidents - 5 of 29; Board of Governors - 6 of 9; Knowledge and Community- 7 of 16; Basic Engineering Group – 1 of 7; Energy Conversion Group - 1 of 5; Environment & Trans Group - 1 of 5; Engineering Mgmnt. & Tech Mgmnt. Group - 1 of 5; Manuf Tech Group – 1 of 5; Pressure Tech Group - 1 of 3; Systems & Designs Group – 0 of 8; Codes and Standards - 6 of 6; Institute Sector - 2 of 3; Centers - 2 of 5; Strategic Mgmnt. Sector -1 of 2; Auxiliary- 1 of 1

e. New Society Award.

COH approved the elevation of the Nemat-Nasser Early Career Award to a Society Award.

f. Membership Promotion.

Twelve recipients were invited to join ASME.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: 8/24/12
BOG Meeting Date: 9/13/12

To: Board of Governors
From: (Sector/Unit/Task Force/Other)
Presented by: COR
Agenda Title: Proposed Appointments

Agenda Item Executive Summary: (Do not exceed the space provided)

Proposed appointments reviewed by the COR on August 24, 2012.

Proposed motion for BOG Action: (if appropriate)

Approve the proposed appointments.

Attachments:

Appointment listing.
## August 2012
### PROPOSED APPOINTMENTS TO ASME UNIT

<table>
<thead>
<tr>
<th>Internal Unit</th>
<th>Nominee</th>
<th>Appointment Position/Title</th>
<th>Appointment Term/Category</th>
<th>Initial Appointment</th>
<th>History</th>
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### PROPOSED APPOINTMENTS TO OUTSIDE ORGANIZATIONS

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<th>Outside Organization</th>
<th>Nominee</th>
<th>Appointment Position/Title</th>
<th>Appointment Term/Category</th>
<th>Initial Appointment</th>
<th>History</th>
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<tr>
<td>The Gear Research Institute</td>
<td>Teik C. Lim</td>
<td>Board of Trustee</td>
<td>9/2012 – 9/2015</td>
<td>Yes</td>
<td>Power Transmission and Gearing Committee, 2002-present</td>
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<td></td>
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<td>Associate Technical Editor, ASME Journal of Mechanical Design, 2004-2008</td>
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<tr>
<td>IFToMM – International Federation for the Promotion of Mechanism Machine Science</td>
<td>Qiaode Jeffrey Ge</td>
<td>Representative</td>
<td>9/2012 – 9/2016</td>
<td>Yes</td>
<td>Past Chair, ASME Mechanisms and Robotics Committee</td>
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<td>Associate Editor, ASME J of Mechanisms and Robotics</td>
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</table>
Date Submitted: August 28, 2012
BOG Meeting Date: September 13, 2012

To: Board of Governors
From: Knowledge & Community
Presented by: Michael Ireland
Agenda Title: Appointment of Vice President, Financial Operations

**Agenda Item Executive Summary:** *(Do not exceed the space provided)*
After the Senior Vice President for K&C resigned, Karen Ohland, the current K&C Vice President (VP) of Financial Operations was selected by the K&C Board to complete his term. This left an opening for VP of Financial Operations. Candidates prepared packages and were interviewed by the Board. The K&C Board voted and selected Jared Oehring to complete Karen’s term as VP, Financial Operations. The Board of Governors needs to approve this appointment.

**Proposed motion for BOG Action:** *(if appropriate)*
To approve Jared Oehring as Vice President, Financial Operations

**Attachments:**
None
Date Submitted: 8/9/2012  
BOG Meeting Date: 9/14 or 9/15/2012

To: Board of Governors  
From: COFI  
Presented by: Reggie Vachon  
Agenda Title: Pension Plan Contribution - Cash Transfer

Consent Item Executive Summary:

The BoG will be asked to approve the disbursement of $3 million from the ASME general fund to the ASME Pension Plan. This $3 million has been reviewed and endorsed by the COFI, has been reviewed and approved by the Pension Plan Trustees. To satisfy ASME Accounting Controls and Procedures it is requested that the BoG specifically approve the movement of funds.

Proposed motion for BOG Action: *(if appropriate)*

To approve the disbursement of $3 million from the ASME general fund to the ASME Pension Plan.

Attachments:
Board of Governors Consent Item 4.2.6

$3 million pension plan contribution

MOTION:

To approve that the $3 million pension plan contribution disbursement to the ASME Pension Plan be executed by ASME Accounting staff.

COFI recommends that the $3 million pension plan contribution disbursement to the ASME Pension Plan be approved by the Board of Governors.

The Pension Plan Trustees have approved this contribution.

The $3 million pension plan contribution is an item that is not incremental to the 2013 budget as the expense for the accrual of pension plan liabilities is included in the operating budget. However, the 2013 budget does not provide our Accounting organization with the authority to disperse the funds. This consent item is a new activity and has been added to enhance ASME’s financial controls.
Date Submitted: 8/9/2012  
BOG Meeting Date: 9/14 or 9/15/2012  

To: Board of Governors  
From: COFI  
Presented by: Reggie Vachon  
Agenda Title: IPTI $800k request  

Consent Item Executive Summary:  

IPTI has asked for out-of-cycle/unbudgeted spending of $800k and is requesting BoG approval to conduct the activities outlined in their proposal and to pay for this activity directly out of the IPTI custodian fund.  

Proposed motion for BOG Action:  

To approve the IPTI activities outlined in the attachment, activities which are incremental to the FY2013 IPTI budget, to be funded directly from the IPTI custodian account.  

Attachments:  

Two page summary of IPTI proposal for activities incremental to budget.
ASME members volunteer for myriad reasons. One of the primary reasons stated by many of the volunteers who put in time at the International Petroleum Technology Institute’s Executive, Events and Continuing Education Committees is the ability to give back to the industries that they serve. This giving back comes in many forms, however much of it exists as helping students and early career professionals find their stride and become productive members of the same industries. Maintaining a constant flow of fresh talent into our industries is paramount in ensuring their continued existence.

Each year, the three divisions of IPTI have put funds back into their industries and supported students by a careful plan of scholarship, giving and investment. Even with such programs in place, and due to the large number successful technical programs and continuing education courses undertaken by the divisions of IPTI, the custodial fund balance of IPTI has grown to be approximately seven million dollars. These reserve funds allow our divisions to seek out new programs, conference and events and bring technical assistance to parts of the world that would otherwise lack them.

For the first time in FY 2013, IPTI and IGTI are being lumped in with the other K&C divisions in the general fund budget. As such, IPTI was asked to remove their outreach programs from their operating budget with the intention of funding them with Custodial Funds, and not operating surplus. These expenses traditionally have been included in the operating budget of IPTI. And as they total more than $100,000, per ASME Policy 2.1, they must go through review by COFI for approval.

The total of $786,000 is a small increase over previous years as FY 2013 is seen as a “Year of Investment” by the Petroleum and the Pipeline Systems Divisions. Several new investments are intended to uncover new topics and create intellectual property which allows for the creation of new offerings for the Divisions. It is anticipated that in subsequent years, the investment amounts will go down and revenues will increase from these new products.

The detail of the request is included on the following page as Table 1. The total of the request is $786,000. Again, this would normally be being seen as an offset of part of the operating surplus of IPTI, but seen here the amount can be deceiving. However, the budgeted surplus for IPTI for FY 2013 is $855,000, which more than covers this planned outreach spending. Event with new programs and increased outreach support going to the industry and student programs, we estimate the Custodial Fund balance to grow in FY 2013.
Table 1

<table>
<thead>
<tr>
<th>ASME International Petroleum Technology Institute</th>
<th>FY 2013 Outreach Programs Funding Request</th>
<th>Presented to COFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013 Budget</td>
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</table>

**Petroleum Division**

- Collegiate Council: $100,000
- Scholarships and Giving: $202,000
- Student Affairs: $120,000
- Early Career Program: $40,000

Total: $462,000

**Ocean, Offshore and Arctic Engineering Division**

- Scholarships: $9,000
- Outreach for Engineers: $25,000

Total: $34,000

**Pipeline Systems Division**

- Competency Assessment: $150,000
- Giving: $15,000
- Student Affairs: $25,000
- Continuing Education: $100,000

Total: $290,000

**Total IPTI Request from Custodial Funds**: $786,000

**Total Custodial Fund Balance (estimated FY 2013 beginning)**: $7,000,000

**FY 2013 Budgeted Surplus**: $855,144

**Total Custodial Fund Balance (estimated FY 2013 end)**: $7,069,144

The Petroleum Division accounts for $462,000 of the request:

*Collegiate Council*: $100,000

This program brings 12 to 20 of the top Mechanical Engineering students in North/Central America together for two meetings each year. The group is given a project to work on throughout the year. During their meetings, tours, lectures and meetings with ASME volunteers...
are organized. Most recently, the Collegiate Council was responsible for the Mr. Charley Drilling Rig ASME Landmark application and ceremony. Members of the Collegiate Council are chosen in the summer and the fall meeting planning. Funds are spent throughout the fiscal year on this program.

Scholarships and Giving: $202,000
Scholarships encourage young people to study and excel. The Petroleum Division supports students studying Mechanical Engineering with an emphasis in energy. Our programs have benefitted hundreds of students over the years and brought many new leaders into the workforce. Additionally, PD supports organizations such as CSTEM and First Robotics which employ wonderful techniques to draw K-12 students into science, math and engineering learning. Scheduled payments are made throughout the year for this giving. The scholarships are split into a payment for the 1st semester and the 2nd semester and each student must submit a transcript and a letter on their progress to the Scholarship Committee to receive the 2nd semester payment. There is no restriction on location for these scholarships. One of our FY 2012 scholarships was awarded to an ME student in Ghana.

Student Affairs: $120,000
Scholarships and the Collegiate Council are but two ways to encourage students to pursue engineering. Another is by actually visiting with students and talking about your own engineering experiences. The Student Affairs budget contains funds that are used to fund marketing efforts, travel and sponsorship for various student engineering-related conferences, including ASME’s SLS’s and SPDC’s. This allows IPTI volunteers to actively encourage students to continue in the engineering field. Again, these funds are spent throughout the year as conferences are held.

Early Career Program: $40,000
Once college is complete, the learning curve only gets steeper for engineers. Sometimes, you can be too busy at work to learn everything you probably should. The PD’s Early Career program is a way for young professionals to gather in an informal environment and learn additional life lessons and discuss their own careers. Recent events have provided information on “Obtaining your PE license” and “Is an MBA the right thing for me?” The Early Career committee plans on at least six events to be held throughout the year.

The request from the OOAE division totals $34,000:

Scholarships: $9,000
The Houston Chapter of OOAE went dormant in the middle 2000’s. Their remaining Custodial Account funds were transferred to the main OOAE Account, with the stipulation that some of the funds be used for scholarships for deserving students from the Houston region. As such, three $3,000 scholarships are being funded each year by these funds.

Outreach for Engineers: $25,000
Each year at their annual OMAE Conference, the OOAE division reimburses a number of select students to travel to the event and participate in an enhanced program of education on the industry. Many of the long-serving members of the Division have put together this program that encourages these bright young minds to continue their pursuit of engineering. FY 2013 will have two OMAE conferences, one in July 2012 and one in June 2013.
The Pipeline Systems Division request totals $290,000:

Competency Assessment: $150,000
In order to mine the industry for potential new needed training courses, the PSD is undertaking the task of completing a competency assessment. This will be a full range analysis of the skills a pipeline engineer needs to have at various points in their career. Surprisingly, this has never been completed before. Using this assessment, the Division will then be able to target those skills that do not already have training courses in the marketplace, and capitalize on their members’ expertise to create new courses. ASME will benefit from this spending as new courses will open up new markets around the world. Transmission of energy is one of the most sought after infrastructure needs around the world, and the Pipeline Division seeks to fill the request. Funds will begin being spent as soon as the request is authorized.

Giving: $15,000
The PSD Executive Committee supports the regions that support the division. When a conference is held, many volunteers come together to assist with the program. The PSD routinely supports academic and other programs from those regions where the volunteer spirit is strong in an effort to encourage CSTEM education.

Student Affairs: $25,000
Similar to the OOAEE Outreach program, the PSD encourages students to attend their conferences. In FY 2013, their biennial International Pipeline Conference will be held in Calgary in September. These funds will be used to fund the travel of a select number of students to participate in an enhanced program at IPC.

Continuing Education: $100,000
$50,000 of these funds will be used to create and/or purchase intellectual property of Pipeline-related course material. In this manner, ASME will own the material and be able to use it more often in more places. For example, with ASME-owned course material, we can “train the trainers” who have the skills to teach this material in multiple areas around the world and bring this education to more people each year. The remaining $50,000 of this amount will be used to subsidize the cost of our courses in regions of the world where the normal North American fee (currently about $800/day) would be too much for locals to pay. The subsidization will allow PSD to enter into new markets but still deliver top quality classes by bringing the best instructors to bear. As the classes become more successful and well-attended, the subsidization amount will dwindle off. These funds will spent throughout the year.

As shown in this document, the three divisions of IPTI have had a continuous and careful plan of investment and re-investment in their industries and engineering students for many years. Fiscal Year 2013 is one of additional investment, but these should pay off in the short and long-term with additional conferences, events and continuing education opportunities identified. The Institute has the goal of creating an annual surplus of more than $2,000,000 by the end of FY 2015. Using their Custodial Funds to invest in the future is instrumental in this growth.

The IPTI Board thanks the ASME Committee on Finance and Investment for their consideration of this proposal.
Date Submitted: 8/14/2012
BOG Meeting Date: 9/14 or 9/15/2012

To: Board of Governors
From: COFI
Presented by: Reggie Vachon
Agenda Title: IGTI $66k request

Consent Item Executive Summary:

IGTI has asked for out-of-cycle/unbudgeted spending of $66k and is requesting BoG approval to conduct the activities outlined in their proposal and to pay for this activity directly out of the IGTI custodian fund.

Proposed motion for BOG Action:

To approve the IGTI activities outlined in the attachment, activities which are incremental to the FY2013 IGTI budget, to be funded directly from the IGTI custodian account.

Attachments:

Two page summary of IGTI proposal for activities incremental to budget.
IGTI was asked to remove ongoing programs from their operating budget with the intention of funding them with Custodial Funds, and not operating surplus. These expenses traditionally have been included in the operating budget of IGTI. Via this letter we respectfully submit to COFI for review and approval of $60,000 for FY 2013.

The summary of the request is below with detail for each program provided:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Student Scholarship Program</td>
<td>$40,000</td>
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<tr>
<td>Young Engineer Travel Award</td>
<td>$20,000</td>
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<tr>
<td>Joint AIAA/IGTI Undergraduate Team Engine Design Competition</td>
<td>$6,000</td>
</tr>
<tr>
<td><strong>Total Request</strong></td>
<td><strong>$66,000</strong></td>
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</table>

**Student Scholarship Program:** $40,000

The International Gas Turbine Institute has a long and proud history of providing scholarships to students in the gas turbine field that show promise and has supplied more than one million dollars over the years. The purpose of these Scholarships is to bring students into the gas turbine field and make them aware of this exciting career field. The program awards up to 20 student scholarships @ $2,000 each.

**Young Engineer Travel Award:** $20,000

The IGTI Young Engineer Travel Award is intended for young engineers at companies, in government service, or engineering undergraduate or graduate students in the gas turbine or related fields to obtain travel funding to attend Turbo Expo to present a paper of which they have authored or co-authored. The purpose is to provide cash assistance for travel to those who cannot attend the conference without this assistance. Currently the program awards up to 10 travel awards @ $2,000 each.

**Joint AIAA/IGTI Undergraduate Team Engine Design Competition:** $6,000
Given jointly with the American Institute of Aeronautics and Astronautics this competition is for undergraduate student teams. In 2012 eight entries have been submitted and the first round is for the judges to grade the written proposals. The final three teams will be invited to the Joint Propulsion Conference in Atlanta. The second judging panel will sit at a special session at JPC where the engine designs will be presented. The judges will also grade the presentations and those scores will be added to the proposal scores to determine the first, second, and third place teams. The prizes will be awarded at the end of the session. The prizes are $2,500 for first, $1,500 for second and $1,000 for third. In addition part of the teams' travel and living costs are covered for the conference. IGTI Aircraft Engines and Education Committee members have been asked to participate on panels and judging panel membership is restricted to members from government and industry.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted:     August 23, 2012
BOG Meeting Date:   September 13-14, 2012
To:                  Board of Governors
From: (Sector/Unit/Task Force/Other) Public Affairs & Outreach Council
Presented by:        William Wepfer, Senior Vice President, PAO
                     Susan Ipri Brown, VP, Government Relations
Agenda Title:        ASME’s 2013-2014 Public Policy Agenda

Agenda Item Executive Summary:  (Do not exceed the space provided)

The ASME Public Policy Agenda is developed every two years, prior to a new
session of Congress, to help guide ASME Government Relations activities. The
proposed Agenda for 2013-2014 reflects the results of an extensive member
survey conducted by the Board on Government Relations. The policy objectives
for each issue included in the Agenda are based on existing ASME positions.

The Agenda will be released in November 2012 and sent to all Members of the
new 113th Congress.

Proposed motion for BOG Action:  (if appropriate)
To approve the ASME Public Policy Agenda for 2013-2014

Attachments:
Proposed ASME Public Policy Agenda for 2013-2014
2013 – 2014
Public Policy Agenda

Issue Priorities of

ASME
SETTING THE STANDARD
Dear Colleague:

The American Society of Mechanical Engineers (ASME) Public Policy Agenda lists the issue priorities of the Society for calendar years 2013-2014.

One of the public service goals of the more than 125,000 member ASME is to “provide advice to government officials at all levels on engineering and technology matters and policies affecting the public interest, and to develop a climate of understanding and credibility that fosters a continuing dialogue.”

This document plays a part in fulfilling that goal, as it provides policymakers with an overview of ASME’s public policy priorities and gives them the information necessary to follow up in a more detailed way.

I hope that you will find this Public Policy Agenda useful, and that you will call upon the expertise of ASME and its members whenever you need assistance with these issues.

Please contact Kathryn Holmes, Director, ASME Government Relations (holmesk@asme.org; 202.785-7390) if we can be of any assistance.

Sincerely,

Susan Ipri Brown
Vice President
Board on Government Relations
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ASME OVERVIEW

Founded in 1880 as The American Society of Mechanical Engineers, today’s ASME is a worldwide, multi-disciplinary engineering and allied sciences society with more than 125,000 members. ASME is dedicated to ensuring that engineers are on the cutting edge of technology, are safety conscious, and are committed to improving the technical well-being of the world. The core values of ASME are rooted in its mission to “serve diverse global communities by advancing, disseminating and applying engineering knowledge for improving the quality of life; and communicating the excitement of engineering.” ASME serves its members, industry, and government by encouraging the development of new technologies, and by finding solutions to problems in an increasingly global technological society.

The Society sponsors more than 30 conferences each year, and is one of the world’s largest technical publishers, with more than 2,000 titles in print at any given time, including books, proceedings, and technical papers. ASME has more than 200 local sections and subsections worldwide. The Society also has over 340 student sections at colleges and universities throughout the world.

Manufacturers around the world use ASME’s internationally recognized technical standards-setting program. Since 1884, when the first performance test codes were developed, ASME has pioneered over 600 technical standards improving the safety and efficiency of boilers elevators, cranes, nuclear energy, pipelines, and many other areas. ASME standards are used in over 100 countries.

In addition, ASME has an extensive continuing education program for engineers, and provides career information at the pre-college level.

ASME AND PUBLIC POLICY

The overriding goal of ASME emphasizes the engineer’s responsibility to the public interest. Engineers contribute to the policy making process by providing government decision makers with technical information needed to make the most informed decisions on technical and related issues. ASME’s government relations activities prepare and enable the Society’s members to provide all levels of government with this essential guidance. Under the direction of the Board on Government Relations, ASME conducts programs to facilitate participation in the public policy process through presentation of non-partisan analysis, study or research, informal briefings for government personnel, formal comment on proposed legislation and regulations, and testimony before government bodies.

Individual members of the Society also have the opportunity to compete for ASME Federal Government Fellowships, which enrich their own personal development while providing their technical expertise to the federal government. Each year, members are selected to serve for one year as a professional staff member of a U.S. Senator or Representative, of a Congressional Committee, or with a federal agency. There are also opportunities to serve as an ASME Foundation Swanson Fellow at the Office of Science and Technology Policy in
the Executive Office of the White House. In addition to conducting research, federal fellows may draft bills, respond to information requests from legislators, and give presentations to legislative groups.

**Congressional District town hall-style meetings** provide ASME members a unique opportunity to interact directly with their Members of Congress to discuss public policy issues relevant to engineering, science and technology. At receptions following the formal programs, ASME members can meet one-on-one with their Congressional representatives.

ASME’s **Congressional Noontime Briefings** inform Congressional staff about the engineering, science, and technology aspects of current public policy issues and increase awareness among Congressional staff of ASME as a credible source of technical information. The briefings examine a broad set of topics with a distinguished speaker or panel of speakers presenting to attendees. Speakers include representatives from industry, academia, and government.

ASME leads a multidisciplinary society **Engineering Public Policy Symposium** each year, which brings together leaders from the engineering community for a two-day meeting with federal lawmakers, academia and industry leaders, and other renowned experts to gain firsthand knowledge of the administration's R&D priorities and of the potential impact of the President's fiscal year budget request on the science, engineering, and technology community.

The **Inter-Sector Committee on Federal Research and Development (ISCFRD)** provides an opportunity for ASME members to meet with Congressional staff and federal agency officials to review the President’s annual budget request, as it relates to engineering research and development (R&D) at the federal agencies. ISCFRD volunteers provide Congress and the Administration with technical assistance, assessments, and guidance, by drafting position statements from ASME’s industry and academic membership on the efficacy of federal policies and how budget priorities align with engineering research considerations.

The **Washington Internships for Students of Engineering (WISE)** program offers a unique opportunity to third or fourth year engineering students to spend the summer in Washington, D.C. Through meetings and discussions with prominent engineers and government officials, the student examines a public policy issue of concern to ASME and the overall engineering community, and prepares a research paper for publication.

Further information about ASME’s Government Relations activities, and copies of position statements referenced on the Agenda are available at:  
[www.asme.org/NewsPublicPolicy/GovRelations/](http://www.asme.org/NewsPublicPolicy/GovRelations/)
**HOW ASME’S PUBLIC POLICY PRIORITIES WERE DETERMINED**

In the spring of 2012, over 15,000 ASME members, including Society leaders and a randomly selected sample of members, were surveyed to determine the top six public policy issues of concern to the engineering community. Our priority issues for 2013-2014 were identified and prioritized by our members and will drive our activities and programs for the next two years.

The Public Policy Agenda of ASME reflects many of the public policy concerns of various Society groups and leaders. It does not preclude adjustments during the next two years as public policy circumstances warrant. However, ASME expects to give the issues in this agenda special attention during the 113th Congress, which convenes in January 2013.
ASME ISSUE PRIORITIES

ENERGY

Reliable and affordable sources of energy are essential for America's economic and national security. Continued price volatility, dependence upon politically unstable regimes for oil and gas, and global climate change concerns have brought the critical nature of energy into the public eye and underscore the need for a comprehensive energy strategy to ensure a dependable supply of energy for the United States. Major energy and environmental challenges, however, call on engineers and policymakers to take decisive steps towards more efficient and innovative energy technologies with the understanding that it will be necessary to reconcile the need for energy security with those of energy sustainability and environmental stewardship. In response to these needs, ASME offers the following recommendations to support a technologically based and economically sound national energy policy that will ensure a secure, reliable and environmentally friendly supply of energy for America.

GUIDING PRINCIPLES

1. For the economic health and security of the nation, the United States must be assured an adequate, readily available supply of energy.
2. All efficiency, conservation and energy development efforts must be based on sound science, engineering and economic principles.
3. The nation must maintain a balanced energy supply mix, which currently includes coal, petroleum, nuclear, natural gas, biomass, municipal solid waste, solar, wind and hydroelectric power, and accelerate the development of advanced energy technologies for transportation, heating and cooling, and utility-scale power production.
4. To ensure the recommendation, development, and use of the most efficient energy production technologies, the national energy policy must adopt standardized, technically rigorous methods for calculating net energy contributions, life cycle costs, production processes, and environmental impacts of all energy sources.
5. The nation must encourage energy conservation and modernization of older, less efficient equipment, particularly in energy intensive applications, to increase the efficient use of energy resources.
6. The national energy policy must decrease the nation’s dependence on petroleum by increasing supplies of non-petroleum-derived fuels, continuing to raise standards for automotive fuel efficiencies, and encouraging development and implementation of new transportation technologies.
7. The U.S. must establish a leadership position in international energy policy that addresses energy security, environmental issues, and global climate change.
8. Federal and state governments should encourage and expedite socially and technically responsible licensing and permitting processes that result in the development, installation and continued operation of energy technologies from a broad portfolio of energy resources.
9. The national energy policy must encourage and enable U.S. industries to capture and maintain leadership positions in key energy technologies to maintain robust and diversified domestic energy equipment industries and avoid future dependence on foreign suppliers of critical energy equipment.

10. The national energy policy must prioritize basic energy related research and educational programs across a broad spectrum of energy related sciences and technologies.

U.S. energy security relies on maintaining a highly trained and capable domestic workforce to design, build, operate and maintain the U.S. energy infrastructure. In order to achieve these goals, ASME’s general position paper entitled “Securing America’s Energy Future” offers technical recommendations in nine different areas: energy efficiency and technology development; coal; natural gas; nuclear; renewable energy; transportation fuels; energy infrastructure; energy workforce; and the next generation of energy technologies. “Securing America’s Energy Future” is available to view at: http://files.asme.org/asmeorg/NewsPublicPolicy/GovRelations/PositionStatements/27130.pdf

RELATED POSITION STATEMENTS:

#12-24 Energy-Water-Nexus
#12-23 Energy-Water Nexus: Will Water Determine our Energy Future?
#12-17 International Engineering Societies Call on Governments to Support the United Nations Sustainable Energy for All Initiative
#12-15 The Need for Additional U.S. Coal Fired Power Plants
#12-07 Testimony on the Department of Energy FY 2013 Budget Request
#11-33 Waste-to-Energy and Materials Recovery
#11-31 ASME General Position Paper entitled “Blue Ribbon Commission on America’s Energy Future”
#11-28 An Energy Resource for Thousands of Years
#11-27 $1B/Day- Our National Daily Fix- And No End in Sight!
#11-04 Expanding Nuclear Power in the United States
#11-02 ASME General Position Paper entitled “Securing America’s Energy Future”

SCIENCE, TECHNOLOGY, ENGINEERING & MATHEMATICS (STEM) EDUCATION/WORKFORCE DEVELOPMENT

K-12 science, technology, engineering, and mathematics (STEM) plays a critical role in enabling the U.S. to remain the economic and technological leader of the global marketplace in the 21st century. In short, the United States must align its K-12 core curriculum to the expectations of a modern workforce. Strong K-12 STEM education is not just for those students wishing to pursue technical degrees in higher education, but all students. The Administration and Congress play a key role in helping to focus and strengthen the STEM education programs in its purview.
The introduction of engineering education to the K-12 classroom has the potential to improve student learning and achievement in science and mathematics, increase awareness about what engineers do and of engineering as a potential career, as well as boost students’ overall technological literacy. Yet, only a small number of programs in the federal STEM portfolio include the inclusion of engineering concepts. The meaningful integration of engineering practices in the federal STEM education programs would promote critical thinking, provide new levels of relevancy to motivate students to learn science content, make engineering and engineering careers more accessible to all students, and prepare the next generation to solve global problems facing humanity.

The U.S. economy relies on the productivity, creativity, and entrepreneurship of all U.S. citizens, so it is imperative that the concept of diversity and inclusion be implemented in the STEM workforce. For example, in 2010, women were awarded 18.1 percent of engineering degrees, while African Americans and Hispanics represented only 4.5 percent and 7 percent respectively. While these numbers do represent significant gains from the 1980s, there is still much work that needs to be done. With the predicted changes in future U.S. workforce demographics, increasing the participation of women and underrepresented groups in the U.S. STEM workforce must become a 21st century national imperative.

**Policy Objectives:**

- The meaningful integration of engineering practices in the federal STEM education programs would promote critical thinking, provide new levels of relevancy to motivate students to learn science content, make engineering and engineering careers more accessible to all students, and prepare the next generation to solve global problems facing humanity.
- Support the engineering design process, including performance expectations for students in addressing open-ended problems to facilitate innovation practice and emphasizing that design decisions should be knowledge-based.
- Strengthen and re-examine oversight of existing legislation and programs aimed specifically at broadening participation by under-represented groups in STEM fields.
- Increases public awareness of STEM careers, including supporting efforts to foster outreach to all students, teachers, parents, and K-12 guidance counselors;
- Enables all students to have access to a rigorous STEM curriculum, hands-on laboratory experiences, and informal learning that increases academic performance and interest in STEM careers;
- Offers incentives and mentoring for women and under-represented groups to pursue STEM coursework and careers, including teaching careers, and continue to provide professional achievement opportunities post-graduation and throughout their careers;
- Provides all members of society the opportunity to fully participate in the STEM pipeline and workforce by addressing current obstacles to the participation of women and underrepresented groups in the STEM workforce, as well as ensuring to acknowledge past accomplishments.
RELATED POSITION STATEMENTS:

#12-19 Comments on the Administration’s Design Principles for Federal STEM Investments

#12-18 Comments on the First Draft of Next Generation Science Standards

#12-13 Letter of Support for “Broadening Participation in the STEM Education Act”

#12-06 Mandatory Requirements for Engineering Licensure

#12-05 “Diversity and Inclusion in the Science, Technology, Engineering, and Mathematics (STEM) Workforce: A Strategic Global Imperative”

#12-04 STEM Education Coalition Letter to Chairman Kline regarding House Elementary and Secondary Education Act bills

#11-26 Letter of Endorsement of the “Preparing Students for Success in the Global Economy Act”

#11-05 Letter of Endorsement to Senate and House Sponsors of the Engineering Education for the Innovation Economy Act


MANUFACTURING/ INNOVATION AND COMPETITIVENESS

MANUFACTURING

Building a strong, modern, globally competitive manufacturing sector is critical to expanding America’s economic prowess in the 21st century. If America is to remain a global manufacturing leader, investments in science and engineering research and workforce development must remain at the forefront of the national public policy agenda.

Almost two-thirds of advanced stage research and development (R&D) is performed by U.S. manufacturers, making this sector critical to the commercialization of new technologies. In addition to supporting technological innovation and providing high-paying jobs, the manufacturing sector also provides a powerful multiplier effect on other parts of the economy, generating additional jobs in industries such as research, retail, shipping, services, and more. Furthermore, because of the need to maintain domestic capacity for the manufacture of key products - and the need to maintain a highly skilled and creative domestic workforce to support those products - manufacturing also plays a critical role in America’s national security apparatus – making manufacturing the foundation for both a strong, globally competitive and innovative economy and a strong national defense.

Other countries have already recognized the importance of manufacturing in spurring the creation of new products and industries – particularly in energy technology sector – and have taken steps to ensure a healthy science and engineering workforce and a competitive market for attracting investment. Federal programs have resulted in a number of innovations that have spawned new technologies and industries essential to U.S. manufacturing leadership and have contributed to improved capabilities and cost savings for U.S. national priorities. Many of these programs are operated in partnership with the private sector, leveraging and attracting additional outside funding to achieve innovation and job creation. To remain competitive in the global market, U.S. manufacturers will
require qualified workers, an efficient and competitive fiscal and regulatory environment, open markets, and strong partnerships to ensure a healthy innovation pipeline.

**Policy Objectives:**

- Encourage and sustain the formation of R&D partnerships among government, industry, and universities.
- Expand and make permanent the R&D tax credit and strengthen tax incentives for workforce development and continuing education, including those at the graduate level, for both employers and employees.
- Support scholarships to students and workers pursuing manufacturing-related engineering degrees and technical certificates.
- Support efforts to drive research through the transition from initial technology concepts to commercialization.
- Prioritize long-term federal research projects and support a balanced portfolio of engineering and scientific research among the physical and life sciences.
- Ensure a healthy pipeline of science and engineering talent for the U.S. manufacturing workforce.

**Related Position Statements:**

#11-23 ASME General Position Paper: “Strengthening the Manufacturing Sector”
#11-21 ASME National Institute of Standards and Technology (NIST) Task Force Letter supporting the Technology Innovation Program and American Manufacturing Technology Consortia at NIST
#11-19 Materials Genome Initiative Professional Society Coalition Letter

**Innovation & Competitiveness**

Economic prosperity and growth in the global age is at root a story of technological innovation. Various economic analyses ascribe up to 80% of economic growth in the industrial era to technological advancements. Innovation allows us to make continual improvements in our quality of life and maximize the productivity of our citizens. It also enhances our ability to identify and collect scarce resources and use them efficiently, and to limit our adverse impact on the earth and its environment. Appropriately directed, technological advancements can also be delivered to the benefit of the global community, and can be a driver for national security.

The emergence of the United States in the 20\textsuperscript{th} century as the preeminent world economic power has been largely attributed to the country’s stable political system, vast natural and human resources, manufacturing and engineering prowess, and creative capability. Underlying all of this has been an unceasing capacity for innovation. In earlier times this innovation made possible remarkable productivity gains in agriculture and manufacturing. Beginning in the 19\textsuperscript{th} century, the development and dissemination of science-based best practices in agriculture allowed the nation’s growing food needs to be met by ever-smaller numbers of farm workers.
Today this innovation manifests itself in our ability to engineer new technologies in areas such as life sciences, energy, environmental sciences, and information technology, which define our quality of life and will be crucial to economic growth and prosperity in an increasingly innovative and competitive global economy. For example, R&D expenditures in China have grown at an average annual rate of 20 percent over the last decade, and China now ranks second among all nations in overall R&D expenditures, behind only the United States. As other nations invest heavily in developing an innovation ecosystem for the 21st century, the U.S. must work even harder to support institutions dedicated to the generation of new technology, knowledge, and ideas.

**POLICY OBJECTIVES:**

- Ensure substantial public investment in scientific research that recognizes the interdisciplinary nature of innovation.
- Establish policies that encourage private investment in R&D, including basic research.
- Enact measures to encourage partnerships between R&D performers and users.
- Promote a system of standards and conformity assessment procedures that facilitates the transfer and commercialization of innovative technical advances.
- Create initiatives to broaden the science, technology, engineering, and mathematics (STEM) pipeline at the university level; and strengthen STEM education in primary and secondary schools.
- Support life-long education initiatives to provide employees and employers with the tools necessary to compete in the global economy.

**RELATED POSITION STATEMENTS:**

#12-26 ASME Public Affairs and Outreach Letter on the Budget Sequestration Process
#11-26 Endorsement of the “Preparing Students for Success in the Global Economy Act”
#11-05 Letter of Endorsement to Senate and House Sponsors of the “Engineering Education for the Innovation Economy Act”
#10-23 Support for Extension of Section 127 Employer Educational Assistance
#10-19 ASME-led letter from 27 Engineering Societies urging Reauthorization of the “America COMPETES Act”
#10-13 Support for the Reauthorization of the “America COMPETES Act”

**RESEARCH AND DEVELOPMENT**

Research and Development (R&D) are recognized as the key drivers of economic growth and the lifeblood of national innovation and competitiveness. The U.S. is on the cutting edge of global competition because of past investments in research and development and
economists estimate that up to half of the U.S. economic growth in the last five decades is due to advances in technology.

However, other nation’s capacity to perform world-class research and development has dramatically shifted in the last ten years, particularly in Asia. Exacerbating this global trend, growth in U.S. research and development has been driven by private sector sources over the last 5 years, while the federal research portfolio has remained relatively flat. While private interests provide over 70 percent of total U.S. R&D funding, the majority of private sector research is focused on the “development” side of research, while the federal government is largely responsible for the “research” side, as in basic research. This is because basic research is, by its nature, risky, i.e., there is no guarantee of short or even long-term return on the initial investment. Yet, no other federal investment generates a greater long-term return to the economy and society than basic research.

While almost 60 percent of all federal research is devoted to defense related activities, the remaining 40 percent of ‘civilian’ R&D is devoted largely to health research, which stands at over 50 percent of the non-defense federal research budget. As a result, some 80 percent of Federal R&D investments are devoted to either defense (primarily weapons systems development and testing) or health. While defense and health research remain vitally important to the nation, it is essential that investment in the leading edge technologies that underpin the U.S. economy be increased, and that a balanced investment portfolio be created and sustained.

Investments in research and development are essential to advancing innovation and for producing an engineering workforce that will be prepared to meet the challenges of the 21st century. In addition, federal research helps educate and train the next generation of scientists and engineers, which is critical to help meet the growing demand for skilled workers in the new economy.

**Policy Objectives:**

- Commit to long-term investments in engineering and scientific research.
- Support a balanced portfolio of engineering and scientific research among the physical and life sciences.
- Sustain and strengthen the nation’s traditional commitment to long-term basic research that has the potential to be transformational to maintain the flow of new ideas that fuel the economy, provide security and enhance the quality of life.
- Support investments in research and development to advance the state of knowledge on international science and engineering workforce dynamics.
- Support efforts to double investments at the National Science Foundation (NSF), the Department of Energy’s (DOE) Office of Science and the National Institutes of Standards and Technology (NIST) that support basic research in engineering and have a potentially high impact on economic competitiveness.
- Support investments in science, engineering and technology programs at the Department of Defense at three percent of the total DOD budget.
• Promote a well-structured and vigorously funded national, multi-agency investment across the entire spectrum of key aerospace technologies and systems in both the commercial and military sectors.
• Support strong investments in environmental R&D, which are essential for the ongoing development of science-based decision making in areas such as human health; ecosystem health; and climate, particularly particulate matter, ozone, greenhouse gases, and water quality.
• Encourage and sustain the formation of R&D partnerships among federal governments, industry and universities.
• Leverage private sector investments in engineering research and other areas critical to economic growth.
• Permanently extend the research and development tax credit.

**RELATED POSITION STATEMENTS:**

#10-26  ASME letter urging Members of Congress to support the R&D Tax Credit
#10-21  ASME-IEEE letter urging support for appropriations at the levels outlined in the America COMPETES Act
#12-08  Comments on the Fiscal Year 2013 Budget request for the National Aeronautics and Space Administration
#12-22  Comments on the Fiscal Year 2013 Budget Request for the National Institutes of Health
#12-21  Comments on the Fiscal Year 2013 Budget Request for the Department of Defense
#10-11  Comments on the Fiscal Year 2013 Budget Request for the Environmental Protection Agency
#12-09  Comments on the Fiscal Year 2013 Budget Request for the National Institute of Standards and Technology
#10-09  Comments on the Fiscal Year 2013 Budget Request for the Department of Energy
#12-10  Comments on the Fiscal Year 2013 Budget Request for the National Science Foundation
#11-24  ASME Resolution: Commitment to Peer Review
#11-22  Comments supporting the National Science Foundation’s merit review process

**ENVIRONMENT**

Engineers have a long-standing professional interest in applying Science & Technology (S&T) to improve the environment and human health. Mechanical engineers increasingly collaborate with other professionals to develop innovative and cost-effective environmental technologies and systems.
The EPA plays an essential role in the nation's efforts to protect human health and safeguard the environment, and EPA’s S&T research and development (R&D) activities are instrumental in improving environmental protection in a sound, sustainable, and cost-effective manner. R&D efforts are needed to improve environmental health and ecology, environmental monitoring, environmental technology development and implementation. Additionally, pollution prevention is also necessary in order to address the emerging concerns of climate change, as well as the environmental issues of homeland security and infrastructure protection.

The research portion of the Federal budget also provides the largest share of support for U.S. graduate students in fundamental science and engineering disciplines, through both fellowships and research grants to universities. In areas such as environmental science and national defense, a broad view across agencies, rather than a programmatic view, is necessary to ensure sufficient graduates and continuing quality in graduate programs.

The U.S. must invest in both the research and education that will empower engineers to solve looming environmental challenges such as air pollution, climate change, and water shortages.

**Policy Objectives:**

- Build a strong science and technology base, both within EPA and through partnerships with industry and other federal and state government agencies.
- Support research and development within the Environmental Protection Agency (EPA) for emissions reduction technologies and alternative vehicle technologies.
- Support research and development on water quality and monitoring technologies.
- Support education of future environmental engineering professionals, and building of interdisciplinary teams through the support of extramurally funded research.
- Provide Congress and administration officials with objective engineering expertise on technologies to reduce air emissions, including greenhouse gases.

**Related Position Statements:**

#12-16 Testimony on the Environmental Protection Agency’s Fiscal Year 2013 Science and Technology Budget Request
#12-12 What’s Involved in Carbon Capture and Sequestration
#11-20 Comment on Proposed Rule: Section 316(b) of the Clean Water Act; Criteria and Standards for Cooling Water Intake Structures – Phase II Remand
#10-11 Comments on the Fiscal Year 2011 Budget Request for the Environmental Protection Agency
#09-07 Technology and Policy Recommendations and Goals for Reducing Carbon Dioxide Emissions in the Energy Sector

**Standards**

ASME has over 125 years of experience in developing voluntary consensus standards that are used in over 100 countries around the world. ASME uses a process to develop
standards that is accredited by the American National Standards Institute (ANSI) and is consistent with principles established by the World Trade Organization’s Committee on Technical Barriers to Trade.

A standard is a document that establishes uniform criteria, methods, processes, and practices. It provides rules and guidance to designers, manufacturers, inspectors, and users of equipment and products. Standards serve as a form of communication between producers of a product and the user, serving as a common language to define quality and safety criteria. Standards also substantially reduce the burdens of government by providing a basis for regulation that is both technically sound and commercially relevant.

Voluntary consensus standards are developed by committees of individuals with technical expertise in a specific field. ASME consensus standards are built upon a five principle foundation:

1. Openness
2. Transparency
3. Balance of interest
4. Due Process
5. Consensus

By funding standards development through the sale of standards, ASME is able to keep the barriers to participation low and to retain independence and freedom from potential influence by any industry or group.

The Copyright Act protects standards along with all works of authorship. While the Act has been modified recently, Congress has made no exception for standards. When the government references copyrighted standards into regulations, the same considerations that underlie copyright protection for non-government-referenced standards apply.

ASME and other standards development organizations marshal the vast expertise, diverse perspectives, and technical resources that are available outside the government in order to develop health, safety and environmental standards that are made available for government use at virtually no tax-payer cost. In addition, government use of standards decreases the burden of regulation and the costs of enforcement by conforming regulatory requirements to voluntary, user accepted standards that are already widely looked to for best practices and private self-regulation.

The federal government, through the Office of Management and Budget (OMB) Circular A-119, recognizes the benefits of private standards development and has made it a policy to require Federal agencies to incorporate privately developed standards for regulatory activities “except where inconsistent with law or otherwise impractical.” Instead of creating unique technical standards, government bodies have incorporated into their statutes and regulations numerous standards created in the private sector for independent commercial and public safety reasons. The goal of A-119 is to reduce the government’s regulatory and standards development costs. Importantly, OMB requires the agencies to “observe and protect the rights of the copyright holder and any other similar obligations.”
In 1996, Congress passed Public Law 104-113, *The National Technology Transfer and Advancement Act of 1995* (NTTAA). This law establishes standards policy, coordinates the use of private-sector standards by federal agencies, and encourages, where possible, the use of standards developed by private, consensus organizations. With narrow exceptions, the Congressional policy set by the NTTAA is that: “all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies.” The use of standards in regulations allows, in principle, the government to be more responsive to technological innovation and the needs of industry and those served by industry.

**Policy Objectives:**

- Support both long-standing Federal policy and recent official reviews that protect the copyright of standards incorporated by reference and encourage Federal participation in the development, and use, of private sector standards.
- Serve as a resource to policy makers on the voluntary consensus standards process and the importance of standards to the health and safety of the American public.
- Increase the use of voluntary consensus standards by government agencies as a means of satisfying regulatory requirements, as well as increase participation by government agencies in the standards development process.
- Promote performance-based technical regulations and market-accepted international standards as meeting the intent provisions of the World Trade Organization’s agreement on Technical Barriers to Trade (TBT).

**Related Position Statements:**

- **#12-02** Letter urging Congress to repeal Section 24 of H.R. 2845 (P.L.112-90), the “Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011, pertaining to “Incorporation of Standards by Reference”
- **#11-03** Standards and Technical Barriers to Trade
- **#08-20** Comments on nuclear job training and education that references ASME relevant codes and standards
- **#07-32** Congressional testimony on technical consensus standards

ASME position statements are available to view at: [http://www.asme.org/about-asme/advocacy-government-relations/position-statements](http://www.asme.org/about-asme/advocacy-government-relations/position-statements)

**Technical Resources in ASME**

Advancing the science and practice of mechanical engineering is the responsibility of ASME’s 38 technical divisions, institutes, and other technical entities. The Society’s technical group members are available as information resources covering all aspects of mechanical engineering, from applied mechanics to solar energy.
DIVISIONS & GROUPS

BASIC ENGINEERING TECHNICAL GROUP (BETG)

- **Applied Mechanics Division (AMD)**
  Involved in the fundamental and applied field of mechanics, including solids, fluids and systems as well as the specialized areas of shock and vibration, transportation and computer applications.

- **Bioengineering Division (BED)**
  Deals with the application of mechanical engineering knowledge, skills and principles to the conception, design, development, analysis and operation of biomechanical systems.

- **Fluids Engineering Division (FED)**
  Involved in all areas of fluid mechanics, encompassing both fundamental as well as applications to all types of device, processes and machines involving fluid flow, including pumps, turbines, compressors, pipelines, fluidic systems, biological fluid elements and hydraulic structures.

- **Heat Transfer Division (HTD)**
  Deals with the theory and application of heat transfer in equipment and thermodynamic processes in all fields of mechanical engineering and related technologies.

- **Materials Division (MD)**
  The goal of the Materials Division is to encourage and foster research and development, and the publication of significant technical information within the scope of the Division.

- **Tribology Division (TRIB)**
  The field of Tribology includes the analysis of friction, wear, lubrication phenomena and the application of such principles to mechanical design, product development, manufacturing processes & machine operation.

ENERGY CONVERSION GROUP (ECG)

- **Internal Combustion Engine Division (ICED)**
  The Internal Combustion Engine Division of ASME has been promoting the art and science of mechanical engineering of engines, encouraging and fostering research and development for mobile, marine, rail, generation and stationary applications and summarizing and publishing reliable data concerning these pursuits since 1921.

- **Nuclear Engineering Division (NED)**
  The ASME Nuclear Engineering Division focuses on the design, analysis, development, testing, operation and maintenance of reactor systems and components, nuclear fusion, heat transport, nuclear fuels technology and radioactive waste.
- **Power Division**
  The Power Division is dedicated to the advancement of steam and hydro power generation and use. The Division sponsors professional publications, meetings, classes and discussions, and provides a forum for engineers who are interested in the design development, selection, operation, maintenance, economics, environmental effects, research, and education related to power production equipment and facilities.

- **Advanced Energy Systems Division (AESD)**
  The Division is concerned with non-conventional or emerging energy conversion processes, both direct and indirect. Emphasis is placed on conversion from chemical and thermal to electrical or mechanical forms of energy. Recent activities have included consideration of transportation energy requirements, thermal discharge disposition, advanced power cycles, pollution impacts and the demands on technology due to the energy crisis.

- **Solar Energy Division (SED)**
  The ASME Solar Energy Division (SED) was established in 1966 from a group of ASME members interested in the application of solar energy to mechanical engineering systems. Solar related technologies broadly cover all renewable energy technologies (wind energy, ocean energy, bioconversion, biofuels,...) as well as energy conservation.

**ENGINEERING & TECHNOLOGY MANAGEMENT GROUP (ETMG)**
Including: Management, Safety Engineering & Risk Analysis, Technology & Society

- **Management Division**
  Concerned with the management of the engineering process at all its levels, national and international, and specifically as applied to project and program management; process of technological innovation; motivation; communication; human resources; organization and planning; technology forecasting and assessment; product and market analysis and planning; technology forecasting and assessment; product and market analysis and planning; sales engineering organizations; technology transfer; finance; economic development; management and information systems; application of computer programs and data banks; small business; ecology, conservation and other issues; management development and education; measurement of performance; quality and productivity; employment of engineers and personal growth and management.

- **Safety Engineering and Risk Analysis Division (SERAD)**
  Supports the advancement, implementation and dissemination of safety, health and risk-related technologies, both within the Society and externally. Specific fields of interest include industry environmental control; machine guarding; mechanical equipment safety; electrical equipment; plant utilities; personal protective equipment; toxic explosive dusts and gases; safety supervision management; process and operations layout design; maintenance; testing; safety codes; safety programs; transportation safety; product safety; fire protection; quantitative risk assessment; risk management; risk optimization; safety procedures; risk-based industrial emissions; risk-based codes; accident analysis and statistical databases; and risk acceptability.

- **Technology and Society Division**
  Covers all aspects of the issues concerning interactions of technology and society. To promote awareness and understanding of the interrelationships between technological innovation and the world community, especially pertaining to technology and its effects on education for and the practice of mechanical engineering.
ENVIRONMENT & TRANSPORTATION GROUP (ETG)

- **Aerospace Division (AERO)**
  Concerns mechanical engineering of aircraft and manned/unmanned spacecraft design, including adaptive ("smart") structures and materials, propulsion systems life support equipment.

- **Environmental Engineering Division (EED)**
  ASME division concerning air, ground and water pollution control technologies, environmental remediation, and waste management.

- **Noise Control and Acoustics Division (NCAD)**
  ASME technical division concerning noise control and acoustics principles and its applications to noise control engineering.

- **Rail Transportation Division (RTD)**
  ASME division covering engineering of railroad and mass transit systems, locomotives, freight, passenger, and commuter cars.

- **Materials And Energy Recovery Division (MER)**
  ASME division addressing the design, construction and operation of solid waste processing facilities.

MANUFACTURING TECHNICAL GROUP (MTG)

- **Manufacturing Engineering Division (MED)**
  ASME's Manufacturing Engineering Division (MED) which fosters the transfer of technology related to manufacturing between industry, universities and national research laboratories.

- **Materials Handling Engineering Division (MHED)**
  Promotes dissemination and application of technological advancements through mechanical engineering, systems engineering and information technology.

- **Plant Engineering & Maintenance Division (PEMD)**
  Focuses on the design, fabrication, installation, operation and maintenance of manufacturing systems, equipment, processes and facilities to create products of enhanced value.

- **Process Industries Division (PID)**
  Focuses on the design of systems and machines for heating, cooling or treating industrial fluids and gases, including the efficient management and control of the processes themselves.

- **Nondestructive Evaluation Division (NDE)**
  Covers the evaluation of critical system components for material/defect/structure
characterization through nondestructive methods, such as ultrasonics, radiography and other techniques.

- **Pressure Vessels and Piping Division (PVP)**
  Organized as an ASME technical division in 1966 in response to the interest of members to the rapidly changing and expanding technology of pressure boundary containment.

- **SYSTEM & DESIGN GROUP (SDG)**

**COMPUTERS AND INFORMATION IN ENGINEERING DIVISION (CIE)**
The Computers and Information in Engineering Division (CIE) covers a broad spectrum of resources relating directly to the use of computers, computing methods, software, and information management in engineering by providing a forum for understanding the application of emerging technologies that impact critical engineering issues of representation, product design and product development, exchange, management and integration of information throughout the entire engineering product and process life-cycle.

- **Design Engineering Division (DED)**
The Design Engineering Division strives to be the leader, as a division of the Society, covering the art, science, and application of design engineering and to facilitate transfer of design engineering technology between industry, academe and government through programs and publications.

- **Dynamic Systems & Control Division (DSCD)**
The Dynamic Systems and Control Division provides a national and international forum to evaluate, discuss, analyze, and publish new technical results in the field; stimulate and encourage research and education innovations; enhance manpower in research and engineering education in dynamic systems and control; and lead in setting directions for the field in the future. It encompasses all aspects of the modeling, design, and control of physical systems involving forces, motions, the dynamics and control of mechanical, chemical, biological, and human-related systems, plus transportation, energy, robotics, manufacturing, processing, environmental, computational, and man-machine systems.

- **Electronic and Photonic Packaging Division (EPPD)**
The Electronic and Photonic Packaging Division (EPPD) of ASME has as its objectives international cooperation, understanding, and promotion of efforts and disciplines in Microelectronics, Photonics, Microwave and Microelectromechanical Systems Packaging Engineering. The Division is concerned with all design and engineering aspects related to theoretical (analytical and computer-aided) and experimental problems and results associated with the application of methods and approaches of engineering and applied mechanics to the analysis, design, manufacturing, testing and operation of microelectronics, optoelectronics and photonics components, devices, equipment and systems.

- **Fluid Power Systems & Technology Division**
The ASME Fluid Power Systems & Technology Division is concerned with advancing the design and analysis of fluid power components, such as hydraulic and pneumatic actuators, pumps, motors and modulating components, in various systems and applications, including the most recently added areas such as microfluidics. Another core goal is to help provide
quick and reliable service to both current ASME FPST Division members as well as anyone with an interest in the FPST and its areas of interest. Links with other ASME areas as well as industrial, academic, governmental and international groups are another important part of networking to achieve common goals throughout the world in Fluid Power.

- **Information Storage & Processing Systems Division**
  The Information Storage & Processing Systems Division of ASME serves the mechanical engineer engaged in the data storage and information processing systems industries, such as printers, scanners and digital cameras.

- **MicroElectroMechanical Systems (MEMS)**
  MEMS are defined as a miniature device or an array of devices combining electrical, mechanical, optical, chemical and/or biological components fabricated via integrated circuit or other similar manufacturing techniques. It is by its very nature a multi-disciplinary field

**INSTITUTES**

- **International Gas Turbine Institute (IGTI)**
  Supports the exchange & development of information to improve design, application, manufacture, operation & maintenance, and environmental impact of gas turbines, turbomachinery and related equipment.

- **International Petroleum Technology Institute (IPTI)**
  Founded for mechanical engineers working in the areas of Petroleum, Natural Gas, Petrochemicals, Coal, Oil Shale, to participate in a technical community through conferences and workshops.

- **Nanotechnology Institute**
  The Institute is a clearing house for ASME activities in nanotechnology and provides interdisciplinary programs and activities to bridge science, engineering, and applications.

**COMMUNITIES**

- **BioProcessing Equipment (BPE)**
  ASME BPE serves the needs of those involved in the BioProcessing, Pharmaceutical, and Personal Care Product industries.

- **Energy Grand Challenge**
  In ENERGY, ASME will serve as an essential energy technology resource and leading advocate for balanced energy policies.

For additional information about ASME’s Technical Divisions and Institutes, go to http://www.asme.org/groups/technical-institutes-and-divisions
ASME Government Relations Contact:
Kathryn Holmes
Director, Government Relations
ASME Washington Center
1828 L Street, NW, Suite 906
Washington, DC 20036-5104
(202) 785-7390
(202) 429-9417 fax
grdept@asme.org
www.asme.org/NewsPublicPolicy/GovRelations/
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0. Position Description

0.1 The Board

0.1.1 The Board – Collectively

0.1.1.1. The job of the Board is to represent the membership by setting strategic direction and determining and demanding appropriate organizational performance.

1. Role Within the Organization’s Government:
   The Board is charged with establishing the policies and procedures for the governance of the Society. Through the Constitution, By-Laws, Society Policies, and procedures and assignments, the Board delegates day-to-day operations to other units of the Society.

2. General Expectations

   a) Determine and support the organization’s vision, mission and purpose as shown in Attachment G.

   b) Further the objective of the organization by having knowledge of and an appreciation for issues facing engineers worldwide, and of ASME’s markets and whom the organization serves.

   c) Be proactive and devote the majority of its time to dealing with the future of the organization, set against but not over-analyzing the work of the past and the present.

   d) Be knowledgeable of current programs so the organization can be prepared to embrace new programs and recognize those that are no longer strategically relevant must be retired.

   e) Ensure, through strategic oversight, that the organization’s resources are sufficient, are used efficiently, and lead to desired outcomes.

   f) Conducts business in an open and collaborative manner, following accepted rules and procedures, to ensure results that advance the goals of the society.

3. Job outputs:

   a) Strategic Oversight and Responsibilities:

       ➢ Reviewing programs and operations for their potential to further the organization’s vision, mission and purpose.

       ➢ Identifying key indicators for tracking the organization’s progress in determining, monitoring and strengthening programs and services.

       ➢ Approving and periodically reviewing, governing policies so that they are consistent with the organization’s vision and mission and at the broadest level, address:
Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good, for which need, at what cost).

Executive limitations: Constraints on executive authority that establish prudence and ethics boundaries within which all executive activity and decisions must take place.

Governance process: Specification of how the Board conceives, carries out and monitors its own task.

Board-staff linkage: How power is delegated and its proper use monitored; the Executive Director role, authority and accountability.

Public policy: Process for addressing specific public policy issues.

b) Fiscal Oversight and Responsibilities:

- Ensuring adequate resources through a budget that reflects priorities in the strategic plan, using the advice and counsel of the Committee on Finance and Investment.
- Exercising prudence in the control, transfer, investment and disbursement of funds by providing proper financial oversight (fiduciary responsibility), using the advice and counsel of the Committee on Finance and Investment.

c) Operational Oversight and Responsibilities:

- Selecting the Executive Director and understanding the procedures for his or her succession.
- Maintaining a climate of mutual trust and respect between the Board and the Executive Director.
- Supporting and assessing the Executive Director's performance and determining his or her compensation.
- Selecting the Secretary, Assistant Secretary, the Treasurer, and Assistant Treasurer.
- Setting personal standards and instituting methods for maintaining legal and ethical integrity and accountability, using the advice and guidance of corporate and/or general counsel and the appropriate committees.
- Ensuring effective organizational planning through effective committee and task force structure and staffing, capitalizing on this to develop new leaders.

d) Communications Responsibilities:

- Having an open dialogue between the ASME leadership and its membership on policy issues.
- Enhancing the organization’s public standing.
- Encouraging potential nominees to the Board who are clearly women and men of achievement and distinction and who can
make significant contributions to the work of the Board and to the organization’s goals.

- Achieving harmony with ASME Foundation and ASME Auxiliary through understanding of respective roles and coordination of planning.
- Orienting new Board members and assessing and reporting Board performance.

0.1.2 The Board – Individual Members

0.1.2.1. Prospective and incumbent Board members should be prepared to accept and practice the core values of the organization and support the vision and mission. In addition to and in support of the collective responsibilities of the Board individual member should commit themselves to the following responsibilities:

1. General Expectations

   a) Know the organization’s vision, mission, goals, Constitution, and By-Laws, Society Policies, programs, services, strengths, and needs.

   b) Maintain foresight about the future environment of the engineering profession and provide vision on how ASME should evolve to address this environment.

   c) Serve in leadership positions and undertake special assignments willingly and enthusiastically.

   d) Consider strategic objectives and avoid micromanagement

   e) Avoid prejudiced judgments and urge those with grievances to follow established policies and procedures.

   f) Encourage potential nominees to the Board who are clearly women and men of achievement and distinction and who can make significant contributions to the work of the Board and the organization’s progress.

   g) Provide support, as appropriate, for the organization’s fund-raising efforts.

2. Meetings

   a) Prepare for and participate in Board and assigned committee meetings, periodically suggesting agenda items for Board and committee meetings to ensure that significant matters are addressed.

   b) Participate actively in Board and committee meetings consistent with your conscience, convictions and previous experiences, while supporting the majority decision on issues decided by the Board.
c) Maintain confidentiality of the Board’s executive sessions, and speak for the Board or organization only when authorized to do so.

3. Relationship with Staff

a) Unless assigned to work directly with staff on some project or activity, avoid directing the work of staff and asking for special favors of the staff, including special requests for extensive information, without at least prior consultation with President, who may then bring these requests to the attention of the Executive Director.

b) Ensure mutual responsibilities of volunteers and staff collaboration on Board committees and task forces of ASME are clearly understood.

4. Avoiding Conflicts

a) Serve the organization as a whole rather than any special interest group or constituency, avoiding any preconception that you represent anything but the organization’s best interests.

b) Maintain independence and objectivity and do what a sense of fairness, ethics and personal integrity dictate, even though not obligated by law, regulation, or custom.

c) Avoid even the appearance of a conflict of interest that might embarrass the Board or the organization, and disclose any possible conflicts to the Board in a timely fashion.

d) Never accept (or offer) favors or gifts from (or to) anyone who does business with the organization.

e) Understand the conditions under which a Governor may speak for ASME. Take advantage of these opportunities when they are afforded.

5. Fiduciary Responsibilities

a) Study and understand the Society By-Laws and policies regarding the fiduciary responsibilities of a member of the Board.

b) Faithfully read and understand the organization’s financial statements and otherwise assist the Board to fulfill its fiduciary responsibilities

0.2 Board Principles:

1. Our number one purpose is to serve our stakeholders to the best of our abilities. All of our actions, priorities and words must be judged against that. Therefore we conduct every board meeting (and board-staff interaction) as if the entire
membership was watching and we ask ourselves: Would our members be proud of how we have conducted ourselves?

2. We seek to gather all the facts before entering into a discussion or making a decision. We acknowledge that the quality of our actions and decisions are only as good as the quality of our knowledge about the situation.

3. We believe in accountability, not blame. We acknowledge that mistakes and failures will occur and we will use these as learning opportunities.

4. When a mistake or failure occurs, we remind ourselves of Principle #1.

5. We work hard to observe each other doing the right thing. We will celebrate our successes.

6. Hidden agendas and gossip are forbidden.

7. Each of us agrees to listen with full attention when another person speaks.

8. We are careful to delineate the appropriate roles for board and staff by asking:
   - What is it that ONLY the board can do or should do?
   - What is it that ONLY the executive (or staff) can do or should do?
   - What areas require collaboration to achieve success?
   - By asking these questions we demonstrate our respect for each other's experience and expertise.

9. To improve board - staff collaboration we agree to ask the following kinds of questions:
   - The board will ask the staff: What is the impact of our decision on you? Have we listened to your perspective and wisdom about the implications of this?
   - When the staff brings forth an item for decision-making to the board: Have we explained this clearly? Do you feel you have enough information with which to make a good decision? Have we listened to and addressed the big questions you have raised?

10. Every person takes responsibility for the successful outcome of a meeting or interaction. These ground rules can be invoked by anyone whenever necessary.

0.3 Strategic Boards

0.3.1 What Strategic Boards Focus On

- Outcomes desired, rather than on activity required.
- Defining and delegating, rather than reacting and ratifying.
- Desired outcomes consistent with strategic intent and core values, rather than detailing how the outcome is to be achieved or managing work that has been accomplished.
What needs to happen next, rather than what has already been done.

Using information not collecting it.

Honestly considering issues of capacity, core capability and strategic position in deciding what to do.

0.3.2 How Strategic Boards get work done

0.3.2.1 They:

- Choose to view mistakes that will occur in risk-taking and innovation as a rich opportunity to be learned from rather than covered up.
- Redefine measurement of success on the basis of indicators of quality not just quantity.
- Neither enables nor accepts dishonesty or manipulation, even when it is the path of least consequence.
- Are willing to change individual opinion or perspective, based on changing context/experience, but not based on political influence.
- Understand that it takes more than a single leader’s term to accomplish important things and that continuity is important.
- Make the investment in behavior that earns and sustains trust – consciously avoiding behavior that diminishes or demolishes trust.
- Create a sustaining process that gives governance the tools needed to lead intelligently.
- Encourage policy making as opposed to political behavior.
- Focus on value of what the organization produces for its stakeholders rather than the distribution of power.
- Understand that governance’s fiduciary responsibility is to define what will constitute value and ensure value is delivered.

1. The Charge

1.1 Article C4.1.1 of the ASME Constitution declares: "The affairs of the Society shall be managed by a Board of Governors chosen from its membership which shall have full control of the activities of the Society, subject to the limitations of the Constitution and By-Laws, Society Policies and procedures, and the laws of the State of New York."

1.2 By-Law B4.1.1.1 declares: "The Society and its individual members shall be governed by this Constitution and these By-Laws and by the current Society Policies and procedures established by the Board of Governors, including any amendments that may be made from time to time"

1.3 By-Law B4.1.7 declares: "An act of the Board of Governors which shall have received the expressed or implied sanction of the corporate membership at the
following Business Meeting of the Society shall be deemed to be an act of the Society and cannot afterward be impeached by any member."

1.4 By-Law B4.1.10 states: "The Board of Governors may delegate to the Sectors and the standing committees reporting to the Board as established in these By-Laws, for a period of one year, specific responsibilities for the management of one or more programs of the Society, subject to the supervision of the Board and to any limitation prescribed by the Board of Governors or by applicable law."

2. The Organization
2.1 Article C4.1.1 states: "The voting members of the Board of Governors shall consist of the President, the most recent available past President, and nine members-at-large and the President-elect (if not currently a member-at-large)."

2.2 By-Law B4.3.5 states: "The Executive Director shall be the chief operating officer of the Society, an ex-officio member of the Board of Governors without vote, and shall have such powers and perform such duties as the Board of Governors may from time to time prescribe."

2.3 Article C4.1.1 states: "The nine members-at-large of the Board shall be elected from the corporate members of the Society of Member grade or higher."

3. The Terms
3.1 Article C4.1.1 states: "The term of each member-at-large shall be three years, with the term of three members-at-large beginning and ending during the second Business Meeting of the fiscal year of the Society at a time designated annually by the Board of Governors. Members-at-large of the Board of Governors shall be limited to one full term of service. Additional service as a member-at-large may occur after an interruption of one or more years or as a consecutive partial term."

3.2 Article C4.1.7 states: "Each Board of Governors at its first meeting shall appoint for one year an Executive Director, a Secretary and a Treasurer all of whom shall be corporate members of the Society who have reached at least the grade of Member. The Board of Governors may also appoint an Assistant Secretary and an Assistant Treasurer who shall be Officers of the Society."

4. Operation
4.1 Procedures
4.1.1 Operation Guide
To the extent consistent with the Constitution and By-Laws of the Society, this Operation Guide shall prescribe the rules and procedures to govern meetings of the Board of Governors.
4.1.2 Rules of Order

To the extent consistent with the Constitution, By-Laws and policies of the Society Policies, and in the absence of a rule or procedure specified in this Operation Guide, the rules contained in the 10th Edition most recent edition of Robert’s Rules of Order Newly Revised shall govern a meeting of the Board of Governors. If the Secretary is not present the Chair may appoint one of the individuals attending the session to be the parliamentarian to hold the meeting to these rules and any time limits set in the agenda (see 4.3.7 & 5.1.3.3).

4.1.3 Special Rules and Procedures

4.1.3.1 By a majority vote of the members present and voting, with a quorum in attendance, the Board of Governors at any meeting may adopt special rules and procedures to govern the remainder of that meeting or to govern the deliberations and voting on any item of business to be considered at that meeting or any adjournment thereof unless the action is in conflict with the laws of the State of New York. Meetings of the Special Nominating Committee may be held telephonically (by a device allowing all participants to hear and be heard simultaneously) and as such, need not be held in person.

The proposed special rules and procedures shall be presented in writing, but notice of the proposed special rules and procedures need not be given to the Board prior to the meeting.

4.1.3.2 By a majority vote of the members present and voting, with a quorum in attendance, the Board may at any meeting suspend the operation of any rule or procedure specified in this Operation Guide, or in Robert’s Rules of Order (10th Edition), for the remainder of that meeting or during deliberation and voting on any item of business at that meeting.

4.1.3.3 No action taken by the Board of Governors shall be subject to challenge on the ground that it was inconsistent with any rule or procedure specified in this Operation Guide, or in the 10th Edition most recent edition of Robert’s Rules of Order Newly Revised, and any such rule or procedure shall be deemed to be suspended for the purposes of such action unless the presiding officer rules that a formal vote on suspending the rule or procedure shall be taken before voting on such action.

4.1.4 Filling Vacancies

Society By-Law B4.1.6.1 authorizes the Board of Governors to appoint a replacement for an elected Governor who is unable to serve on the Board. The same By-Law authorizes the Board of Governors to fill by appointment, for the unexpired portion of the term, a vacancy that occurs during the term of a member
of the Board. The procedure to be followed in filling a vacancy will be the same for both of these cases.

When a vacancy occurs or when a member of the Board announces an intention to resign at some future date, the President will appoint two members-at-large of the Board as a special nominating committee, which shall not include the member whose place is to be filled.

This special nominating committee shall review the names of those members of the Society who have been proposed for Governor but not nominated by the Nominating Committee within the last five two (2) years. Attention should be paid to the type of previous ASME experience.

If the special nominating committee can find a sufficient number of suitable candidates from this list, the committee shall recommend to the Board of Governors one candidate or two candidates for a vacancy. If the list does not yield a sufficient number of suitable candidates, the special nominating committee shall request the Nominating Committee to recommend other members of the Society. If the recommendation of the Nominating Committee does not provide a candidate or candidates satisfactory to the special nominating committee, the special committee is to conduct a further search resulting in a satisfactory recommendation.

The special nominating committee will circulate to the Board the name(s) of the recommended candidate(s), together with supporting information, ten working days or more prior to the meeting, which will consider the filling of the vacancy or vacancies. The election to fill a vacancy will be done in an Executive Session of the Board. First there will be a discussion of the recommendation of the special nominating committee and then there will be a ballot by the voting members of the Board, including the President. Participation by a voting member may be by telephone or by electronic following the procedures detailed in section 4.3.10. If a vacancy remains unfilled, either the special nominating committee or a new special nominating committee will be requested to return to a future meeting with additional proposal(s).

4.1.5 Succession Plan
The Executive Director has a succession plan for his/her position that is shared with the Board of Governors. See Attachment F.

4.2 Orders of Business and Agenda

4.2.1 Order of Business
The order of business at every annual or regular meeting of the Board of Governors, unless modified by the Board, shall be:
4.2.1.1.4 Opening of the Meeting

4.2.1.1.21 Call to Order
4.2.1.1.32 Adoption of the Agenda
4.2.1.1.43 Announcements and Recognition of Special Guests

4.2.1.1.52 Discussion Items

4.2.1.1.62.1 Committee of the Whole (The Board Moves Into “As if in Committee of the Whole” to Allow Open Discussion)
4.2.1.1.82.2 Report on Executive Session
4.2.1.1.92.3 Sector Management Committee Report
4.2.1.1.102.4 Generative Discussion
4.2.1.1.112.5 Strategic Discussion

4.2.1.1.133 Action Items

4.2.1.1.133.1 Motion to return to Formal Session. A motion should be made to move out “as if in Committee of the Whole”

4.2.1.1.154 Consent Calendar

4.2.1.1.164.1 Consent Items for Receipt
4.2.1.1.174.1.1 Reports by the Treasurer
4.2.1.1.184.1.2 Other Reports for Receipt. (As needed from Standing Committees, Sectors, Task Forces or other units)
4.2.1.1.204.1.3 Motion for Receipt
4.2.1.1.244.2 Consent Items for Action

4.2.1.4.2.1 Identification of Items to be removed from Consent Calendar and Motion to Approve the Remaining Consent Action Items

4.2.1.1.224.2.2 Approval of Minutes of Previous Meeting
4.2.1.1.234.2.3 Action from Committees of Board of Governors (as needed)
4.2.1.1.244.2.4 Action from Sectors (as needed).
4.2.1.1.254.2.5 Other Action Items (as needed)
4.2.1.1.264.2.6 Dates of Future Meetings

4.2.1.1.285 Contingency Time for Discussion and Other Business

4.2.1.1.296 Adjournment
4.2.1.307 The order of business for each meeting of the Board of Governors shall be embodied in an agenda prepared and distributed in advance of the meeting as above. The order of business may be modified and items may be added to the agenda during any meeting by a majority vote of the members of the Board present and voting.

4.2.2 Agenda items at the BOG Meetings held during the Annual Meeting

4.2.2.1 Required actions of the outgoing Board relative to Honors and Awards shall take place in Executive Session.

4.2.2.2 Appointments (as required) to membership on the Board of Governors shall be made at the first meeting of the “new” Board.

4.2.3 BOG Agenda

4.2.3.1 The President shall be responsible for the preparation of the Agenda for each meeting of the Board of Governors. The Executive Office will request input to the agenda from all units reporting to the Board of Governors. Agenda items (other than single page summaries without action) must include a completed BOG Agenda Cover per Attachment A which will be an executive summary (not to exceed one page) and a proposed motion where appropriate. The Executive Director shall be responsible for the distribution of the Agenda.

4.2.3.2 The Agenda will include items placed on the “Consent Calendar”. The designation of items to be considered as “Consent Agenda” items will be determined by the President and may include such items as minutes of the last meeting, By-Law and Society Policy changes, Agreements of Cooperation, appointments, meeting schedules and other items which are not expected to require discussion.

Any member of the Board (or the sponsoring unit) may request that an item be removed from the Consent Calendar. However, every attempt should be made to resolve any concerns about an item prior to the meeting so that it may remain on the Consent Calendar.

Items such as Constitutional changes and financial matters will not normally be on the Consent Calendar.

4.2.4 Preparation of Agenda

4.2.4.1 In keeping with the directive to be a knowledge-based organization, items to be included in the order of business for each meeting of the Board of Governors together with the appropriate documentation to support each item, shall be brought to the attention of either the President or the Executive Director not less than 5 working days prior to the designated date of the distribution of the agenda as described in paragraph 4.2.5.1.
Items requiring Board action shall be supported by a recommendation by the Standing Committee, Sector or Council, Sector or Council Committee, Special Committee or Task Force having supervisory responsibility for the matter. Copies of all supporting documentation shall be distributed with the agenda, as described below.

Actions requiring a vote by the Board should have a draft motion.

4.2.5 Distribution of Agenda

4.2.5.1 The agenda for each regular, annual or special meeting shall be distributed, as appropriate, not less than 10 working days prior to the date of the meeting. A memo announcing the availability of the agenda and its supporting documentation on the website shall be distributed to:

4.2.5.1.1 Each member of the Board of Governors;
4.2.5.1.2 Each Senior Vice President and Vice President;
4.2.5.1.3 Each Chair of a Standing Committee of the Board and each Past President;
4.2.5.1.4 The President elect/nominee, Governors-elect, Governor-nominees, Senior Vice Presidents-elects, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer;
4.2.5.1.5 Corporate and General Counsel; and
4.2.5.1.6 Executive Leadership Team

4.3 BOG Meetings

4.3.1 Notice

Notice of any meeting of the Board of Governors shall be distributed, as appropriate, to each of the individuals listed above in 4.2.5 not less than ten working nor more than fifty days before the date of the meeting.

The time and place of each regularly scheduled meeting and the purpose of each special meeting shall be set forth in the notice. All such notices shall be available on ASME.org.

4.3.2 Regularly scheduled BOG meetings

The Board of Governors normally meets four times a year:

(1) Annual Meeting (normally June)
(2) During the Fall (normally September)
(3) International Mechanical Engineering Congress & Exposition (normally November)
(4) During the Spring (normally April)
The Spring or Fall meetings are normally held in New York, at ASME Headquarters. For the Spring or Fall meetings, consideration should be given to holding meetings on Fridays and Saturdays, to reduce travel costs and time away from work.

4.3.3 Informal Meetings of the Board

4.3.3.1 A Board Planning Meeting is normally held once a year at the call of the President.

4.3.3.2 One or more Board Informational Meetings may be held during the year at the call of the President, these may be in the form of webinars or other means.

4.3.3.3 Board Planning Meetings and Board Informational Meetings are informal meetings that may occur only on invitation to all members of the Board of Governors. No corporate action may be taken at informal meetings, and the other provisions of these Guidelines applicable to meetings of the Board do not apply to informal meetings (except that the following individuals shall have standing invitations to attend each informal meeting of the Board of Governors: Each Senior Vice President; The President nominee, Governors-elect, Executive Director, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer; and General Counsel).

4.3.4 Quorum

A quorum for each meeting of the Board of Governors shall be seven voting members of the Board. In the absence of a quorum, those members of the Board of Governors who are present may adjourn the meeting to a later time or to another date.

4.3.5 Attendance at Meetings

4.3.5.1 The procedure relating to attendance of members of the Board at Board meetings is shown in Attachment B.

4.3.5.2 The following individuals have standing invitations to attend each meeting of the Board of Governors:

4.3.5.2.1 Each Senior Vice President and each Senior Vice President-elect;

4.3.5.2.2 Each Chair of a Standing Committee of the Board;

4.3.5.2.3 The President nominee, Governor-nominees, Governors-elect, Executive Director, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer; and

4.3.5.2.4 Corporate and General Counsel.
4.3.6 Presiding Officer.
The President shall preside at each meeting of the Board. If the President is unable to preside, the order for presiding at the meeting shall be:

- the Past President member of the Board,
- the President elect
- a voting member of the Board elected by its members.

4.3.7 Open Meetings and Executive Session
Regularly scheduled meetings of the Board of Governors shall be open to all members of the Society. The presiding officer may at any time declare the Board to be in Executive Session. Upon such declaration, the meeting shall be closed to everyone other than the members of the Board of Governors, Past Presidents, Governors-elect and such other individuals as the presiding officer may request to attend. Whenever the Board enters into an Executive Session, if the Secretary is absent, the presiding officer shall appoint one of the individuals attending the session to record the minutes of the Executive Session. The presiding officer shall make a brief report on the subject matter of any Executive Session prior to the conclusion of the meeting for inclusion in the minutes of the Board's meeting. For all meetings of the Board the Secretary is the parliamentarian (See 5.1.3.3). If the Secretary is absent, the presiding officer shall appoint one of the individuals attending the session to be the parliamentarian.

4.3.7.1 When the Board takes a corporate action at an Executive Session, a record will be retained by an individual designated by the presiding officer. Handwritten notes of other matters discussed in the Executive Session will be retained by an individual designated by the presiding officer as a historical reminder and not as an official record.

4.3.8 Voting
The Board of Governors shall act by unanimous consent, unless a member of the Board requests a vote by voice or by tally. In the event a member of the Board requests that the vote on an action be by voice or by tally, a member voting in opposition on the action may request that his/her vote be recorded in the minutes of the meeting and the vote shall be so recorded.

In the event a member, who has participated in the discussion, momentarily leaves a meeting at which an action is taken by the Board from which the absent member opposes, the absent member may request that his/her opposition be recorded in the minutes of that meeting, and his/her dissent shall be so recorded.
4.3.9 Special BOG Meetings
Special meetings of the Board of Governors may be called at any time by the
President and shall be called by the Executive Director upon the written request
of any three members of the Board of Governors.

4.3.10 Action of the Board by Telephone Meetings or by Electronic Voting

4.3.10.1 Background: The Board of Governors normally meets four times per year
and votes on items requiring action by the Board of Governors. However,
agility and responsiveness to keep pace with a changing environment from
time to time may require action by the Board of Governors between
regularly scheduled or specially called meetings. Thus, procedures for the
Board of Governors are presented for taking action in the absence of a
regular or special in-person meeting of the Board of Governors, consistent
with the Laws of the State of New York.

Actions may be taken by telephone or by electronic means.

4.3.10.2 Telephone Meetings: Meetings and actions by telephone are permitted as
long as (1) there is a quorum participating, and (2) all participating
members may hear each other and speak without restrictions, and (3) there
is adequate prior notice of the telephone meeting. (Reference B4.1.499)

4.3.10.3 Electronic Voting: New York State law does not recognize electronic
meetings or voting. Electronic voting includes voting by fax or email. The
law does permit the Board members acting unanimously to approve an
action by individually signing a certificate (See Attachment D) stating the
action and indicating by the signing each individual Board member’s
approval. This action in writing may be taken after the use of the mail or
electronic media to describe and discuss, if necessary, the action. For
such action, affirmative certificates must be received by the ASME
Secretary, from 100 percent of the ASME Board.

4.3.11 Seating
The seating arrangement for Board meetings shall be as shown in Attachment C.

4.3.12 Orientation of Incoming Board Members
The President-nominee/elect and the Committee on Governance (COG) are
responsible for ascertaining the needs and establishing an agenda for an
orientation/indoctrination of the Governor-nominees and Governors-elect beyond
the established practice of inviting them to attend all Board Meetings. The
President-nominee/elect and COG may request the Volunteer Orientation and
Leadership Training Committee (VOLT) and staff to aid in arranging this
orientation program. This may be accomplished through special meetings, written
material, electronic communications and/or telephone typically before the
September Board meeting. Suggested topics are: the Society’s Purposes and
Goals, planning, programming and budgeting, policies and procedures, organization and financial reports and a review of the legal and fiduciary obligations and responsibilities of a member in the governing board of a not-for-profit New York State corporation.

4.4 Minutes of a Board of Governors Meeting.

4.4.1 Preparation of Minutes.
Approved minutes shall be the written record of the actions of the Board of Governors. The Assistant Secretary shall draft and have direct custody of the minutes of a meeting of the Board of Governors. The draft minutes of each meeting of the Board of Governors shall be reviewed by the Executive Director and the Secretary/Treasurer prior to distribution.

The presiding officer and corporate counsel may review the draft minutes before distribution. All reviews shall be completed in time to permit distribution of the draft minutes 15 working days after the meeting.

4.4.2 Distribution of Minutes of a Regular Session

4.4.2.1 The Assistant Secretary shall be directly responsible for the distribution of the minutes. After review prior to distribution as described above, one copy of the minutes shall be distributed, as appropriate, not more than 15 working days after the meeting to:

4.4.2.1.1 Each member of the Board of Governors;
4.4.2.1.2 Each Senior Vice President, Senior Vice Presidents-elect;
4.4.2.1.3 Each Chair of a Standing Committee of the Board;
4.4.2.1.4 The President nominee/elect, Governors-elect, Governor-nominees, Senior Vice President-elect, Secretary/Treasurer, Assistant Secretary, and Assistant Treasurer;
4.4.2.1.5 Corporate and General Counsel.
4.4.2.1.6 Senior staff.
4.4.2.1.7 Each Vice President, Vice Presidents-elect; and
4.4.2.1.8 Each Past President.

4.4.3 Approval of Minutes
The approval of the minutes shall be an order of business, typically on the Consent Calendar, at the Board meeting following distribution of the minutes, and opportunity will be given for corrections or additions to the minutes. Any corrections or additions to the minutes approved at that Board meeting shall be recorded in the minutes of the meeting.
4.5 Minutes of Other Meetings
Notice of the minutes (or summaries) of the meetings of the Councils, Sectors and the Standing Committees of the Board will be provided to each member of the Board of Governors within thirty days following each meeting. Any Board member may request minutes and supporting documentation of a meeting of any unit of the Society.

4.6 Attendance at Council or Sector-Sponsored Conferences
Members of the Board may attend Sector-Sponsored Conferences.

Governors are requested to provide a list of those Council or Sector-Sponsored Conferences they wish to attend, with an estimate of their associated expenses for the July-June fiscal year. The President reviews the requests compared with the availability of budgeted funds and authorizes Board of Governors travel for each Governor.

4.7 Escorts at Honors Functions
Members of the Board are asked to serve as escorts for honors and awards recipients at the President’s Luncheon, Members and Students Luncheon and Honors Assembly at the Congress. The escorts assist the recipients and their guests during the award ceremonies. The Honors staff sends a letter before each Congress asking Board members to serve as escorts and outlining the escort’s responsibilities.

4.8 Task Forces of the Board
The President may appoint Governors to special task forces, which are charged with examining specified issues within ASME. All task forces are automatically sunset at the last Board meeting of that President’s term.

4.9 Dedicated Service Award
Each Governor and Past President can propose a Dedicated Service Award recipient for each year of the office. This is an opportunity to recognize outstanding service to the Society.

5. Officers Appointed by the Board

5.1 Secretary/Treasurer

5.1.1 Dual Appointment
Normally one individual, a volunteer, will be appointed by the Board of Governors to fill both the Secretary and Treasurer positions as an officer of the Society.

5.1.2 Term
The total service time for appointments as Secretary/Treasurer shall be limited to three consecutive years beginning at an Annual Meeting. Additional service shall not be permitted until at least one year has passed since the end of a three-year service period.
5.1.3 Appointment

5.1.3.1 Secretary/Treasurer-Nominee
At the International Mechanical Engineering Congress and Exhibition (IMECE) just prior to the expiration of the three-year term of the incumbent Secretary/Treasurer, the President shall nominate to the Board of Governors, for its approval, an individual to hold the position as Secretary/Treasurer-Nominee. This position will be held until the following Annual Meeting, at which time the Board will confirm the selection of a new Secretary/Treasurer. (Note: The current IMECE nomination cycle for Secretary/Treasurer as of FY 2012 is FY2015, FY2018 … etc.)

The interval between the two meetings will provide for training and an orderly transition. The Secretary/Treasurer-Nominee will be invited to attend Board meetings and those Standing Committees of the Board which have the Treasurer as an ex-officio member.

5.1.3.2 Secretary/Treasurer
The Board shall confirm the appointment of the Secretary/Treasurer at the Annual Meeting. To comply with Article C4.1.7 of the Constitution, the Board must reappoint the incumbent Secretary/Treasurer at the next two succeeding Annual Meetings.

5.1.3.3 Duties
The duties of the Secretary/Treasurer are as set forth in the Constitution and By-Laws for the separate positions of Secretary and Treasurer. (B4.3.6.1 – Secretary & B4.3.4.1 – Treasurer). Additional duties of the Secretary are: (1) parliamentarian for all meetings of the Board (see 4.1.2 & 4.3.7) (2) draft minutes of all Executive Sessions of the Board. The President shall have direct custody of the minutes of Executive Sessions of the Board and will retain and file the minutes in an appropriately designated location at ASME headquarters.

5.1.4 Vacancies

5.1.4.1 Secretary/Treasurer
In the event the incumbent Secretary/Treasurer is unable to continue to serve, the Board shall appoint the Secretary/Treasurer-Nominee, if one has been so designated, to that position. If a Secretary/Treasurer-Nominee has not been designated, the President shall nominate an individual for appointment as Secretary/Treasurer by the Board.

5.1.4.2 Secretary/Treasurer-Nominee
In the event that the Secretary/Treasurer-Nominee will not be able to assume the duties of Secretary/Treasurer, the President shall nominate
another individual for appointment to serve as Secretary/Treasurer-Nominee.

5.1.4.3 Partial Year of Service
The appointment of an individual to serve as Secretary/Treasurer after the Annual Meeting to serve the remainder of a year shall not have such partial year of service count as part of a normal three year service period.

5.2 Executive Director

5.2.1 Term
The Board shall appoint the Executive Director for a one-year term at the Annual Meeting.

5.3 Assistant Secretary

5.3.1 Term
The Board shall appoint the Assistant Secretary for a one-year term at the Annual Meeting.

5.4 Assistant Treasurer

5.4.1 Term
5.4.2 The Board shall appoint the Assistant Treasurer for a one-year term at the Annual Meeting.

6. BOG Related Items Pertaining to Other Events held during the Annual Meeting.

6.1 Business Meeting held during the Annual Meeting.

6.2 Ceremonial actions
Ceremonial actions such as the presentation of Certificates to retiring Board Members, other Officers and Chairs of the Standing Committees shall take place at a venue as determined by the President where these individuals will be offered the opportunity to make brief remarks; the exception being for the President and immediate Past President who are acknowledged at the President’s Dinner.

6.3 President's Dinner at Annual Meeting

6.4 Remarks by the retiring Immediate Past President and the President

6.5 Ceremonial transfer of authority

6.6 Remarks by the incoming President.

6.7 Recognition of incoming and continuing BOG Members as well as recognition of continuing Officers and Committee Chairs.
6.8 Announcement of officers-selected by the Nominating Committee Chair.

7. Role of Board Liaison to Committees Reporting to the Board.

7.1 Role of BOG Liaison

The BOG liaison to the Committee on Honors, the Committee on Finance and the Committee on Organization and Rules, is in a unique position to contribute ASME’s professional knowledge when needed with the respective Committees.

The BOG liaison is not a voting member of that Committee.

The BOG liaison is expected to be included in distribution of all agendas and minutes. The liaison will be invited to participate in all meetings, and is encouraged to try to do so when possible. The BOG travel budget can accommodate any reasonable travel support to attend these committee meetings as needed.

While no written reports are expected from the liaisons to the President, the liaison should feel free to bring any matters relating to the Committee to the President’s attention.

This position is appointed annually by the President.

8. Sector Management Committee

8.1 Activities

The Sector Management Committee (SMC) shall carry out those activities appropriate to the business processes, as listed below, including program planning for the next fiscal year.

i. Conducting annual strategic planning and operational planning and budgeting in collaboration with the Committee on Finance and Investment (COFI) maintaining a three-year horizon.

ii. Monitoring of annual program and budget performance and making adjustments as necessary.

iii. Managing unanticipated opportunities and threats.

iv. Facilitating conflict resolution between sectors and across the societies’ operational units.

v. Managing program assessment and sunsetting

vi. Facilitating integration across operational units and ensuring that any transitional gaps are addressed or closed.

vii. Oversight of the VOLT Academy.

viii. Oversight of the Events Committee.
ix. Conducting annual leadership succession planning process.

The BOG’s strategic objectives shall be used to guide the program planning and prioritization activities of this Committee. Sectors will assess and prioritize their portfolio of programs each year as a guide to allocating resources. The SMC shall provide annual program recommendations (e.g. program sunset, program startup, retention, program expansion or sunset) to the COFI while keeping within the guidelines of the strategic plan put forth by the BOG.

The output from this process will be a set of coordinated, prioritized programs recommended by each Sector that will be used by COFI in developing next fiscal year’s budget recommendations for submittal to the BOG. The SMC provides a comprehensive perspective of the Society’s Sector operation as a whole – its strengths, weaknesses, and operation threats in the global environment – for BOG consideration on an annual basis.

The SMC shall be chaired by the President-Nominee/Elect. The Chair will be assisted by a Vice-Chair that will be appointed by the Chair to serve from January through the following December to provide an overlap of leadership between the current and incoming Chair. The Vice-Chair shall normally be selected from one of the current Sector Senior Vice Presidents who are on the last year of their term. The Vice-Chair shall be recommended by the Senior Vice Presidents for approval by the Chair of the SMC, taking into consideration that every Senior Vice President should ideally have a society role beyond their respective sector (i.e. leading a strategic Initiative, leadership succession planning, Vice-Chair, etc.)

The remaining SMC membership shall consist of the Sector Senior Vice Presidents and their respective staff counterparts as voting members; ex officio membership without vote shall consist of: the President; Immediate Past President; the Executive Director; the Deputy Executive Director; the Chair of the COFI and his or her respective staff counterparts. Representatives from other Society units including, but not limited to VOLT, the Events Committee, Marketing, Human Resources and Governance, are non-voting and shall participate as appropriate.

The results of this Committee’s activities in concert with the approved budgets will be reviewed at each Annual Meeting of the BOG for consistency and coherence to the strategic plan.

9. Revisions to Operation Guide

9.1 Appointment

The President will appoint annually the most Immediate Past President or a Member-at Large of the Board serving his/her 3rd term who, working with the Managing Director of Governance, will review the Operation Guide to assure it is up to date and reflects
current operating practice. Any proposed revisions will be submitted to the Board of Governors for approval.

The current BOG Operation Guide may be viewed under the BOG Resources section at:
http://bog.asme.org/pdf/CommitteeFiles/442.pdf

Approved by the Board of Governors June 18, 1981
Revised September 10, 1981
Revised November 19, 1981
Revised June 17, 1982
Revised September 13, 1982
Revised January 19, 1983
Revised June 10, 1983
Revised September 19, 1984
Revised March 12, 1987
Revised September 8, 1988
Revised November 30, 1990
Revised June 17, 1993
Revised June 14, 1995
Revised November 16, 1995
Revised March 14, 1997
Revised March 17, 2001
Revised June 9, 2004
Revised February, 2006
Revised June 21, 2006
Revised September 24, 2007
Revised June 14, 2009
Revised February 25, 2010
Revised June 6, 2010
Revised September 15, 2011
Revised September 13, 2012
Attachment A – Requested Input to BOG Meeting
Ref: (4.2.1.3)

ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted:
BOG Meeting Date:

To: Board of Governors
From: (Sector/Unit/Task Force/Other)
Presented by:
Agenda Title:

Agenda Item Executive Summary: (Do not exceed the space provided)

Proposed motion for BOG Action: (if appropriate)

Attachments:
THE BOARD PROCEDURE REGARDING ATTENDANCE AT THE BOARD MEETINGS

Preamble

The Board of Governors of the American Society of Mechanical Engineers (ASME) is vested with ultimate responsibility for managing the affairs of the Society. Each member of the Board has, by virtue of acceptance of that office, assumed a profound individual responsibility in this regard. The Board will normally meet between four and six times a year. It is vitally important that each member attend and participate in each meeting. This procedure is intended to encourage and foster maximum participation by members of the Board of Governors in the activities and affairs of the Board.

Procedure

It is the policy of the Board of Governors to encourage attendance at all regularly scheduled, special, and called meetings of the Board by all the Board members. Any member, who knows in advance of a meeting that he or she will not be able to attend, will notify the President or the Executive Director of the intended absence. The President will, as a matter of course, advise the Board of any member’s absence.

Finally, it is the policy of the Board of Governors to encourage Governor-nominees and Governors-elect to attend the Board meetings, so that they can familiarize themselves with the workings of the Board at the earliest practical time. Accordingly, all persons who have been selected by the Nominating Committee or elected to serve as a Governor of the Society but who have not yet begun such service will be given notice of, and invited to attend, all regularly scheduled, special and called meetings of the Board.
Attachment D – Document for Action of the Board by Telephone or Electronic Voting
Ref. 4.3.10.3

Action of the Board of Governors

of

The American Society of Mechanical Engineers

By Telephone Meetings or by Electronic Voting

The undersigned, being a member of the Board of Governors of The American Society of Mechanical Engineers, hereby consents to the adoption of the following resolutions and hereby waives all prior notice or other procedural requirements in connection therewith:

RESOLVED:

The foregoing resolution(s) shall become effective upon receipt by the Secretary of the written consent thereto of all members of the Board of Governors. This consent may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

_____________________________
Print or Type Name of Governor

_____________________________
Signature of Governor
<table>
<thead>
<tr>
<th>MONTH</th>
<th>ACTIVITY</th>
<th>WHO IS INVOLVED</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>Board Meeting - “New” Board</td>
<td>All “new” Board Members and Governor nominees</td>
<td>Attend Meeting</td>
</tr>
<tr>
<td></td>
<td>• Appointments – ED, Secretary/Treasurer, Assistant Secretary and Assistant Treasurer (Executive Session)</td>
<td>• President presents candidates for Board consideration</td>
<td>• Board Action Item</td>
</tr>
<tr>
<td>July</td>
<td>Board Retreat (Planning Meeting)</td>
<td>All Board Members/ Governor nominees and ELT</td>
<td>Attend Meeting</td>
</tr>
<tr>
<td></td>
<td>Board Member Travel Request</td>
<td>All Board Members</td>
<td>Due before end of month</td>
</tr>
<tr>
<td></td>
<td>ED preliminary annual objectives</td>
<td>ED</td>
<td>Presents a preliminary draft of proposed Objectives for the upcoming year.</td>
</tr>
<tr>
<td>August</td>
<td>Open</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>Board Meeting (Executive Session)</td>
<td>All Board Members and Governor nominees</td>
<td>Attend Meeting</td>
</tr>
<tr>
<td></td>
<td>• ED Annual Performance objectives presented for approval</td>
<td>• Executive Director</td>
<td>• Presentation</td>
</tr>
<tr>
<td></td>
<td>• ED Report on Staff Bonus Distribution</td>
<td>• Executive Director</td>
<td>• Presentation</td>
</tr>
<tr>
<td></td>
<td>• Governor - nominees Orientation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Unless conducted at Congress)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>Open</td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>Dedicated Service Award Nomination – due 12/1 to Headquarters Board Meeting</td>
<td>All Board Members</td>
<td>Prepare if not previously done</td>
</tr>
<tr>
<td></td>
<td>• ED Report on YTD Status of Annual Objectives (Executive Session)</td>
<td>• Executive Director</td>
<td>• Presentation</td>
</tr>
</tbody>
</table>

BOG Operation Guide
Revised September 13, 2012
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Attendees</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>December</td>
<td>Dedicated Service Award Nomination – due 12/1</td>
<td>All Board Members</td>
<td>Submit by 12/1 if not previously done</td>
</tr>
<tr>
<td>January</td>
<td>Open</td>
<td></td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>Typical BOG meeting conducted by Web and Telephone</td>
<td>All Board and Board-elect Members</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>Board Meeting</td>
<td>All Board and Board-elect Members</td>
<td>Attend Meeting</td>
</tr>
<tr>
<td></td>
<td>• ED Report on YTD Status of Annual Objectives (Executive Session)</td>
<td></td>
<td>• Presentation</td>
</tr>
<tr>
<td></td>
<td>• COFI - Budget Presentation/Request – Next Fiscal Year</td>
<td></td>
<td>• Board Receives Proposed Budget</td>
</tr>
<tr>
<td></td>
<td>Staff evaluations by volunteers</td>
<td>All Board Members</td>
<td>Input due to ASME HR prior to end of month</td>
</tr>
<tr>
<td>May</td>
<td>Early In Month – Board Members to Return ED Performance Evaluation form</td>
<td>All Board Members</td>
<td>Complete ED Review Form and Return by Date Requested</td>
</tr>
<tr>
<td>June</td>
<td>Board Meeting - Outgoing Board</td>
<td>All Board and Board-elect Members</td>
<td>Attend Meeting</td>
</tr>
<tr>
<td></td>
<td>• ED Report on YTD Status of Annual Objectives (Executive Session)</td>
<td></td>
<td>• Presentation</td>
</tr>
<tr>
<td></td>
<td>• Report of EDESC Performance Evaluation Task Force (Executive Session)</td>
<td></td>
<td>• Board Action Item</td>
</tr>
<tr>
<td></td>
<td>• ED Report on Senior Staff (ELT) Annual Performance Evaluations</td>
<td></td>
<td>• Presentation</td>
</tr>
</tbody>
</table>
Executive Director Succession Plan

1. General: This policy is for the purpose of guidance in the event of absence or vacancy in the position of ASME Executive Director, in the event of:

1.1 Absences (planned and unplanned, due to various causes)

1.2 General emergencies

1.3 Planned succession, over time

2. Responsibilities:

   o Headquarters Executive Leadership Team (ELT): In the event of a short-term absence or planned vacancy in the position of Executive Director, the ELT must continue to provide the operational planning, management and communications to support continuation of ASME governance, protection of organizational viability and assets, continuation of Society goods and services, and maintenance of the confidence of members, customers and employees.

   o Board of Governors: In the event of a long-term absence, unexpected vacancy in the position of Executive Director or death of the Executive Director, the ASME Board of Governors must act promptly to ensure member interest, assure management continuity, protect organizational viability and assets, and maintain the confidence of members, customers and employees.

3. Executive Director (ED) Employment Agreement: In all cases, the employment agreement between ASME and the Executive Director (ED) shall be the governing document pertaining to the incumbent ED.

4. ASME Short and Long Term Disability Programs: In cases of short and long term disability, the current ASME disability benefits programs documents shall be the governing documents, subject to any applicable provisions of the ED Employment Agreement.

5. Absences:

   o Short Term Absence: Consistent with ASME benefits policy, short term absences are defined as more than seven (7) continuous calendar days, up to, and including one hundred eighty (180) continuous calendar days in duration. These may be due to normal and approved ASME business activities at locations outside ASME Headquarters, including travel, and/or due to illness, injury, disability, emergencies or other circumstances.
5.1.1 Delegation: The Executive Director will normally identify an individual and delegate the authority as Acting Executive Director to that individual, when the Executive Director is absent, and/or likely to be out of communications with ASME for a Short Term Absence.

5.1.2 Succession: In the event of lack of delegation by the Executive Director, the senior (time in position) of the current then existing Deputy Executive Directors shall become the Acting Executive Director, during the Short Term Absence.

- Long Term or Unexpected Absence: Consistent with ASME benefits policy, long term absences are defined as greater than one hundred eighty (180) continuous calendar days in duration. These may be due to normal and approved ASME business activities at locations outside ASME Headquarters, including travel, and/or due to illness, injury, disability, death, emergencies or other circumstances. Unexpected absences, in the document, are defined and considered as a Long Term Absence.

5.2.1 Delegation: Short Term Absence delegation and succession processes will normally be followed, as described above.

5.2.2 Succession: When a Long Term or Unexpected Absence occurs, as defined above, the ASME Board of Governors may formally appoint an Interim Executive Director (ED). After appointing an Interim Executive Director, the Board of Governors may initiate the Planned Succession process described below.

6. Emergency Executive Director Delegation: In order to protect ASME from absence of the Executive Director’s services, the Executive Director may have no fewer than two (2) other executives familiar with the Board of Governors and Executive Director issues and processes. At the Executive Director’s discretion, these individuals may be identified as Deputy Executive Directors (DEDs) or Associate Executive Directors (AEDs).

7. Planned Succession: In the event of a Long Term or Unexpected Absence the following guidelines may be considered:

- Job Description: The incumbent Executive Director will maintain a current and up-to-date job description on an annual basis. The Executive Search Committee will be responsible for the updating and approval by the Board of Governors of a current job description for use in a Planned Succession process.

- Annual Performance Objectives: Performance objectives for each year will be developed and maintained by the incumbent Executive Director. The Executive Search Committee will be responsible for the updating and approval of current annual performance objectives for use in a Planned Succession process.
Succession Organization & Communications: Upon authorization by the Board of Governors appropriate communications will be forwarded to ASME corporate counsel, financial auditor, Headquarters Executive Leadership Team Management Sector, and other desired members and organizational entities, informing them of the circumstances of the absence and any proposed replacement succession process and schedule. If an Interim Executive Director is appointed, duties, communications and salary will be established and approved by the Board of Governors. Appropriate communications will be planned to publicly announce the interim appointment. The Board of Governors will approve and announce the process and schedule for a permanent replacement for the Executive Director’s position, which may include a search committee and consultant, as described below.

Executive Director Search Committee: An Executive Director Search Committee will be identified by the current President, subject to approval by the ASME Board of Governors. The Search Committee will be composed of individuals knowledgeable in and experienced with the Society’s core values, strategic objectives, annual operations, constituencies, goods and services, and financial condition. Among the Committee’s responsibilities are seeking approvals from the ASME Board of Governors for: 1) A current Executive Director Job Description; 2) Current Executive Director Annual Performance Objectives, and 3) An Executive Search Consultant. The Committee’s role will include responsibility for the interface between ASME and the Consultant. The Committee will advise and monitor the activities of the Consultant, keeping the Board informed.

Executive Search Consultant: The Search Committee will identify and make recommendations for approval of an Executive Search Consultant, to the ASME Board of Governors. Once approved by the Board, the Search Consultant will provide the necessary organizational leadership for formalizing, scheduling and public communications for the search process.

Executive Director Search Process & Schedule: The Search Committee, working with the Search Consultant, will be responsible for obtaining the approval of the ASME Board of Governors for the search process, schedule and communications plan. For reference, the report of the ASME Search Committee, June 20, 2002, chaired by Paul Torpey, may be used as a guideline and reference.

8. Opportunities for In-house and External Candidates:

8.1 Candidate Pool: In the event of a vacancy in the position of Executive Director, and Planned Succession, both in-house and external candidates will be made aware of the search process, and have opportunity to submit an indication of interest, together with their relevant experience, for consideration.
Attachment G – ASME Mission, Vision and Core Values

**ASME Mission and Vision Statement**

**Mission**
To serve our diverse global communities by advancing, disseminating and applying engineering knowledge for improving the quality of life; and communicating the excitement of engineering.

**Vision**
ASME will be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind

### ASME Board of Governors Core Values

<table>
<thead>
<tr>
<th>Core Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mission focused</td>
<td>Governors are expected to be familiar with the ASME mission, the ASME vision, the ASME Strategic plan, and the ASME core values. Their actions and decisions should be informed by the principles contained in these guiding documents to ensure that the organization is accomplishing its goals.</td>
</tr>
<tr>
<td>2. Knowledge-based</td>
<td>Governors are expected to be knowledgeable of the structure and policies of ASME. Governors are expected to arrive at each meeting having completed the necessary preparations for the business to be transacted. Decisions made by the Board of Governors should flow from a knowledge-based process.</td>
</tr>
<tr>
<td>3. Ethics and integrity</td>
<td>Governors are expected to act with honesty and integrity, making decisions that are in the best interests of ASME.</td>
</tr>
<tr>
<td>4. Commitment</td>
<td>Governors are expected to attend every meeting and to faithfully discharge their fiduciary duties and responsibilities. In the unlikely event of a family or work conflict, governors should make every effort to utilize a teleconference connection in order to be present electronically if possible.</td>
</tr>
<tr>
<td>5. Respect and professionalism</td>
<td>In all of their activities, governors should act in a respectful professional manner toward their fellow governors, the members, and the staff.</td>
</tr>
<tr>
<td>6. Free from bias</td>
<td>Governors are elected by the membership to serve the society as a whole and thus do not represent a particular segment of the society. Governors are expected to disclose any potential conflicts of interest and excuse themselves from discussions and voting should a potential conflict of interest arise.</td>
</tr>
<tr>
<td>7. Collaboration and unity</td>
<td>The board should engage in a process whereby every governor has the opportunity to be heard and whereby every opinion is respected. When a decision is finally reached, each governor should support the decision of the board regardless of how they voted as individuals. Governors should work together for the success of the organization.</td>
</tr>
<tr>
<td>8. Communications and confidentiality</td>
<td>Governors should be effective communicators. They must first be good listeners and then have open and honest communications with their fellow governors, with ASME sector leaders, staff, and members. Governors are expected to keep confidential those items discussed in executive sessions.</td>
</tr>
<tr>
<td>9. Cultural sensitivity</td>
<td>Because we aspire to become a global organization, governors must be sensitive to the cultural differences in those places where ASME members live and work.</td>
</tr>
<tr>
<td>10. Fun</td>
<td>Recognizing that laughter and good humor bring us closer and blurs the line between work and fun, the governors are committed to operating in a collegial environment that enables friendships and a spirit of constructive cooperation.</td>
</tr>
</tbody>
</table>
SUMMARY - CONSTITUTION AND BY-LAWS *
BOARD OF GOVERNORS & SECRETARY/TREASURER

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Assistant Treasurer
Appointment .................................................................................. C4.1.7
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Chief financial officer ..................................................................... B4.3.4.1
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Absence ........................................................................................ B4.3.6.2
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Duties ........................................................................................... B4.3.6.1; B4.3.6.2
Society Officer ............................................................................... C4.1.2
Vacancy ........................................................................................ B4.1.6.4
Volunteer member ......................................................................... B4.3.6.1

Assistant Secretary
Absence ........................................................................................ B4.3.6.2
Appointment .................................................................................. C4.1.7
Duties ........................................................................................... B4.3.6.1; B4.3.6.2
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The Constitution and By-Laws can be viewed at: