ITEM

11. Call to Order

12. Adoption of Agenda

13. Announcements

14. Report on Executive Session

15. Discussion Items

16. Approval of FY13 Audited Financial Statements

17. Approval of FY14 Auditor

18. Approval of K&C Reorganization

19. Items for Receipt

20. Items for Action

21. Dates of Future Meetings

22. Adjournment
### LIST OF APPENDICES

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>FY13 Audited Financial Statements</td>
</tr>
<tr>
<td>II</td>
<td>Selection of FY14 Auditor</td>
</tr>
<tr>
<td>III</td>
<td>FY15 Budget Targets</td>
</tr>
<tr>
<td>IV</td>
<td>K&amp;C Reorganization Update</td>
</tr>
<tr>
<td>V</td>
<td>Pathway 2025 Update</td>
</tr>
<tr>
<td>VI</td>
<td>COR Annual Report</td>
</tr>
<tr>
<td>VII</td>
<td>CPP Annual Report</td>
</tr>
<tr>
<td>VIII</td>
<td>COH Annual Report</td>
</tr>
<tr>
<td>IX</td>
<td>COG Annual Report</td>
</tr>
<tr>
<td>X</td>
<td>SMC Report</td>
</tr>
<tr>
<td>XI</td>
<td>Proposed Appointments</td>
</tr>
</tbody>
</table>
11. **Call to Order:**

On September 25, 2013, a meeting of the Board of Governors of the American Society of Mechanical Engineers was held in Rio de Janeiro, Brazil. A quorum being present, the meeting was called to order by the President at 10:32 AM BRT. Attendance was as follows:

**Board of Governors**  
President: Madiha Kotb  
Immediate Past President: Marc W. Goldsmith  
President-Nominee: J. Robert Sims Jr.  

**Other Officers**  
Senior Vice Presidents: Karen J. 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  
Deputy Executive Director: June Ling (also Second Assistant Treasurer)  
Assistant Treasurer: William Garofalo

**Board of Governors Nominees**  
Urmila Ghia  
John Goossen  
Jack Tuohy

**Corporate Counsel**  
John Sare

**Other Guests**  
Daniel Kearney ECLIPSE Intern  
Karen Thole Chair, Committee on Honors

**Staff**  
William Berger Managing Director, Standards  
Shekhar Chandrashekhar Managing Director, Programs  
Michael Cowan Director, Public Information
12. **Adoption of the Agenda:** The Board

   VOTED: to adopt the agenda as circulated on September 13, 2013.

13. **Announcements:**

   The President welcomed all to the meeting, including Karen Thole who represented the Institutes Sector in Robert Grimes’ absence. Kotb informed the Board that three guests, João Conte, Milton Costa Filho and Heraldo Costa Mattos, will join the Board at lunch.

14. **Report on Executive Sessions**

   There was a report given by Madiha Kotb on the September 25, 2013 Executive Session that was held earlier in the morning. The following was reported: (1) Approval of the FY13 Enterprise Performance Results Including Results of the Enterprise Incentive Objectives; and (2) Received a report by General Counsel.

15. **Discussion Items:** The Board

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

   The Board heard reports concerning and discussed the following items:

   - Sector Management Committee Report by J. Robert Sims (Agenda Appendix 4.1.5 and Minutes Appendix X);
   - FY13 Audited Financial Statements by Warren DeVries (Agenda Appendix 2.4 and Minutes Appendix I);
   - Selection of FY14 Auditor by Warren DeVries (Agenda Appendix 2.5 and Minutes Appendix II);
   - FY15 Budget Targets by Warren Devries and William Garofalo (Agenda Appendix 2.6 and Minutes Appendix III);
   - K&C Reorganization Update by Karen Ohland, Bernard Hrubala and Michael Ireland (Agenda Appendix 2.7 and Minutes Appendix IV);
   - Pathway 2025 Update by Thomas Loughlin (Agenda Appendix 2.8 and Minutes Appendix V).

   Following the close of the Discussion Items, the Board

   VOTED: to move into formal session.
16. **Approval of FY13 Audited Financial Statements**

   VOTED: to approve the FY13 Audited Financial Statements as submitted and presented.

17. **Approval of FY14 Auditor**

   VOTED: to appoint KPMG as the auditor of ASME’s FY2014 financial statements.

18. **Approval of K&C Reorganization**

   VOTED: to approve the eventual re-engineering of legacy K&C and Institutes into a new Content Development and Delivery Sector as described; the ASME Conferencing Process to be modified to increase market relevancy and mitigate risks; the concept of moving “groups” to the middle of the organization to engage in a broader portfolio of ASME products and programs; the Task Force to move forward and work with other affected units of the enterprise in defining and implementing engagement channels and rules for engagement; and the stated timeline goal of completing and presenting implementation plan details by the Spring 2014 Board Meeting.

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

   VOTED: to receive the following items: (1) COR Annual Report (Agenda Appendix 4.1.1 and Minutes Appendix VI); (2) CPP Annual Report (Agenda Appendix 4.1.2 and Minutes Appendix VII); (3) COH Annual Report (Agenda Appendix 4.1.3 and Minutes Appendix VIII); (4) COG Annual Report (Agenda Appendix 4.1.4 and Minutes Appendix IX); and (5) SMC Report (Agenda Appendix 4.1.5 and Minutes Appendix X).

20. **Items for Action:** The Board

   VOTED: to approve the following items: (1) Minutes from June 23, 2013; (2) Minutes from June 26, 2013; and (3) Proposed Appointments (Agenda Appendix 4.2.4 and Minutes Appendix XI).

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 16, 2013</td>
<td>Saturday</td>
<td>8:30 AM – 10:00 AM</td>
<td>San Diego, CA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive Session</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10:30 AM – 4:30 PM</td>
<td></td>
</tr>
</tbody>
</table>
February 13, 2014 (a)  Thursday  12:00 PM – 2:00 PM  Web Conference

April 17, 2014 (a)  Thursday  12:00 PM – 1:30 PM  Executive Session
                      1:30 PM – 5:00 PM  New York, NY

April 18, 2014 (a)  Friday  8:00 AM – 1:00 PM  New York, NY

June 8, 2014 (a)    Sunday  10:00 AM – 11:30 AM  Executive Session
                      12:00 PM – 4:00 PM  Portland, OR

June 11, 2014 (b)   Wednesday  10:00 AM – 11:15 AM  Executive Session
                      11:30 AM – 3:00 PM  Portland, OR

September 18, 2014 (b)  Thursday  12:00 PM – 1:30 PM  Executive Session
                          1:30 PM – 5:00 PM  New York, NY

September 19, 2014 (b)  Friday  8:00 AM – 1:00 PM  New York, NY

(a) 2013-2014 Board of Governors  (b) 2014-2015 Board of Governors

22.  **Adjournment:** The meeting was adjourned on Wednesday, September 25, 2013 at 5:48 PM BRT.

[Signature]

Warren R. DeVries
Secretary
Date Submitted: September 9, 2013
BOG Meeting Date: September 25, 2013

To: Board of Governors
From: Reginald Vachon – Audit Committee Chair
Presented by: Warren DeVries – ASME Treasurer
Agenda Title: Submission of Audited Financial Results for 2013

Agenda Item Executive Summary:

Recommend acceptance of audited financial report.

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

Approval of FY2013 Audited Financial Statements

Attachments:

Consolidated Financial Statements and Audit Report
ASME 2013 Audit and Financial Report
Audited Statements and Additional Reports
Warren DeVries, Treasurer
September 25th, 2013

Agenda

• Audit process, timeline, highlights and observations
• ASME audited financial statements
• Executive summary of 2013 performance
• Management financial report
• ASME General Fund reserves and invested fund balances
• BOG motion
ASME 2013 Audit and Financial Report

Audit Process, Timeline, Highlights and Observations

ASME 2013 Audit Process & Timeline

January 15 - Planning meeting with auditors and staff
February - Engagement letters issued and signed
May 16 - Audit Plan presented to Audit Committee
May – Interim fieldwork performed by auditors
June - Warehouse inventory observation
July 22 - Preliminary close of financial systems
July/August - Auditor fieldwork at ASME Fairfield/NYC
August 19 - Draft/unaudited financial statements completed by staff
August 23 - Audited financial statements finalized
August 27 - Exit meeting with Auditors and staff
September 5 - Auditors present statements to Audit Committee
September 6 - Audit Committee reviews audited statements to COFI
September 25 – Audit Committee recommends BOG acceptance and approval
ASME 2013 Audit Summary & Highlights

The audit of ASMEs FY2013 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 sixth consecutive year
• Process was extensive with auditors in-house for two weeks in May and four weeks July/August
• Scope of audit included:
  ➢ Accounting Processes & Controls
  ➢ Information Technology Systems

ASME 2013 Audit Observations & Recommendations - Finance

• FY2013 New Observation and Recommendation:
  ➢ Reconciliation of Section Bank Accounts

• FY2012 Observations Requiring Further Action:
  ➢ Stale Check Policy
  ➢ Payroll Master Control

• FY2012 Observations Not Requiring Further Action:
  ➢ Risk assessment interview
  ➢ Revenue sharing agreements should be in writing (OTC)
  ➢ Credit card and expense reimbursement procedures
  ➢ Enhancement of Conflict of Interest Disclosure Forms
  ➢ Newly opened or closed bank accounts
  ➢ Fixed asset disposal policy
  ➢ IHS royalties – publication revenue
ASME 2013 Audit Observations and Recommendations - Technology

• FY2013 New Observation and Recommendation:
  - Outdated operating system
  - Storage and backup of sensitive HR information

• FY2012 Observations Requiring Further Action:
  - Network and application account auditing
  - Administrator password management
  - Business continuity planning

• FY2012 Observations Not Requiring Further Action:
  - IT rights to HR Systems
  - Laptop and portable storage security

ASME’s Audited Financial Statement
ASME 2013 Audited Financial Statements

ASME 2013 Financial Statements

- Consolidates all activities of ASME general fund, institutes and K&C, the development fund, awards & endowments and the four LLCs
- Total revenue was flat at $106 million in FY13 and FY12
- Pension expense benefit in FY13 due to improved discount rate and invest return on pension plan assets
- Net assets increased from $82 million to $91 million
- Total assets increased from $160 million to $164 million

Restatement of 2012 Audited Financial Statements

June 30, 2013 Audited Financial Statement Footnote 15

During the year ended June 30, 2013, ASME began the process of consolidating the cash accounts of the Society’s sections (unincorporated geographical subdivisions). These sections have operated independently of ASME and have raised funds to promote mechanical engineering. Accordingly, ASME restated its June 30, 2012 consolidated financial statements by increasing beginning net assets and increasing cash and cash equivalents by $3,201,509. The result of the restatement on the accompanying 2012 consolidated statements was as follows:

<table>
<thead>
<tr>
<th>As Previously Reported</th>
<th>Adjustment</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,032,958</td>
<td>$3,738,251</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>507,883</td>
<td>536,742</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(11,077,062)</td>
<td>536,742</td>
</tr>
<tr>
<td>Net assets beginning of year</td>
<td>89,766,562</td>
<td>3,201,509</td>
</tr>
<tr>
<td>Net assets end of year</td>
<td>78,689,500</td>
<td>3,738,251</td>
</tr>
</tbody>
</table>

Minutes Appendix I
Page 6 of 36
## ASME 2013 Financial Statements of Activities

### As of June 30, 2013 and 2012 (Restated)

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
<th>Designated and Restricted</th>
<th>2013 Total</th>
<th>As Restated 2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (notes 2, 13 and 15)</td>
<td>$10,024,898</td>
<td>$4,519,808</td>
<td>$14,544,706</td>
<td>$10,771,209</td>
</tr>
<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $250,163 in 2013 and $207,300 in 2012 (note 2)</td>
<td>9,836,456</td>
<td>2,320,859</td>
<td>12,157,315</td>
<td>9,180,144</td>
</tr>
<tr>
<td>Inventories (note 2)</td>
<td>1,790,104</td>
<td>-</td>
<td>1,790,104</td>
<td>643,494</td>
</tr>
<tr>
<td>Prepaid expenses, deferred charges, and deposits</td>
<td>2,701,040</td>
<td>208,440</td>
<td>2,909,480</td>
<td>2,847,341</td>
</tr>
<tr>
<td>Investments (notes 2 and 4)</td>
<td>76,678,709</td>
<td>23,793,995</td>
<td>100,472,704</td>
<td>120,574,635</td>
</tr>
<tr>
<td>Property, furniture, equipment, and leasehold improvements, net (note 5)</td>
<td>31,074,043</td>
<td>3,514</td>
<td>31,077,557</td>
<td>13,543,918</td>
</tr>
<tr>
<td>Total assets</td>
<td>$133,206,142</td>
<td>$30,846,816</td>
<td>$164,052,958</td>
<td>$159,560,761</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities and Net Assets</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$13,747,261</td>
</tr>
<tr>
<td>Temporarily restricted (notes 2, 9, and 10)</td>
<td>-</td>
</tr>
<tr>
<td>Permanently restricted (notes 2, 9, and 10)</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>65,230,863</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$133,206,142</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Years ended June 30, 2013 and 2012 (Restated)</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues (note 6)</td>
<td></td>
</tr>
<tr>
<td>Membership dues, publications, accreditation, conference fees, and other revenue by sector / operating unit:</td>
<td></td>
</tr>
<tr>
<td>Total operating income</td>
<td>$133,206,142</td>
</tr>
<tr>
<td>Total program services 74,728,181</td>
<td>9,244,460</td>
</tr>
<tr>
<td>Total operating expenses 105,025,599</td>
<td>8,869,952</td>
</tr>
<tr>
<td>(Decrease) increase in net assets (note 9)</td>
<td>(33,524)</td>
</tr>
<tr>
<td>Prior period adjustment (Note 15)</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in net assets (note 9)</td>
<td>5,161,286</td>
</tr>
</tbody>
</table>

### ASME 2013 Financial Statements of Financial Position

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
<th>Designated and Restricted</th>
<th>2013 Total</th>
<th>As Restated 2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $250,163 in 2013 and $207,300 in 2012 (note 2)</td>
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<td>2,320,859</td>
<td>12,157,315</td>
<td>9,180,144</td>
</tr>
<tr>
<td>Inventories (note 2)</td>
<td>1,790,104</td>
<td>-</td>
<td>1,790,104</td>
<td>643,494</td>
</tr>
<tr>
<td>Prepaid expenses, deferred charges, and deposits</td>
<td>2,701,040</td>
<td>208,440</td>
<td>2,909,480</td>
<td>2,847,341</td>
</tr>
<tr>
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<td>23,793,995</td>
<td>100,472,704</td>
<td>120,574,635</td>
</tr>
<tr>
<td>Property, furniture, equipment, and leasehold improvements, net (note 5)</td>
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<td>3,514</td>
<td>31,077,557</td>
<td>13,543,918</td>
</tr>
<tr>
<td>Total assets</td>
<td>$133,206,142</td>
<td>$30,846,816</td>
<td>$164,052,958</td>
<td>$159,560,761</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$13,747,261</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>67,975,279</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Operating expenses</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating expenses 105,025,599</td>
<td>8,869,952</td>
</tr>
<tr>
<td>(Decrease) increase in net assets (note 9)</td>
<td>(33,524)</td>
</tr>
<tr>
<td>Prior period adjustment (Note 15)</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in net assets (note 9)</td>
<td>5,161,286</td>
</tr>
</tbody>
</table>

**The table continues with additional financial details.**
# ASME 2013 Financial Statements of Cash Flows

## Executive Summary of 2013 Performance

### ASME 2013 Audit and Financial Report

<table>
<thead>
<tr>
<th>Years ended June 30, 2013 and 2012 (Restated)</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in net assets</td>
<td>$8,392,615</td>
<td>$(10,540,320)</td>
</tr>
<tr>
<td>Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,295,795</td>
<td>3,962,693</td>
</tr>
<tr>
<td>Realized/unrealized (gain) loss on investments</td>
<td>$(6,632,553)</td>
<td>2,468,876</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>22,863</td>
<td>35,000</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
<td>$(3,000,054)</td>
<td>$(39,169)</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>4,030,572</td>
<td>4,030,572</td>
</tr>
<tr>
<td>Decrease in inventories</td>
<td>$(1,146,610)</td>
<td>101,899</td>
</tr>
<tr>
<td>Increase in prepaid expenses, deferred charges, and deposits</td>
<td>$(62,339)</td>
<td>$(164,261)</td>
</tr>
<tr>
<td>Decrease in accounts payable and accrued expenses</td>
<td>9,088,270</td>
<td>9,088,270</td>
</tr>
<tr>
<td>Increase in accrued employee benefits</td>
<td>$(2,023,176)</td>
<td>8,915,521</td>
</tr>
<tr>
<td>Decrease in deferred receipts</td>
<td>$(6,300,134)</td>
<td>$(6,300,134)</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>$(3,410,661)</td>
<td>$2,805,178</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities

| Purchases of investments                      | $(35,187,765) | $(40,817,043) |
| Proceeds from sale of investments             | 65,102,229 | 40,890,563 |
| Acquisition of fixed assets                   | $(20,730,306) | $(6,300,134) |
| Net cash provided by (used in) investing activities | 7,184,158 | $(6,226,614) |
| Net increase (decrease) in cash and cash equivalents | 3,775,497 | $(3,421,436) |
| Cash and cash equivalents at beginning of year | $10,771,209 | $14,192,645 |
| Cash and cash equivalents at end of year       | $14,544,706 | $10,771,209 |
## ASME 2013 Financial Results - Executive Summary

ASME’s operating results from budgeted operations exceeded budget by $1.7 million.

<table>
<thead>
<tr>
<th>($) millions</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>% Favorable / (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$102.7</td>
<td>$100.9</td>
<td>$(1.8)</td>
<td>(1.8%)</td>
</tr>
<tr>
<td>Expense</td>
<td>103.9</td>
<td>100.4</td>
<td>3.5</td>
<td>3.4%</td>
</tr>
<tr>
<td>Net</td>
<td>$(1.2)</td>
<td>+ $0.5</td>
<td>+ $1.7</td>
<td></td>
</tr>
</tbody>
</table>

Includes IGTI & IPTI

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## ASME 2013 Audit and Financial Report

### Management Financial Report
### ASME 2013 Management Financial Report

#### Full Year Budget vs Full Year Actual

<table>
<thead>
<tr>
<th>Product Group</th>
<th>Full Year Budget Revenues</th>
<th>Full Year Actual Revenues</th>
<th>Full Year Budget Expenses</th>
<th>Full Year Actual Expenses</th>
<th>Full Year Budget Net Revenues</th>
<th>Full Year Actual Net Revenues</th>
<th>Full Year Budget Net Income</th>
<th>Full Year Actual Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standards</td>
<td>38,000</td>
<td>31,500</td>
<td>30,300</td>
<td>28,700</td>
<td>1,200</td>
<td>1,700</td>
<td>1,100</td>
<td>1,300</td>
</tr>
<tr>
<td>Conformity</td>
<td>43,500</td>
<td>35,500</td>
<td>35,500</td>
<td>33,500</td>
<td>7,800</td>
<td>9,300</td>
<td>7,800</td>
<td>7,000</td>
</tr>
<tr>
<td>Membership</td>
<td>23,500</td>
<td>19,500</td>
<td>25,500</td>
<td>22,500</td>
<td>2,800</td>
<td>4,200</td>
<td>2,500</td>
<td>4,000</td>
</tr>
<tr>
<td>Publishing</td>
<td>26,000</td>
<td>20,500</td>
<td>21,000</td>
<td>21,000</td>
<td>5,000</td>
<td>5,500</td>
<td>5,000</td>
<td>5,500</td>
</tr>
<tr>
<td>IMS</td>
<td>2,500</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
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<tr>
<td>Programs</td>
<td></td>
<td></td>
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<td></td>
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<td>Outreach</td>
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<td>200</td>
<td>180</td>
<td>200</td>
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<td>350</td>
<td>350</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Student &amp; Early Career Development</td>
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<td>300</td>
<td>300</td>
<td>300</td>
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<td>0</td>
<td>0</td>
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<td>150</td>
<td>150</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>250</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>Knowledge &amp; Community</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Events Management</td>
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<td>700</td>
<td>700</td>
<td>700</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Programs/Services Subtotal</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>0</td>
<td>0</td>
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<td>Enterprise Projects</td>
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<td>200</td>
<td>200</td>
<td>200</td>
<td>0</td>
<td>0</td>
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<td>ESET</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
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<td>WSET</td>
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<td>200</td>
<td>200</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Enterprise Projects Subtotal</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Corporate Support</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>0</td>
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<tr>
<td>Executive Office</td>
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<td>200</td>
<td>200</td>
<td>200</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td>600</td>
<td>600</td>
<td>600</td>
<td>600</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>200</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Purchasing</td>
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<td>200</td>
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<td>0</td>
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<td>0</td>
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<td>100</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marketing &amp; Sales</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Corporate Support Subtotal</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-Operating Fund</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Expense Adjustment</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Operating Surplus/(Deficit)</td>
<td>1,000,896</td>
<td>1,000,447</td>
<td>449</td>
<td>1,027,738</td>
<td>1,036,962</td>
<td>(1,224)</td>
<td>(1,841)</td>
<td>3,515</td>
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</table>

#### ASME General Fund Reserves and Invested Fund Balances

<table>
<thead>
<tr>
<th>Activity</th>
<th>Full Year Actual Reserves</th>
<th>Full Year Budget Reserves</th>
<th>Full Year Actual Invested Fund Balances</th>
<th>Full Year Budget Invested Fund Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>1,100,000</td>
<td>1,100,000</td>
<td>1,100,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Surplus</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

### ASME 2013 Audit and Financial Report

**ASME General Fund Reserves and Invested Fund Balances**

- Full Year Actual Reserves: $1,200,000
- Full Year Budget Reserves: $1,200,000
- Full Year Actual Invested Fund Balances: $1,200,000
- Full Year Budget Invested Fund Balances: $1,200,000

- Income: $1,200,000
- Expenses: $1,100,000
- Surplus: $100,000

Minutes Appendix I
Page 10 of 36
### ASME General Fund Reserves (net assets)

<table>
<thead>
<tr>
<th></th>
<th>2010 Actual</th>
<th>2011 Actual</th>
<th>2012 Actual</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Beginning Balance</td>
<td>46.4</td>
<td>48.4</td>
<td>71.1</td>
<td>60.1</td>
</tr>
<tr>
<td>Net Operating Results</td>
<td>0.8</td>
<td>6.5</td>
<td>(0.9)</td>
<td>(8.8)</td>
</tr>
<tr>
<td>Investment Returns</td>
<td>8.4</td>
<td>14.5</td>
<td>0.7</td>
<td>8.7</td>
</tr>
<tr>
<td>Accounting Adjustments</td>
<td>(7.2)</td>
<td>1.7</td>
<td>(10.8)</td>
<td>5.2</td>
</tr>
<tr>
<td>General Fund Ending Balance</td>
<td>48.4</td>
<td>71.1</td>
<td>60.1</td>
<td>65.2</td>
</tr>
</tbody>
</table>

### ASME General Fund Reserve Calculation

<table>
<thead>
<tr>
<th></th>
<th>2010 Actual</th>
<th>2011 Actual</th>
<th>2012 Actual</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Ending Balance</td>
<td>48.4</td>
<td>71.1</td>
<td>60.1</td>
<td>65.2</td>
</tr>
<tr>
<td>3 Year Trailing Operating Exp Avg</td>
<td>77.4</td>
<td>82.5</td>
<td>89.3</td>
<td>97.3</td>
</tr>
<tr>
<td>GF Balance as % of 3 Yr Oper Exp Avg</td>
<td>62%</td>
<td>86%</td>
<td>67%</td>
<td>67%</td>
</tr>
</tbody>
</table>
Concluding Remarks

- ASME’s results from budgeted operations exceeded budget by $1.7 million
- ASME’s financial position remains strong
- ASME received an unqualified and clean opinion on the FY 2013 audit
Audit Committee Recommended Motion

The Audit Committee recommends that the ASME Board of Governors accept and approve ASME’s FY 2013 financial statements as presented by Marks Paneth & Shron
CONSOLIDATED FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITORS’ REPORT THEREON)
YEARS ENDED JUNE 30, 2013 AND 2012 (RESTATED)
AMERICAN SOCIETY OF MECHANICAL ENGINEERS

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

YEARS ENDED June 30, 2013 and 2012 (Restated)

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors’ Report</td>
<td>1</td>
</tr>
<tr>
<td>Consolidated Statements of Financial Position</td>
<td>2</td>
</tr>
<tr>
<td>Consolidated Statements of Activities</td>
<td>3</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>5-21</td>
</tr>
</tbody>
</table>
Independent Auditors’ Report

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

We have audited the accompanying consolidated financial statements of The American Society of Mechanical Engineers D/B/A ASME (the “Society”) which comprise the consolidated statements of financial position as of June 30, 2013 and 2012 (restated), and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society as of June 30, 2013 and 2012 (restated), 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.

Other

As discussed in Note 15 to the consolidated financial statements, during the year ended June 30, 2013, the Society recorded the cash accounts of the sections. Accordingly, the consolidated financial statements for the year ended June 30, 2012 have been restated to reflect this change.

New York, NY
September 11, 2013
ASME
CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION
As of June 30, 2013 and 2012 (Restated)

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Designated and restricted</th>
<th>2013 Total</th>
<th>As Restated 2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (notes 2, 13 and 15)</td>
<td>$10,024,898</td>
<td>$4,519,808</td>
<td>$14,544,706</td>
<td>$10,771,209</td>
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<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $230,163 in 2013 and $207,300 in 2012. (note 2)</td>
<td>9,836,456</td>
<td>2,320,859</td>
<td>12,157,315</td>
<td>9,180,144</td>
</tr>
<tr>
<td>Inventories (note 2)</td>
<td>1,790,104</td>
<td>1,790,104</td>
<td>643,494</td>
<td>2,847,341</td>
</tr>
<tr>
<td>Prepaid expenses, deferred charges, and deposits</td>
<td>2,701,040</td>
<td>208,640</td>
<td>2,909,680</td>
<td>3,658,578</td>
</tr>
<tr>
<td>Investments (notes 2 and 4)</td>
<td>76,878,709</td>
<td>23,793,995</td>
<td>100,672,704</td>
<td>120,574,635</td>
</tr>
<tr>
<td>Property, furniture, equipment, and leasehold improvements, net (note 5)</td>
<td>31,974,935</td>
<td>3,514</td>
<td>31,978,449</td>
<td>15,543,938</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$133,206,142</td>
<td>$30,846,816</td>
<td>$164,052,958</td>
<td>$159,560,761</td>
</tr>
</tbody>
</table>

| **Liabilities and Net Assets** |         |                           |            |                        |
| Liabilities:               |         |                           |            |                        |
| Accounts payable and accrued expenses | $13,747,261 | $5,027,158 | $18,774,419 | $9,686,149 |
| Accrued employee benefits (notes 7 and 8) | 28,475,613 | - | 28,475,613 | 30,498,789 |
| Deferred publications revenue | 1,590,261 | - | 1,590,261 | 10,638,672 |
| Deferred dues revenue | 3,550,766 | - | 3,550,766 | 3,658,578 |
| Accreditation and other deferred revenue | 20,611,378 | 230,155 | 20,841,533 | 22,650,822 |
| **Total liabilities**      | $67,975,279 | $5,257,313 | $73,232,592 | 77,133,010 |
| Net assets:               |         |                           |            |                        |
| Unrestricted              | 65,230,863 | 25,060,451 | 90,291,314 | 81,920,551 |
| Temporarily restricted (notes 2, 9, and 10) | - | 392,485 | 392,485 | 370,633 |
| Permanently restricted (notes 2, 9, and 10) | - | 136,567 | 136,567 | 136,567 |
| **Total net assets**      | $65,230,863 | 25,589,503 | 90,820,366 | 82,427,751 |
| **Total liabilities and net assets** | $133,206,142 | $30,846,816 | $164,052,958 | $159,560,761 |

See accompanying notes to the consolidated financial statements.
## ASME
### CONSOLIDATED STATEMENTS
#### OF ACTIVITIES
Years ended June 30, 2013 and 2012 (Restated) Designated As Restated

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Designated and restricted (notes 1, 9 &amp; 10)</th>
<th>2013</th>
<th>Total</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue (note 6)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues, publications, accreditation, conference fees, and other revenue by sector / operating unit:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Codes and Standards</td>
<td>$33,389,227</td>
<td>$434,123</td>
<td>$33,823,350</td>
<td>$32,742,446</td>
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<td></td>
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<tr>
<td>Conformity Assessment</td>
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<td>-</td>
<td>27,713,373</td>
<td>28,500,350</td>
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<td></td>
</tr>
<tr>
<td>Training and Development</td>
<td>6,552,299</td>
<td>-</td>
<td>6,552,299</td>
<td>7,435,355</td>
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<td></td>
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<td>Public Affairs and Outreach</td>
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<td>500,151</td>
<td>786,663</td>
<td>1,857,722</td>
<td></td>
<td></td>
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<tr>
<td>Student Education and Career Development</td>
<td>127,766</td>
<td>-</td>
<td>127,766</td>
<td>127,400</td>
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<td></td>
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<td>Knowledge and Community</td>
<td>2,679,051</td>
<td>3,825,465</td>
<td>6,504,516</td>
<td>4,732,351</td>
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<td>Institutes Sector</td>
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<td>4,841,222</td>
<td>4,841,222</td>
<td>4,778,930</td>
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<td></td>
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<tr>
<td>Publications</td>
<td>13,412,195</td>
<td>-</td>
<td>13,412,195</td>
<td>14,139,272</td>
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<td></td>
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<td>Marketing</td>
<td>102,320</td>
<td>-</td>
<td>102,320</td>
<td>94,040</td>
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<td></td>
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<td>Membership</td>
<td>11,171,719</td>
<td>-</td>
<td>11,171,719</td>
<td>10,643,341</td>
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<td></td>
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<tr>
<td>Members' voluntary contributions</td>
<td>-</td>
<td>12,183</td>
<td>12,183</td>
<td>16,360</td>
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<td></td>
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<tr>
<td>Miscellaneous Revenue</td>
<td>816,027</td>
<td>328,183</td>
<td>1,144,210</td>
<td>1,044,625</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>96,250,489</td>
<td>9,941,327</td>
<td>106,191,816</td>
<td>106,112,192</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Operating expenses** |         |                                             |      |       |      |       |
| Program services by sector / operating unit: |         |                                             |      |       |      |       |
| Codes and Standards    | 14,803,469 | 1,384,424                                   | 16,187,893 | 14,898,653 |
| Conformity Assessment  | 18,199,964 | -                                           | 18,199,964 | 17,650,189 |
| Training and Development | 6,749,537 | -                                           | 6,749,537 | 6,741,661 |
| Public Affairs and Outreach | 6,007,138 | 456,341                                     | 7,063,497 | 7,343,064 |
| Student Education and Career Development | 2,616,628 | -                                           | 2,616,628 | 1,478,226 |
| Knowledge and Community| 7,662,039 | 3,091,705                                   | 10,753,744 | 8,634,628 |
| Institutes Sector       | -       | 4,311,990                                    | 4,311,990 | 4,320,262 |
| Publications            | 15,026,358 | -                                         | 15,026,358 | 13,413,717 |
| Membership              | 3,063,048 | -                                           | 3,063,048 | 3,112,148 |
| **Total program services** | 74,728,181 | 9,244,460                                   | 83,972,641 | 77,592,548 |

| Supporting services: |         |                                             |      |       |      |       |
| Board of Governors and Committees | 1,498,693 | (374,508)                                   | 1,124,185 | 2,145,981 |
| Marketing               | 12,589,202 | -                                         | 12,589,202 | 12,889,037 |
| General Administration   | 16,209,523 | -                                         | 16,209,523 | 13,778,475 |
| **Total operating expenses** | 105,025,599 | 8,869,952                                   | 113,895,551 | 106,406,041 |

(Deficit) / excess of operating revenue over expenses | (8,775,110) | 1,071,375                                   | (7,703,735) | (293,849) |

### Nonoperating activities

Interest and dividends, net of investment fees of $210,617 in 2013 and $204,881 in 2012 | 2,296,846 | 592,161                                     | 2,889,007 | 2,999,465 |

Realized/unrealized (loss) / gain on investments (note 4) | 6,444,740 | 1,567,793                                   | 8,012,533 | (2,488,876) |

(Decrease) increase in net assets (note 9) | (33,524) | 3,231,329                                   | 3,197,805 | 216,740 |

Pension and post-retirement changes other than net periodic costs (notes 7 and 8) | 5,194,810 | -                                         | 5,194,810 | (10,757,060) |

Increase (decrease) in net assets (note 9) | 5,161,286 | 3,231,329                                   | 8,392,615 | (10,540,320) |

Net assets at beginning of year as originally stated | 60,069,577 | 22,358,174 | 82,427,751 | 89,766,562 |

Prior period adjustment (Note 15) | - | - | - | 3,201,509 |

Net assets at beginning of year as restated | 60,069,577 | 22,358,174 | 82,427,751 | 92,968,071 |

Net assets at end of year | $65,230,863 | $25,589,503 | $90,820,366 | $82,427,751 |

See accompanying notes to the consolidated financial statements.
ASME
CONSOLIDATED STATEMENTS
OF CASH FLOWS
Years ended June 30, 2013 and 2012 (Restated)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>As Restated 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in net assets</td>
<td>$ 8,392,615</td>
<td>$ (10,540,320)</td>
</tr>
<tr>
<td>Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,295,795</td>
<td>3,962,693</td>
</tr>
<tr>
<td>Realized/unrealized (gain) loss on investments</td>
<td>(8,012,533)</td>
<td>2,488,876</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>22,863</td>
<td>35,000</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
<td>(3,000,034)</td>
<td>(39,169)</td>
</tr>
<tr>
<td>(Increase) Decrease in inventories</td>
<td>(1,146,610)</td>
<td>101,899</td>
</tr>
<tr>
<td>Increase in prepaid expenses, deferred charges, and deposits</td>
<td>(62,339)</td>
<td>(164,261)</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>9,088,270</td>
<td>4,030,572</td>
</tr>
<tr>
<td>(Decrease) Increase in accrued employee benefits</td>
<td>(2,023,176)</td>
<td>8,915,521</td>
</tr>
<tr>
<td>Decrease in deferred publications revenue</td>
<td>(9,048,411)</td>
<td>(6,804,554)</td>
</tr>
<tr>
<td>(Decrease) Increase in deferred dues revenue</td>
<td>(107,812)</td>
<td>148,108</td>
</tr>
<tr>
<td>(Decrease) Increase in accreditation and other deferred revenue</td>
<td>(1,809,289)</td>
<td>670,813</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(3,410,661)</td>
<td>2,805,178</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(35,187,765)</td>
<td>(40,817,043)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>63,102,229</td>
<td>40,890,563</td>
</tr>
<tr>
<td>Acquisition of fixed assets</td>
<td>(20,730,306)</td>
<td>(6,300,134)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>7,184,158</td>
<td>(6,226,614)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>3,773,497</td>
<td>(3,421,436)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>10,771,209</td>
<td>14,192,645</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$ 14,544,706</td>
<td>$ 10,771,209</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 (other than cash and cash equivalents, as described in Note 15), 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. In addition, includes unappropriated earnings on donor-restricted endowment.

**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.
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 was 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 months 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 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. The Society capitalizes all assets with a cost of $3,000 or more and a useful life of more than one year.

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 accounting principles generally accepted in the United States of America (“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, 2013 and 2012, ASME determined that an allowance for uncollectible accounts is necessary for accounts receivable in the amount of $230,163 and $207,300, 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.

Reclassification

Certain line items in the June 30, 2012 consolidated financial statements have been reclassified to conform to the June 30, 2013 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 2013 and 2012, such charges totaled $29,412 and $27,416, 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 2013 and 2012, such charges totaled $699,074 and $446,036, respectively. In fiscal years 2013 and 2012, the Foundation made total contributions of $260,000 and $266,000, respectively, to ASME in support of honors and awards and Engineering for Change (E4C). Foundation payments for services are included in miscellaneous revenue in the consolidated statements of activities. In each of the fiscal years 2013 and 2012 the Society contributed $45,388 and $39,000, respectively for award programs to the Foundation. In fiscal year 2013, ASME provided a subsidy to the Foundation in the amounting to $100,000. There were no such subsidies in fiscal year 2012.

(4) 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 FASB Accounting Standards Codification (“ASC”) Topic 820, “Fair Value Measurement,” as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under ASC Topic 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, 2013 and 2012.

**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 consisted of the following at June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock - managed funds:</td>
<td>$ 8,949,956</td>
<td>$ 6,992,032</td>
</tr>
<tr>
<td>Equity - mutual funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Blend</td>
<td>32,698,832</td>
<td>28,329,546</td>
</tr>
<tr>
<td>Foreign Large Blend</td>
<td>15,547,067</td>
<td>12,817,550</td>
</tr>
<tr>
<td>Small Blend</td>
<td>8,513,086</td>
<td>8,380,989</td>
</tr>
<tr>
<td>Aggressive Allocation</td>
<td>2,216,314</td>
<td>5,925,597</td>
</tr>
<tr>
<td>Energy</td>
<td>3,296,734</td>
<td>2,968,423</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>941,464</td>
<td>849,418</td>
</tr>
<tr>
<td>Bonds and fixed income - managed funds</td>
<td>28,994,559</td>
<td>28,705,832</td>
</tr>
<tr>
<td>Mutual funds - bonds and fixed income</td>
<td>22,066,791</td>
<td>47,606,344</td>
</tr>
<tr>
<td>Money market funds</td>
<td>749,982</td>
<td>699,281</td>
</tr>
<tr>
<td><strong>Total Portfolio</strong></td>
<td>123,974,785</td>
<td>143,275,012</td>
</tr>
<tr>
<td>Less undivided interest held on behalf of the Foundation</td>
<td>21,864,102</td>
<td>21,341,290</td>
</tr>
<tr>
<td>Less undivided interest held on behalf of the Auxiliary</td>
<td>1,437,979</td>
<td>1,359,087</td>
</tr>
<tr>
<td><strong>Total ASME</strong></td>
<td><strong>$ 100,672,704</strong></td>
<td><strong>$ 120,574,635</strong></td>
</tr>
</tbody>
</table>

Realized/unrealized (loss) gain on investments for the years ended June 30, 2013 and 2012 consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized gain on investment transactions</td>
<td>$ 2,812,832</td>
<td>$ 1,767,906</td>
</tr>
<tr>
<td>Unrealized gain / (loss)</td>
<td>$ 5,199,702</td>
<td>(4,256,782)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 8,012,534</strong></td>
<td><strong>$ (2,488,876)</strong></td>
</tr>
</tbody>
</table>
(5) **Property, Furniture, Equipment, and Leasehold Improvements**

Property, furniture, equipment, and leasehold improvements at June 30, 2013 and 2012 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</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>2,831,502</td>
<td>2,805,797</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>32,658,337</td>
<td>26,946,647</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>17,261,069</td>
<td>5,191,324</td>
</tr>
<tr>
<td>Furniture and Fixture</td>
<td>8,590,711</td>
<td>5,781,645</td>
</tr>
<tr>
<td>Others</td>
<td>41,338</td>
<td>41,338</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61,966,034</strong></td>
<td><strong>41,349,828</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(29,987,585)</td>
<td>(25,805,890)</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td><strong>31,978,449</strong></td>
<td><strong>15,543,938</strong></td>
</tr>
</tbody>
</table>

Construction in Progress of $10,353,772 is included in the above property, furniture, equipment, and leasehold improvements at June 30, 2013. The estimated cost to complete these projects at various dates through January 2014 is approximately $1,230,000.

Depreciation and amortization expenses amounted to $4,295,795 and $3,962,693 for the years ended June 30, 2013 and 2012, respectively. In January 2012, ASME signed a lease agreement to move the corporate headquarters from 3 Park Avenue to 2 Park Avenue in New York, New York. Due to the move, ASME accelerated depreciation on assets located at 3 Park Avenue. The accelerated Depreciation amounted to $873,924 as of June 30, 2012, and reduced the asset value to zero as of December 31, 2012. This move took place in January 2013. During the years ended June 30, 2013 and 2012, ASME wrote off fully depreciated property and equipment amounting to $114,100 and $254,452, 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, 2013 and 2012, summarized by type:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>$8,276,269</td>
<td>$8,192,626</td>
</tr>
<tr>
<td>Codes and standards and technical publication revenue</td>
<td>47,235,545</td>
<td>46,881,718</td>
</tr>
<tr>
<td>Accreditation revenue</td>
<td>27,713,373</td>
<td>28,500,350</td>
</tr>
<tr>
<td>Conferences, exhibits, and course fees</td>
<td>17,697,482</td>
<td>17,046,636</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>4,112,753</td>
<td>4,429,877</td>
</tr>
<tr>
<td>Member's voluntary contributions</td>
<td>12,183</td>
<td>16,360</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,144,211</td>
<td>1,044,625</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>106,191,816</strong></td>
<td><strong>106,112,192</strong></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 2013 fiscal year, there were no significant events that would require remeasurement. The Society’s obligation as of June 30, 2013 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation at June 30,</td>
<td>$ (62,980,122)</td>
<td>$ (63,402,727)</td>
</tr>
<tr>
<td>and accrued expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funded status</td>
<td>$ (19,468,667)</td>
<td>$ (22,878,780)</td>
</tr>
<tr>
<td>Amounts recognized in the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>consolidated statements of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial position:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued employee benefits</td>
<td>(19,468,667)</td>
<td>(22,878,780)</td>
</tr>
<tr>
<td>Total net periodic benefit</td>
<td>4,573,975</td>
<td>3,249,079</td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>3,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(2,101,666)</td>
<td>(2,391,635)</td>
</tr>
<tr>
<td>Weighted average assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>used to determine benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>obligations at June 30:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>4.75%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Weighted average assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>used to determine net periodic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>benefit cost for the years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ended June 30, 2013 and 2012:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>4.50%</td>
<td>5.75%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>7.25</td>
<td>7.50</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 Plan was $55,000,269 and $53,603,543 at June 30, 2013 and 2012, respectively.
Other changes in plan assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2013 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain/(loss)</td>
<td>$2,804,766</td>
<td>$(14,868,964)</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>-</td>
<td>3,449,211</td>
</tr>
<tr>
<td>Amortization of loss</td>
<td>2,604,754</td>
<td>1,174,931</td>
</tr>
<tr>
<td>Amortization of prior service credit</td>
<td>$(425,432)</td>
<td>$(33,921)</td>
</tr>
<tr>
<td>Net amount recognized in change in unrestricted net assets</td>
<td>$4,984,088</td>
<td>$(10,278,743)</td>
</tr>
</tbody>
</table>

The net periodic pension cost for the years ended June 30, 2013 and 2012 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of loss</td>
<td>$2,604,754</td>
<td>$1,174,931</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>$(425,432)</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, 2013 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$23,878,636</td>
<td>$29,288,156</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>$(3,290,397)</td>
<td>$(3,715,829)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$20,588,239</td>
<td>$25,572,327</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, 2013 and 2012 are classified in the table as Level 1 as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds invested in equity securities</td>
<td>$15,060,400</td>
<td>$15,804,339</td>
</tr>
<tr>
<td>Mutual funds invested in debt securities</td>
<td>25,664,408</td>
<td>21,072,452</td>
</tr>
<tr>
<td>Other</td>
<td>2,786,647</td>
<td>3,647,156</td>
</tr>
<tr>
<td>Plan assets total</td>
<td>$43,511,455</td>
<td>$40,523,947</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 Society’s pension plan weighted average asset allocations at June 30, 2013 and 2012, by asset category, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds invested in equity securities</td>
<td>35%</td>
<td>39%</td>
</tr>
<tr>
<td>Mutual funds invested in debt securities</td>
<td>59%</td>
<td>52%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
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 investment class, are as follows at June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th>Investment Class</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity - mutual funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Blend</td>
<td>$8,865,877</td>
<td>$7,466,569</td>
</tr>
<tr>
<td>Foreign Large Blend</td>
<td>3,943,653</td>
<td>3,262,393</td>
</tr>
<tr>
<td>Aggressive Allocation</td>
<td>3,880,809</td>
<td>3,583,998</td>
</tr>
<tr>
<td>Energy</td>
<td>1,472,535</td>
<td>426,839</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>1,337,310</td>
<td>1,206,561</td>
</tr>
<tr>
<td>Bonds and fixed income - mutual funds</td>
<td>22,330,085</td>
<td>24,490,262</td>
</tr>
<tr>
<td>Money market funds</td>
<td>1,681,186</td>
<td>87,325</td>
</tr>
<tr>
<td><strong>Total ASME Pension Plan &amp; Trust</strong></td>
<td>$43,511,455</td>
<td>$40,523,947</td>
</tr>
</tbody>
</table>

The Society expects to contribute $3,500,000 to the Plan in fiscal year 2014.

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>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss (gain)</td>
<td>$2,000,071</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>2014</td>
<td>$3,258,868</td>
</tr>
<tr>
<td>2015</td>
<td>3,529,185</td>
</tr>
<tr>
<td>2016</td>
<td>3,179,825</td>
</tr>
<tr>
<td>2017</td>
<td>3,550,429</td>
</tr>
<tr>
<td>2018</td>
<td>3,537,113</td>
</tr>
<tr>
<td>2019-2023</td>
<td>23,265,999</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 2013 fiscal year, there were no significant events that would require remeasurement. The obligation as of June 30, 2013 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, 2013 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, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation at June 30,</td>
<td>$(986,638)</td>
<td>$(1,014,848)</td>
</tr>
<tr>
<td>Fair value of plan assets at June 30,</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Funded status</td>
<td>$(986,638)</td>
<td>$(1,014,848)</td>
</tr>
</tbody>
</table>

Amounts recognized in the consolidated statements of financial position:

- Accrued employee benefits: $(986,638) in 2013 and $(1,014,848) in 2012.
- Total net periodic benefit cost: $122,773 in 2013 and $134,880 in 2012.

Weighted average assumptions used to determine benefit obligations at June 30:
- Discount rate: 4.75% in 2013 and 4.50% in 2012.
- Rate of compensation increase: 3.50% in both years.

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2013 and 2012:
- Discount rate: 4.50% in 2013 and 5.75% in 2012.
- Expected return on plan assets: N/A in both years.
- Rate of compensation increase: 3.50% in both years.

The accumulated benefit obligation for the SERP was $621,104 at June 30, 2013 and $633,421 at June 30, 2012.

Other changes in SERP assets and benefit obligations recognized in the change in unrestricted net assets for the years ended June 30, 2013 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain (loss)</td>
<td>$125,073</td>
<td>$(301,096)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>-</td>
<td>$170,349</td>
</tr>
<tr>
<td>Amortization of loss</td>
<td>$78,232</td>
<td>$83,873</td>
</tr>
<tr>
<td>Amortization of prior service cost (credit)</td>
<td>$(52,322)</td>
<td>$(37,470)</td>
</tr>
<tr>
<td>Net amount recognized in change in unrestricted net assets</td>
<td>$150,983</td>
<td>$(84,344)</td>
</tr>
</tbody>
</table>

The net periodic pension cost for the years ended June 30, 2013 and 2012 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of loss</td>
<td>$78,232</td>
<td>$83,873</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>$(52,322)</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>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$795,501</td>
<td>$998,806</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>(363,005)</td>
<td>(415,327)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$432,496</td>
<td>$583,479</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>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (gain) loss</td>
<td>$68,789</td>
</tr>
<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>2014</td>
<td>$</td>
</tr>
<tr>
<td>2015</td>
<td>1,954</td>
</tr>
<tr>
<td>2016</td>
<td>2,645</td>
</tr>
<tr>
<td>2017</td>
<td>3,647</td>
</tr>
<tr>
<td>2018</td>
<td>92,249</td>
</tr>
<tr>
<td>2019-2023</td>
<td>337,787</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, 2013 and 2012 are $385,899 and $315,388, 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 $932,000 and $834,000 for the years ended June 30, 2013 and 2012, 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.
The following table provides information with respect to the postretirement benefits as of and for the years ended June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postretirement benefit obligation</td>
<td>$(2,557,602)</td>
<td>$(2,642,908)</td>
</tr>
<tr>
<td>Accrued benefit recognized</td>
<td>$(2,557,602)</td>
<td>$(2,642,908)</td>
</tr>
<tr>
<td>Net periodic postretirement benefit cost</td>
<td>54,699</td>
<td>(25,462)</td>
</tr>
<tr>
<td>Employer contribution</td>
<td>80,266</td>
<td>83,479</td>
</tr>
<tr>
<td>Plan participants’ contribution</td>
<td>75,138</td>
<td>66,695</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>155,404</td>
<td>150,174</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>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial (gain)/loss</td>
<td>$(21,414)</td>
<td>21,853</td>
</tr>
<tr>
<td>Prior service cost/(credit)</td>
<td>$(26,284)</td>
<td>$(74,263)</td>
</tr>
</tbody>
</table>

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

- **Discount rate**: 4.25% (2013), 3.75% (2012)
- **Expected return on plan assets**: n/a (2013), n/a (2012)
- **Rate of compensation increase**: 3.50% (2013), 3.50% (2012)
- **Healthcare cost trend**:
  - Increase from current year to next fiscal year: 9.00% (2013), 7.50% (2012)
  - Ultimate rate increase: 5.00% (2013), 5.00% (2012)
  - Fiscal year that the ultimate rate is attained: 2022 (2013), 2018 (2012)

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2013 and 2012:

- **Discount rate**: 3.75% (2013), 5.25% (2012)
- **Expected return on plan assets**: n/a (2013), n/a (2012)
- **Rate of compensation increase**: 3.50% (2013), 3.50% (2012)
- **Healthcare cost trend**:
  - Increase from current year to next fiscal year: 7.50% (2013), 8.00% (2012)
  - Ultimate rate increase: 5.00% (2013), 5.00% (2012)
  - Fiscal year that the ultimate rate is attained: 2018 (2013), 2018 (2012)

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, 2013 and 2012, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (gain) loss</td>
<td>$(518,720)</td>
<td>$(529,805)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>$(145,086)</td>
<td>$(74,263)</td>
</tr>
<tr>
<td>Net amount recognized in unrestricted net assets</td>
<td>$(663,806)</td>
<td>$(604,068)</td>
</tr>
</tbody>
</table>
The net periodic benefit cost for the years ended June 30, 2013 and 2012 includes reclassifications of amounts previously recognized as changes in unrestricted net assets as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of gain</td>
<td>$(16,587)</td>
<td>$(41,507)</td>
</tr>
<tr>
<td>Prior service credit</td>
<td>$(100,547)</td>
<td>$(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, 2013 and 2012 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial (loss) gain</td>
<td>$ (11,085)</td>
<td>$ (232,539)</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>70,823</td>
<td>$(161,434)</td>
</tr>
<tr>
<td>Net amounts recognized in unrestricted net assets</td>
<td>$ 59,738</td>
<td>$(393,973)</td>
</tr>
</tbody>
</table>

Healthcare cost rate trend:

1. Assumed health care cost trend rate for the next year: 9.0%
   - General description of the direction and pattern of change in the assumed trend rates thereafter: -0.5% per year to 5%, then 5% thereafter
   - 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: $17,990
   - Effect on end of year postretirement benefit obligations: 158,707

3. One Percentage Point Decrease:
   - Effect on total service and interest cost: $(15,444)
   - Effect on end of year postretirement benefit obligations: $(139,355)

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>2014</td>
<td>$178,925</td>
</tr>
<tr>
<td>2015</td>
<td>176,589</td>
</tr>
<tr>
<td>2016</td>
<td>183,131</td>
</tr>
<tr>
<td>2017</td>
<td>197,210</td>
</tr>
<tr>
<td>2018</td>
<td>213,710</td>
</tr>
<tr>
<td>2019-2023</td>
<td>1,099,677</td>
</tr>
</tbody>
</table>
(9) 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, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award Programs</td>
<td>$205,486</td>
<td>$40,110</td>
</tr>
<tr>
<td>The Engineering Library</td>
<td>186,947</td>
<td>74,695</td>
</tr>
<tr>
<td>Membership Programs</td>
<td>52</td>
<td>21,762</td>
</tr>
<tr>
<td></td>
<td>$392,485</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 2013 and 2012. Temporarily restricted activity for 2013 and 2012 is summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends, net of investment fees</td>
<td>$15,748</td>
<td>$16,704</td>
</tr>
<tr>
<td>Realized/unrealized gain in fair value of investments</td>
<td>$45,983</td>
<td>$(10,493)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$(39,879)</td>
<td>$(35,666)</td>
</tr>
<tr>
<td>Increase (Decrease) in temporarily restricted net assets</td>
<td>$21,852</td>
<td>$(29,455)</td>
</tr>
</tbody>
</table>

The increase/(decrease) in unrestricted net assets in 2013 and 2012 was $8,370,763 and $(10,515,864), respectively.

(10) 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 replaced 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 provides 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, 2013:

<table>
<thead>
<tr>
<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>$370,633</td>
<td>$136,567</td>
</tr>
<tr>
<td>Contributions to endowment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment Activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>15,748</td>
<td>-</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>15,326</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>30,657</td>
<td>-</td>
</tr>
<tr>
<td>Total investment activity</td>
<td>61,731</td>
<td>-</td>
</tr>
<tr>
<td>Amount appropriated for expenditures</td>
<td>(39,879)</td>
<td>-</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$392,485</td>
<td>$136,567</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the year ended June 30, 2012:

<table>
<thead>
<tr>
<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>
</tr>
<tr>
<td>Contributions to endowment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment Activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>16,704</td>
<td>-</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>9,867</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>(20,360)</td>
<td>-</td>
</tr>
<tr>
<td>Total investment activity</td>
<td>6,211</td>
<td>-</td>
</tr>
<tr>
<td>Amount appropriated for expenditures</td>
<td>(35,667)</td>
<td>-</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$370,633</td>
<td>$136,567</td>
</tr>
</tbody>
</table>

Endowment net assets of $529,052 and $507,201 are included with investments on the consolidated statements of financial position for the fiscal year ended June 30, 2013 and 2012, respectively.

(11) Commitments and Contingencies

A. The Society’s principal offices are located at 2 Park Avenue, New York, under a lease expiring on March 31, 2028.

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 has another lease agreement, expiring on October 31, 2022 for the property located at 1828 L Street NW, Washington, DC.

In addition to above leases, 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, 2013:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$5,343,953</td>
</tr>
<tr>
<td>2015</td>
<td>4,792,823</td>
</tr>
<tr>
<td>2016</td>
<td>4,790,845</td>
</tr>
<tr>
<td>2017</td>
<td>4,807,839</td>
</tr>
<tr>
<td>2018-2028</td>
<td>54,409,954</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$74,145,414</strong></td>
</tr>
</tbody>
</table>

Rent expense under all of the Society’s leases was approximately $7,706,000 and $5,438,000 in 2013 and 2012, respectively. The Society sublet space in one of its operating offices and sub-rental income was approximately $12,700 and $50,200 in 2013 and 2012, respectively.

B. ASME had no uncertain tax positions as of June 30, 2013 and 2012 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, 2010, and prior years.

(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, 2013. 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, 2013 and August 31, 2013, the Society had not drawn any funds from this line of credit.

(13) Concentration of Credit Risk

Cash and cash equivalents that potentially subject the Society to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest-bearing accounts are insured up to $250,000 per depositor. Through December 31, 2012, noninterest-bearing accounts were fully insured. Beginning in 2013, noninterest-bearing accounts are insured the same as interest-bearing accounts. As of June 30, 2013 and August 31, 2013, cash accounts in financial institutions exceeded the federal insured limits by approximately $6,073,000 and $5,795,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

(14) Subsequent Events

ASME has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through September 11, 2013, 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 11, 2013, that would require adjustment to or disclosure in the accompanying consolidated financial statements.
(15) Prior Period Adjustment

During the year ended June 30, 2013, ASME began the process of consolidating the cash accounts of the Society’s sections (unincorporated geographical subdivisions). These sections have operated independently of ASME and have raised funds to promote mechanical engineering. Accordingly, ASME restated its June 30, 2012 consolidated financial statements by increasing beginning net assets and increasing cash and cash equivalents by $3,201,509. The result of the restatement on the accompanying 2012 consolidated statements was as follows:

<table>
<thead>
<tr>
<th>As Previously Reported</th>
<th>Adjustment</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,032,958</td>
<td>$3,738,251</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>507,883</td>
<td>536,742</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(11,077,062)</td>
<td>536,742</td>
</tr>
<tr>
<td>Net assets beginning of year</td>
<td>89,766,562</td>
<td>3,201,509</td>
</tr>
<tr>
<td>Net assets end of year</td>
<td>78,689,500</td>
<td>3,738,251</td>
</tr>
</tbody>
</table>
Date Submitted: September 9, 2013  
BOG Meeting Date: September 25, 2013

To: Board of Governors  
From: Reginald Vachon – Audit Committee Chair  
Presented by: Warren DeVries – ASME Treasurer  
Agenda Title: Auditor Recommendation

Agenda Item Executive Summary:
Recommendation of ASME’s Auditor

Proposed motion for BOG Action: (if appropriate)

The Audit Committee and the ASME Treasurer recommend that the ASME Board of Governors appoint KPMG to be the auditor of ASME’s FY2014 financial statements.

Attachments:

Presentation
Selection of FY14 Auditor
September 25th, 2013

Agenda

• Selection Criteria
• Selection Timeline
• Firms Solicited
• Responses Received
• The Final Three
• Firm Selected
• Motion
Selection of FY14 Auditor – Selection Criteria

- Global Service Provider
- Expertise in:
  - US Generally Accepted Accounting Principles
  - International Financial Reporting Standards
  - Local Regulatory Requirements
- Not-for-Profit
- Local Presence in ASME Expanding Markets
- Business Advisory Partner
- Understand the Importance of Efficiency & Staff Continuity
- Sensitivity to ASME’s Business and Mission
- Ability to Complete Audits Within ASME Expectations
- Competitive Fee Structure

Selection of FY14 Auditors – Selection Timeline

- RFPs Distributed – March 2013
- Request Response – April 2013
- Analysis of Proposals – June 2013
- Interviews/Present to Audit Committee – September 5, 2013
- Recommendation to BOG – September 25, 2013
Selection of FY14 Auditors – Firms Solicited

- Current Provider
  - Marks Paneth & Shron
- “Big 4” Firms
  - Ernst & Young
  - KPMG
  - Deloitte & Touche
  - PricewaterhouseCoopers
- Second Tier Firms
  - McGladrey
  - BDO

Selection of FY14 Auditors - Responses Received

- Responses Received
  - Marks Paneth & Shron
  - KPMG
  - BDO
  - McGladrey
  - Mitchell & Titus (EY partner firm)
Selection of FY14 Auditors – The Final Three

Three Firms Presented to Audit Committee

- Marks Paneth & Shron
  - Most efficient overall audit fee
  - Knowledge of ASME (Current Auditor)
- KPMG
  - International expertise
  - Knowledge of ASME (Prior Auditor)
  - Only “Big 4” firm to respond to RFP
- BDO
  - Recent merger with Asher & Co makes them largest Not For Profit audit firm

Firms Eliminated

- McGladrey –
  - RFP cost and hourly rates were higher than BDO for same level service
  - Incomplete proposal
- Mitchell & Titus
  - Referred by E&Y and pricing double that of second-tier firms

The Audit Committee recommends KPMG as FY14 Auditors.
Selection of FY14 Auditors – Decision Points

Why KPMG?
- International presence to service ASME’s Path to 2025
- Strong knowledge of ASME – KPMG were auditors for 20 years preceding Marks Paneth & Schron
- Commitment to ASME demonstrated by Engagement Team from Manager to Partner
- Solid Reputation in Global Accounting Industry

Selection of FY14 Auditors – Motion

The Audit Committee and the ASME Treasurer recommend that the ASME Board of Governors appoint KPMG to be the auditor of ASME’s FY 2014 financial statements.
Date Submitted: September 11, 2013
BOG Meeting Date: September 25, 2013

To: Board of Governors
From: James Coaker – Committee on Finance and Investment Chair
Presented by: Warren DeVries – ASME Treasurer
Agenda Title: FY15 Budget Targets

Agenda Item Executive Summary:

FY15 Budget Target setting.

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

None

Attachments:

None
Budget Targets
September 25, 2013

Agenda
• Business Plan and Budgeting Roles and Responsibilities
• Business Plan Requirements
• Budget Timeline
• Key Items to Consider
• FY ‘13 Actuals vs. Forecast
• FY ’14 – ’16 Current Budget
  o Financial Statements Summary
  o General Fund Balance
  o Historic Trends
    ➢ Revenue Detail
    ➢ Expense Detail
• Next Steps and Q&A
Business Plan and Budgeting Roles and Responsibilities

Business Plan Requirements

• Initiative business plans need to include (but not be limited to):
  o Scope of proposal
  o Definition of success and Key Performance Indicators (KPIs) required to measure success
  o Market research to quantify opportunity
  o Staff, volunteer and finance resources required
  o Estimate of any re-purposed resources
  o ROI analysis
**Budget Timeline**

- 9/6 COFI Meeting
- 11/19 Joint COFI / SMC Meeting
- BOG Scenario Review
- 3/27 and 3/28 COFI NYC
- 6/8 COFI to recommend detailed budget to BOG for approval

**Key Items to Consider**

- **Revenue:**
  - Flat the last three years
  - FY '13 revenue was $2.7M below forecast. The FY '13 forecast was the baseline for the FY '14 budget and FY '15 –'16 plan
  - Compound Annual Growth Rate (CAGR) for revenue has been 6% over the past 25 years
  - FY '14 –'16 budget and plan includes 8% CAGR which includes anticipated initial impact of initiatives
Key Items to Consider (continued)

• New revenue generally falls into the following categories:
  o Existing customers
    ➢ Increase current product sales (market penetration)
    ➢ Develop new products (product development)
  o New customers
    ➢ Sell current products (market development)
    ➢ Develop new products (diversification)

= Primary drivers of 8% CAGR budget for FY’ 14 - 16
Key Items to Consider (continued)

- New revenue generally falls into the following categories:
  - Existing customers
    - Increase current product sales (market penetration)
    - Develop new products (product development)
  - New customers
    - Sell current products (market development)
    - Develop new products (diversification)

- = Primary drivers of 8% CAGR budget for FY’14 - 16
- = Will more than likely need to be a significant contributor to >8% CAGR for FY ’14 – ’16

Key Items to Consider (continued)

For substantial growth to be realized, ASME needs to identify and implement new mission based products, services and programs – important to keep in mind that potential revenue streams implemented now will not likely be realized for several years.
# Financial Statements Summary

## FINANCIAL STATEMENT ALL FUNDS

<table>
<thead>
<tr>
<th>$000s</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>FY14-FY17 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>2014</td>
</tr>
<tr>
<td>General Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>81,852</td>
<td>96,329</td>
<td>96,165</td>
<td>96,250</td>
<td>105,146</td>
</tr>
<tr>
<td>Expense</td>
<td>81,091</td>
<td>89,849</td>
<td>97,092</td>
<td>105,026</td>
<td>112,299</td>
</tr>
<tr>
<td>Operating Net</td>
<td>761</td>
<td>6,480</td>
<td>(927)</td>
<td>(6,775)</td>
<td>(7,552)</td>
</tr>
<tr>
<td>Designated Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>7,227</td>
<td>10,027</td>
<td>9,947</td>
<td>9,941</td>
<td>11,121</td>
</tr>
<tr>
<td>Expense</td>
<td>6,787</td>
<td>8,858</td>
<td>9,315</td>
<td>8,870</td>
<td>11,027</td>
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<tr>
<td>Operating Net</td>
<td>439</td>
<td>1,169</td>
<td>633</td>
<td>633</td>
<td>94</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>89,078</td>
<td>106,356</td>
<td>106,112</td>
<td>106,192</td>
<td>116,267</td>
</tr>
<tr>
<td>Expense</td>
<td>87,879</td>
<td>98,707</td>
<td>106,406</td>
<td>113,896</td>
<td>123,326</td>
</tr>
<tr>
<td>Operating Net</td>
<td>1,200</td>
<td>7,649</td>
<td>(7,704)</td>
<td>(7,958)</td>
<td>(2,157)</td>
</tr>
</tbody>
</table>

*FYR 2017 Assumes Revenue CAGR of 6%
*FYR 2017 Assumes Expense CAGR of 3%

## General Fund Balance

<table>
<thead>
<tr>
<th>$ millions</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>FY14-FY16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>2014</td>
</tr>
<tr>
<td>General Fund Beginning Balance</td>
<td>46.4</td>
<td>48.4</td>
<td>71.1</td>
<td>60.1</td>
<td>65.2</td>
</tr>
<tr>
<td>Net Operating Results</td>
<td>0.8</td>
<td>6.5</td>
<td>(0.9)</td>
<td>(8.8)</td>
<td>(7.2)</td>
</tr>
<tr>
<td>Investment Returns</td>
<td>8.4</td>
<td>14.5</td>
<td>0.7</td>
<td>8.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Accounting Adjustments</td>
<td>(7.2)</td>
<td>3.7</td>
<td>(10.8)</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>General Fund Ending Balance</td>
<td>48.4</td>
<td>71.1</td>
<td>60.1</td>
<td>65.2</td>
<td>63.3</td>
</tr>
</tbody>
</table>

## General Fund Reserve Calculation

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>FY14-FY16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>2014</td>
</tr>
<tr>
<td>General Fund Ending Balance</td>
<td>48.4</td>
<td>71.1</td>
<td>60.1</td>
<td>65.2</td>
<td>63.3</td>
</tr>
<tr>
<td>3 Year Trailing Operating Exp Avg</td>
<td>77.4</td>
<td>82.5</td>
<td>89.3</td>
<td>97.3</td>
<td>104.8</td>
</tr>
<tr>
<td>GF Balance as % of 3 Yr-Open Exp Avg</td>
<td>62%</td>
<td>86%</td>
<td>67%</td>
<td>67%</td>
<td>60%</td>
</tr>
</tbody>
</table>
### Historic Trends: Revenue Detail

<table>
<thead>
<tr>
<th>$ 000s</th>
<th>2010 Actual</th>
<th>2011 Actual</th>
<th>2012 Actual</th>
<th>2013 Actual</th>
<th>FY14-FY16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conformity Assessment</td>
<td>24,212</td>
<td>27,034</td>
<td>28,549</td>
<td>23,752</td>
<td>30,928</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>5,709</td>
<td>6,466</td>
<td>7,437</td>
<td>6,555</td>
<td>7,776</td>
</tr>
<tr>
<td>Publications</td>
<td>12,613</td>
<td>14,243</td>
<td>14,139</td>
<td>13,467</td>
<td>15,302</td>
</tr>
<tr>
<td>PA&amp;O</td>
<td>387</td>
<td>593</td>
<td>376</td>
<td>372</td>
<td>1,000</td>
</tr>
<tr>
<td>SECD</td>
<td>118</td>
<td>92</td>
<td>127</td>
<td>128</td>
<td>200</td>
</tr>
<tr>
<td>K&amp;C</td>
<td>1,233</td>
<td>1,256</td>
<td>509</td>
<td>775</td>
<td>200</td>
</tr>
<tr>
<td>Events Management</td>
<td>3,293</td>
<td>3,362</td>
<td>1,408</td>
<td>1,596</td>
<td>1,600</td>
</tr>
<tr>
<td>Membership</td>
<td>9,970</td>
<td>9,951</td>
<td>10,643</td>
<td>11,126</td>
<td>11,127</td>
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<td>Enterprise Projects</td>
<td>-</td>
<td>209</td>
<td>214</td>
<td>514</td>
<td>99</td>
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<tr>
<td>General Fund Operating Revenue</td>
<td>85,642</td>
<td>96,380</td>
<td>96,042</td>
<td>98,059</td>
<td>105,696</td>
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<td>Accounting Adjustments</td>
<td>(3,867)</td>
<td>178</td>
<td>399</td>
<td>366</td>
<td>-</td>
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<tr>
<td>Restricted Party Activity</td>
<td>77</td>
<td>729</td>
<td>1,716</td>
<td>1,746</td>
<td>2,001</td>
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<tr>
<td>General Fund Financial Statement Revenue</td>
<td>81,812</td>
<td>96,230</td>
<td>96,165</td>
<td>96,250</td>
<td>105,146</td>
</tr>
<tr>
<td>Revenue from Designated Funds</td>
<td>7,227</td>
<td>10,027</td>
<td>9,947</td>
<td>9,941</td>
<td>8,216</td>
</tr>
<tr>
<td>All Funds Financial Statement Revenue</td>
<td>89,079</td>
<td>106,316</td>
<td>106,112</td>
<td>106,182</td>
<td>118,162</td>
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</tbody>
</table>

### Historic Trends: Expense Detail

<table>
<thead>
<tr>
<th>$ 000s</th>
<th>2010 Actual</th>
<th>2011 Actual</th>
<th>2012 Actual</th>
<th>2013 Actual</th>
<th>FY14-FY16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards</td>
<td>9,738</td>
<td>12,384</td>
<td>11,332</td>
<td>10,932</td>
<td>11,866</td>
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<td>Conformity Assessment</td>
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<td>15,073</td>
<td>16,492</td>
<td>15,012</td>
<td>17,168</td>
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<td>Training &amp; Development</td>
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<td>5,128</td>
<td>5,250</td>
<td>5,412</td>
<td>5,990</td>
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<td>10,682</td>
<td>10,230</td>
<td>11,117</td>
<td>11,000</td>
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<td>PA&amp;O</td>
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<td>3,967</td>
<td>4,203</td>
<td>5,004</td>
<td>5,304</td>
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<tr>
<td>SECD</td>
<td>580</td>
<td>662</td>
<td>1,304</td>
<td>1,230</td>
<td>1,274</td>
</tr>
<tr>
<td>K&amp;C</td>
<td>4,132</td>
<td>3,645</td>
<td>3,268</td>
<td>4,401</td>
<td>3,774</td>
</tr>
<tr>
<td>Events Management</td>
<td>2,778</td>
<td>3,113</td>
<td>1,501</td>
<td>1,484</td>
<td>1,624</td>
</tr>
<tr>
<td>Membership</td>
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<td>1,997</td>
<td>1,933</td>
<td>2,296</td>
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<td>AGM.org</td>
<td>-</td>
<td>1,544</td>
<td>1,423</td>
<td>2,879</td>
<td>3,706</td>
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<td>Marketing &amp; Sales</td>
<td>6,778</td>
<td>7,099</td>
<td>6,660</td>
<td>6,534</td>
<td>6,525</td>
</tr>
<tr>
<td>Public Information</td>
<td>1,564</td>
<td>1,888</td>
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<td>106,255</td>
<td>115,184</td>
<td>122,099</td>
</tr>
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</table>
Strategic Objectives to Consider

• Products & Services
  o Training & Development
  o Energy
  o Advanced Manufacturing
  o SECD

• Geographic
  o Latin America
  o Middle East
  o China
  o India
  o Other emerging markets

• Other
  o Multi-sector business development
  o Utilization of ASME.org
  o Support program prioritization
  o Mergers and acquisitions?
  o Strategic 3rd party alliances

• Open discussion to add or remove objectives

Next Steps

Key responsibilities:
- Set strategic vision, targets, and objectives
- Monitor progress and assure alignment of resources
- Approve business plan and budgets

BOG

Key responsibilities:
- Finalize business plan guidelines
- Review new business plans
- Approve funding for initiatives
- Review budget and recommend approval by BOG

COFI Staff

SMC Staff

Budget iterations throughout year

Key responsibilities:
- Create business plan based on BOG direction
- Develop initiatives
- Create budget based on business plan

© COFI to recommend detailed budget to BOG for approval

Timeline:
- Aug ‘13
- Sept ‘13
- Oct ‘13
- Nov ‘13
- Dec ‘13
- Jan ‘14
- Feb ‘14
- Mar ‘14
- Apr ‘14
- May ‘14
- June ‘14
Questions and Answers

?
ASME Board of Governors  
Agenda Item  
Cover Memo

Date Submitted: Sept 4, 2013  
BOG Meeting Date: Sept 2013

To: Board of Governors  
From: K&C, Institutes Senior Vice Presidents  
Presented by: Karen Ohland, Mike Ireland  
Agenda Title: Update on K&C Reorganization.

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

The K&C and Institute Reorganization Oversight team (Ohland, Grimes, Wise, Hrubula, Ireland) will be proposing a new ASME engagement mechanism for all ASME groups and will be introducing the creation of a new Sector, which focuses on content development and delivery. The team will also demonstrate how the new structure meets the reorganizing guiding principles established by the Board of Governors and compliments Pathway 2025. The team will also present the timeline and major tasks to complete should the Board approve the concept presented.

Proposed motion for BOG Action:
To approve the eventual re-engineering of legacy K&C and Institutes into a new Content Development and Delivery Sector as described; the ASME Conferencing Process to be modified to increase market relevancy and mitigate risks; the concept of moving “groups” to the middle of the organization to engage in a broader portfolio of ASME products and programs; the Task Force to move forward and work with other affected units of the enterprise in defining and implementing engagement channels and rules for engagement; and the stated timeline goal of completing and presenting implementation plan details by the Spring 2014 Board Meeting.

Attachments:
None.
Date Submitted:  September 10, 2013
BOG Meeting Date:  September 25, 2013

To:  Board of Governors
Presented by:  Tom Loughlin
Agenda Title:  Pathway 2025

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

This will be a discussion on Pathway 2025.

Proposed motion for BOG Action:  (if appropriate)

None.

Attachments:
Presentation
Pathway Update:

- Background
- Work Streams
- What next
Our mission, vision and values provide the framework for our purpose and our future.

Mission: ASME’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.

Vision: ASME aims to be the essential resource for mechanical engineers and other technical professionals throughout the world for solutions that benefit humankind.

Core Values:
In performing its mission, ASME adheres to these 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

(from our Governance webpage)
Background:

BOG Retreat 2012 conclusions: The case for change:

- ASME faces unprecedented challenge and competition to its ability to achieve its mission through traditional means.
- ASME must assure its relevance by delivering high quality products & programs that advance the mission.
- The mode of operation that has served ASME here-to-fore is insufficient and no longer viable. The Society must re-invent itself for the 21st century
- ASME considered and welcomed a discussion about future relevance and growth characterized as “Pathway 2025”

Seismic Shifts – External:

Association model as we know it is not viable:

- Membership & related products/services
- Operating Models
  - Meetings & Conferences
  - Content Development
  - Programs & Foundation

Unprecedented threats & complexity:

- IBR, Open Access and nascent models
- New/increasing competition on many fronts
- Regulation (domestic and international)
- Technology
ASME STRATEGIC PRIORITIES

Energy

Global Impact

Workforce Development

“Energy is the key, the sine qua non, to sustainable development.”
– Charles Vest

Transformational Technologies and ASME’s mission

“Imagine a world of 9 billion people with clean water, nutritious food, affordable housing, personalized education, top-tier medical care, and nonpolluting, ubiquitous energy.”

- Peter H. Diamandis and Steven Kotler,
Abundance: The Future is Better Than You Think
Traditional (Member-Centric) Model in Decline

Conferences  Membership

Continuing Education

What’s Changed:
- Habits
- Demographics
- Networking Technologies
- Training Options, and...

What’s Needed:
- Updated Governance
- Greater Sensitivity to Markets
- Improved Risk Response
- More businesslike approach to fulfilling mission

SHIFTING MODEL = OPPORTUNITY

MEMBERSHIP vs. Member Engagement
- New-Model Engagement (ASME.org 2.0)
- Testing New Market-based Models
- Insight: Content is Key (and King)

MISSION
- Global Infrastructure Demand: ASME’s Opportunity
- Emphasize Impact through Strategic Priorities
Pathway 2025....

- Our organization’s purpose is to improve the quality of life through engineering knowledge.

- “Pathway 2025” is our call to action, to ensure that we can continue to increase the number of lives that are positively impacted by engineering knowledge throughout the world.

BUSINESS FOR MISSION: PATHWAY 2025

Fulfilling ASME’s mission by aligning & leveraging ASME’s core strengths
Framework for Future Growth: PATHWAY 2025

Foundational/Transformative Projects Completed/Launched

Change Process (Key Roles):

- **BOG and Presidents** understand and accept that ASME must change and the transition will be a complex, multi-year effort. The BOG will monitor progress and assure alignment of resources (human and financial).

- **ED and staff** also understand and accept that ASME will change and that this is a complex, multi-year effort. ED will drive the change in support of the transition.
Guiding Principles for Change:

- ASME is a 501c3 not-for-profit that enhances public safety and will continue to operate accordingly.
- Operations, governance and culture will shift to be more agile, forward facing and mission impact oriented.
- A single traditional member model is no longer viable and new models for engagement are in development.
- ASME.org will be the principal platform for individual and community engagement as well as engineering content creation and dissemination for the benefit of humankind.
- ASME will offer meaningful, relevant, impactful products and programs that advance mission and reflect the needs of engineers solving the world’s problems.
- ASME is a content-based organization that will develop a cohesive content strategy consistent with its mission and purpose.
- Resources tied up in ineffective/non-impactful programs, products and infrastructure will be freed up to support new and higher impact initiatives.
- Resource allocation and process will align with enterprise objectives.
- We will continue to use our strategic intents as the framework.
- We will operate as one ASME.

Pathway 2025 Strategy
(From June 2013 BOG)

- Conforms to ASME Vision and Mission
- Driven by ASME Core Values
- Diagnosis Identifies current weaknesses
- Guiding Principles leverage strengths
- A Coherent set of measurable plans guide actions
- Requires alignment across all groups
- Provides a framework for sustainable growth
- Creates a compelling future state of ASME
“CORE STRENGTH” GROWTH OPPORTUNITIES

<table>
<thead>
<tr>
<th>Programs</th>
<th>Standards Content</th>
<th>Technical Content</th>
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</thead>
<tbody>
<tr>
<td>EGD</td>
<td>Standards</td>
<td>Conferences</td>
</tr>
<tr>
<td>E4C</td>
<td>Certification</td>
<td>Publications</td>
</tr>
<tr>
<td>PAO</td>
<td>Training &amp; other</td>
<td>(Investment Metrics)</td>
</tr>
<tr>
<td>SECD</td>
<td>(Impact Metrics)</td>
<td>(Investment Metrics)</td>
</tr>
</tbody>
</table>
| Membership

Impact Potential

Revenue Potential

Content through engagement achieves scale for Programs and Products

Revenue Potential

$\$$
The new asme.org and engagement models are cornerstones of Growth in Connected Engineers

- Attract a younger generation of engineers
- Greater global representation
- Larger pool of potential contributors to ASME
- Grow revenue

Our current membership model is unsustainable...

- Little member growth in absolute terms (currently 130,000+ total members).
- Average age of members continues to climb (currently around 56 years old).
- Largest demographic cohort is starting to retire and will shortly leave the society in large numbers.
- Younger engineers are not joining in large enough numbers to offset this continuing trend.

...and our share of estimated global TAM is very small*

* source: 2010 Barnes Report. TAM = Total Addressable Market
Our Research Validated that Associations Must Adapt to Changing Needs

Yesterday's Association
- Associations...demonstrate pride & interest in profession
- Face-to-face meetings
- One-size-fits-all

Today's ASME
- Information & Content On-Demand
- Networking Anytime, with Anyone, from Anywhere
- Choice / Options
- Works in progress and supported by other efforts.

Foundational/Transformative Projects Completed/Launched

ASME.ORG

Engagement

Community

Content Development & Consumption
ASME STRATEGY
Business Approach to Mission Fulfillment

• USER ENGAGEMENT / QCC CULTIVATION
• HIGHEST-VALUE CONTENT
• BUSINESSLIKE APPROACH

Foundational/Transformative Projects Completed/Launched

New Headquarters: 2 Park Avenue
Fostering Collaboration

In a Modern Work Environment
**Management Improvements**

- Finance, Accounting & Reporting
- Disciplined Business Planning
- Risk Management & Mitigation
- Clarify Authority & Accountability
- Organizational Improvements

*Creating a disciplined environment to realize opportunity*

**Pathway 2025 – Marketing & Sales Starting To Re-Focus**

**Alignment with Enterprise Growth Initiatives ... More Emphasis on Brand Building & Revenue Generation**

**Industry / Geographic Expansion**
- Size market opportunities
- Create compelling value propositions
- Set marketing strategy
- Develop marketing & communications
- Create high-value web content / presence

**New Engagement Models**
- Test / evaluate new member model
- Leverage new community space engagement for content contribution and revenue

**Monetize Under-Valued Assets**
- ASME Job Board & Career Center
- ASME Insurance Program
- NQA-1: BPE
- Print on Demand & Fulfillment

**ASME Content Eco-System**
- Create, produce, disseminate high-value web content
- Align with high potential ASME opportunities
  - ASME Energy Forum
  - ASME Energy Forum LIVE (new energy conference)
  - Advanced Manufacturing
M&S – Re-Thinking Resource Allocation & Competencies

More Effective Use of Existing Resources is Key to Driving Growth

- Market Research Department to be recast as “Market Intelligence”
  - Market intelligence plans – key component of ASME’s new initiatives
  - Role – part market research, part data analysis, part business consultant in partnership with business units

- Reallocation of positions to Marketing & Public Information
  - Need more senior marketing talent “time” to support / drive key initiatives
  - Creating new Social Media Manager position to raise ASME’s profile in external social media by developing innovative content and engagement strategies for a variety of external social media platforms

- Re-structure Customer Care incorporating best practices
  - Morph Customer Care into a proactive, customer-facing unit
  - Gain greater utility from existing resources as transactional volumes increases by streamlining processes

Seismic Shifts – Internal:

(General ED Observations)

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<thead>
<tr>
<th>Shift</th>
<th>From:</th>
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<tbody>
<tr>
<td>Leadership</td>
<td>Passive/reactive</td>
<td>Directed/disciplined</td>
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<tr>
<td>Management</td>
<td>Assuring status quo</td>
<td>Outcome orientation &amp; businesslike approach</td>
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<tr>
<td>Culture</td>
<td>Collegial/passive &amp; slow</td>
<td>Directed/accountable/collegial</td>
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<td>Governance</td>
<td>Constituency-based</td>
<td>Competency-based</td>
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<td>Content (including standards)</td>
<td>Passive aggregation</td>
<td>Intentional aggregation, curation &amp; dissemination</td>
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<td>Directed</td>
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<td>Technology</td>
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<td>Agenda driven</td>
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<td>Development oriented supporting ASME programs</td>
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<tr>
<td>Product/Programs</td>
<td>Evolutionary</td>
<td>Impact &amp; growth/market directed</td>
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<tr>
<td>Sectors</td>
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<td>Integrated/aligned with enterprise</td>
</tr>
<tr>
<td>Marketing</td>
<td>Passive &amp; member focused</td>
<td>Driver for decisions &amp; support</td>
</tr>
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</table>
Work streams: Change management

Myriad shifts, projects, programs and activities

Pathway 2025

Management Challenge:
Aligning activity & constituencies across ASME.

The Pathway for Growth

- Creating the framework for action and reporting
  - Organizational Readiness
  - Mission-centered, market focused product, program and service portfolio
  - Operational Strength

Responsive to Pathway initiative and ED Goals – frameworks follow, and will be revised throughout FY14 and will extend beyond the current fiscal year.....
Growth Framework – Organizational Readiness (Staff) FY14

INVESTMENTS

**Growth Pathway Communication**
- ED develops communication plan and materials
- ED communicates to:
  - MDs
  - Dirs.
  - Mgrs.
  - All

**Organization Culture**
- Assess current state of culture (via survey; focus groups)
- ELT articulate ideal culture traits
- Learn what to reinforce, what to change, etc
- Develop plans in response to learning

**Leadership Development**
- ELT articulate leadership competencies to support growth pathway
- Pilot 360° feedback with Coaching for certain ELT, MDs
- Revise performance competencies for FY15 perf reviews
- Other levers...

**Retain, Develop Key Talent**
- Develop "phase 2" of Talent Development program
- Each ELT selects participants

RESULTS

**INVESTMENTS**

**Growth Pathway Communication**
- Assess org. Response to message (via survey; focus groups)
- Understanding of org. Readiness/engagement regarding growth pathway

**Organization Culture**
- Org. Culture that supports mission-centered growth
- Leaders who demonstrate desired leadership competencies

**Leadership Development**
- Conduct training for participants & supervisors:
  - Obtain feedback
  - Assess

**Retain, Develop Key Talent**
- Engaged key contributors

LEARNING, ASSESSMENT, REFINING, INNOVATION

Work Streams: Integrated

Build/manage integrated work streams & management framework.
Growth Framework – Organizational Readiness (Volunteers) FY14

**INVESTMENTS**

**RESULTS**

**Growth Pathway Communication**
- ED/Vol Leaders develop communication plan and materials
- ED/Vol Leaders communicates to: Volunteers, QCCs
- Assess org. Response to message (via survey; etc)
- Understanding of volunteer leadership Readiness/engagement regarding growth pathway

**Consultative Group**
- Assess Current state
- Identify Opportunities for improvement
- Develop plans to implement improvements (society policies, etc)
- Launch improvements; assess success; refine
- Society policies and constructs support mission-centered growth

**Leadership Development**
- BOG/Vol Leaders identify roles, responsibility and competencies for BOG/Vol Leaders
- BOG/Vol Leaders identify gaps vs. Identified roles, responsibilities and competencies
- BOG/Vol leaders articulate and begin to implement a plan to address gaps
- Volunteer Leaders with the right roles and responsibilities, who demonstrate desired leadership competencies

**QCCs**
- Report on demographic/market data on QCCs (FY14 Enterprise Incentive metric)
- QCC feedback mechanism on ASME participation established and a pilot launched (FY14 Ent. Incentive metric)
- Assess demo/market/feedback data and develop plans
- Assess Current state of culture (via survey; focus groups)

**Growth Framework – Mission-Centered, Market Driven Portfolio of Products/Service FY14**

**INVESTMENTS**

**RESULTS**

**Content Strategy**
- PLT develop comprehensive content strategy, including operational tactics
- ELT reviews, revises and approves
- Launch for new opportunities
- Achieve PLT incentive objectives (at least lower threshold)
- Improved mission-centered impact and revenue

**Portfolio Management**
- Assess product, program and service portfolio based on strategic intents and mission-centered market opplies
- Prioritize portfolio opportunities for growth and re-allocation
- Begin to implement changes, based on opportunities for growth and re-allocation
- Improved mission-centered impact and revenue

**Strategic Intents/Market Opportunities**
- Staff and Volunteer leaders review, refine strategic intents and market opportunities
- Refined statement of intents and opportunities informs portfolio opportunities
- Content strategy and portfolio management reflect strategic focus
- Improved mission-centered impact and revenue

**Market Intelligence and Analysis**
- Asme.org analytics refined and provided to ELT/PLT/product owners
- Key market intelligence provided via secondary research, market trends, etc
- Content strategy and portfolio management reflects strategic focus
- Improved mission-centered impact and revenue

LEARNING, ASSESSMENT, REFINING, INNOVATION
**Growth Framework - Operational Strength FY14**

**INVESTMENTS**
- Operationalizing Growth Strategy
  - BSC results for Enterprise and Groups
  - Incentive Comp Objectives for Enterprise, PLT, Groups
- ED designates roles and responsibilities for ELT, PLT, other groups
- Enterprise Project Office organized and launched as appropriate

**RESULTS**
- Progress on growth pathway
- FY15 budget is consistent with growth priorities
- Adequate funding to support growth pathway
- BI reporting on KPIs launched
- BI on KPIs informs business decisions
- Improved mission-centered impact and revenue
- Opportunities for business process efficiencies identified and implemented
- Improver mission-centered impact and revenue

**LEARNING, ASSESSMENT, REFINING, INNOVATION**

**Content Strategy**

- **Opportunity/Market Need**
- **Market Intelligence**
- **Ideation**
- **Program Prioritization**

**ASME’s Core Competency**

**Feasibility**

**ASME’s Opportunities**

**Content Strategy**

- Translational Products
  - New Product
  - Core Competency
  - Total Product
- Multimodal
  - Events
  - Media
  - Mobile
  - Social Media
  - Video
- Core Content
  - Mainline
  - Marketing
  - Online
  - Print
  - Social
  - Trad Media
- Conveying Comments
  - Summary
  - Core Logo
  - Tagline

**Work in progress**
Mapping Selected Core Content to a Continuum

Create Emotional Connection & Loyalty
- Community Building
- Thought Leadership
- Excitement Building
Build Awareness & Credibility

- Networking
- Ideation
- Champions of ASME

Build deep rooted content contributors and users; build competency

Mile Wide, Inch Deep

Inch Wide, Mile Deep

Deploying the Content Model:

Opportunity/Market Need

Market Intelligence

Promotional

Multi-Media

Articles

Events

Traditional/New Products

Content Deliverables

- Enter info.
- Enter info.
- Enter info.
- Enter info.
- Enter info.
- Enter info.

Delivery Mechanisms

- Enter info.
- Enter info.
- Enter info.
- Enter info.
- Enter info.
- Enter info.

Timetable

FY14Q1
FY14Q2
FY14Q3
FY14Q4
FY15...

Illustrative
Bringing together the business model and content continuum

**Build Deep Rooted Content Contributors and Users**
- Markets
  - Oil & Natural gas
  - Nuclear
- Products/Programs
  - Standards
  - Journals
- Markets
  - K-12
  - Students
  - Events
- Markets
  - Education
  - Bio-med Products/Programs
  - Events
  - On-line subscriptions

**Foundation**
- Build Awareness
- & Credibility
- Create Emotional Connection & Loyalty

**Sponsorship/Registration**

**Freemium**
- Needs to be completed

**Subscription**

**Enterprise Objectives Support Plans in Place:**

**2014 Enterprise Balanced Scorecard**

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<th>Objectives</th>
<th>Weight</th>
<th>Lower Threshold</th>
<th>Target</th>
<th>Upper Threshold</th>
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<td>FY14 Incentive Compensation Plan for Group &amp; Individual Components (Executive Director Approved Objective for These Components)</td>
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<table>
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<tr>
<th>Goals</th>
<th>Weight</th>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Example Business Model Framework

Efforts to align with Budget/Program planning process

1. Define the Value Proposition
   - Clearly articulate benefits ASME will be providing by solving a problem or filling a need
   - Document how customers, volunteers, society, etc. will be provided value and how ASME’s mission will be advanced

2. Define Customer Segments
   - Define targeted customers and why they would benefit from ASME’s products and/or services

3. Define Product/Service Channels
   - Define how ASME is going to deliver the value proposition to customers by:
     1. Physical (e.g., pubs, distribution/logistics)
     2. Virtual (e.g., ASME.org, email, internet, mobile)

4. Define Customer Relationships
   - Define strategy to obtain, retain, and grow customer relationships

5. Define ASME’s Key Resources
   - Define how ASME is going to deliver the value proposition to customers:
     1. Physical (e.g., pubs, distribution/logistics)
     2. Virtual (e.g., ASME.org, email, internet, mobile)

6. Define ASME’s Key Partners
   - Define key resources required to develop business model and estimate LOE
     1. IP (e.g., codes/standards, CRM)
     2. Human (Staff, volunteers, BOG)
     3. Financial (start-up and ongoing costs)
     4. Physical (distribution, channels, warehouse)

7. Define Key Activities
   - Define the activities that ASME must perform to make the business model work (supply chain, product/service development, problem solving strategies, value chain development)

Revenue Streams
- Estimate/model revenue by products, services, segments, sales channel, etc.
- Define payment model ( fees, subscriptions, discounts, referrals, etc.)

Cost Structure
- Estimate/model costs involved in operating the new business (consider fixed versus variable, start up vs. ongoing, economies of scale, synergies with existing ASME products, etc.)

Next Steps:

Continue to build on management framework to address complex, enterprise-wide approaches:
- Growth framework & assignments (ongoing):
  - Organizational readiness (all factors)
  - Business Planning for product/program enhancement through resource planning process (COFI)
- Communications
- Content
- Etc..
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: 8/17/2013
BOG Meeting Date: 9/25/2013

To: Board of Governors
From: (Sector/Unit/Task Force/Other) Committee on Organization and Rules
Presented by: Larry Luna
Agenda Title: Committee on Organization and Rules Annual Report

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

Attached, please find the Committee on Organization and Rules Annual Report for the Fiscal Year 2013.

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 FY2012-2013, the committee held seven meetings via telephone, and one via email.

COR reviewed proposed changes to 8 By-Laws and recommended changes to be adopted by the Board of Governors.

COR reviewed 31 Society Policies adding efficiency for the Society since additional action by the BOG was not required. 4 of the 31 Society Policies were sent to the Board of Governors with a recommendation to be adopted.

COR reviewed 34 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 they were in compliance with Society Policies.


As ASME continues to evolve, the importance of being agile to make necessary changes to rules quickly and efficiently is 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 26, 2013
BOG Meeting Date: September 25, 2013

To: Board of Governors
From: Committee of Past Presidents
Presented by: Thomas Barlow
Agenda Title: 2012-2013 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 2012-2013 follows for information for the BOG as a Consent Item for Receipt.

Proposed motion for BOG Action: (if appropriate)
Receipt

Attachments:
Report
Appendix I
Committee of Past Presidents  
2012-2013 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 participating in ASME activities in the various sections, VOLT, 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 2013, on November 12, 2012 and June 24, 2013.

Congress

As Keith Thayer welcomed the Past Presidents to Houston, he informed the committee that seven ASME Presidents have come out of the South Texas Section. The Section continues to flourish by hosting various meetings and seminars and sponsoring several local engineering and science fairs. Keith also reminded the committee that IPTI is in Houston and they do their share of outreach with sponsoring events and giving out scholarships.

The committee reviewed a new rotation of past presidents as it relates to chairing the CPP and being an advisor on the Nominating Committee. The committee agreed to hold the current CPP Chair for a two year term so the CPP Chair term would not conflict with the Nominating Committee Rotation. See appendix I

The Committee hosted a private dinner for its members in Houston. Everyone enjoyed catching up with one another.

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. This year the Committee submitted nominations for the Enrico Fermi Award and for the John Fritz Medal.

Terry Shoup is the new chair of the Fellow Review Committee (FRC). Gene Feigel, Susan Skemp, Reginald Vachon, and Sam Zamrik are the other CPP members on the FRC.

The Committee voted to recommend William Weiblen as Chair and Robert Simmons as Vice Chair of the Ethics Committee for the 2014-17 term.
The Committee voted Nathan Hurt and Keith Thayer to be recommended for appointment to the Committee on Organization and Rules for the 2013-16 term.

Susan Skemp will be added to the “Women in Engineering” legacy project.

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 CPP again hosted the Leadership Recognition Reception to acknowledge service by outgoing officers. This year, the event took place the Dallara IndyCar Factory, Indianapolis Indiana.

Reginald Vachon noted the staff’s appreciation of the plaque presented by CPP in recognition of the work done in the aftermath of Hurricane Sandy.

**Appendix I**

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<th>CPP July 2012 – June 2013</th>
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<td>Victoria Rockwell - Secretary</td>
<td>Marc Goldsmith</td>
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By holding off the rotation on the CPP side by one year, we can eliminate the Chair always having to miss the BOG Candidates coming in front of the Nominating Committee.
Date Submitted: August 30, 2013
BOG Meeting Date: September 23, 2013

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 2012

Proposed motion for BOG Action: None

Attachments: Report
Committee on Honors Annual Report to the Board of Governors  
2012-2013

The Committee on Honors (COH) held two meetings during the 2012-2013 year. Major activities were in the following areas:

a. Rules of Award Review.

The Committee continued its triennial review of the rules of award to ensure the procedures reflected in the documents corresponded 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.

b. Selection of Award Recipients.

During the year, the General Awards Committee and the Committee on Honors reviewed and acted favorably upon nominations for 66 of the Society’s 74 awards. Sixteen recipients were international. Twenty three recipients were from Industry.

The Committee considered eight nominations for the 2013 Honorary Membership. Five nominations for Honorary Member were recommended to the Board of Governors for approval. The Committee also considered three nominations for the 2013 ASME Medal, and recommended one nomination for approval by the Board of Governors.

Award nominations not submitted for 2013 were: Henry Hess Award, Holley Medal, Henry Laurence Gantt Medal, Johnson & Johnson Consumer Companies, Inc. Medal, Edward F. Obert Award and the Frank Von Flue Medal.

c. Membership Promotion.

To attract and retain ASME membership, the COH recommended offering award recipients, who are non-members a free year of membership, and young engineers three years of free membership

Fourteen honorees were invited to join ASME. Six have joined so far.

d. Diversity.

COH continuous efforts to promote ASME’s goal of leadership development and diversity was evident by the increased number of attendees at the 2012 Honors Assembly. There were approximately 600 attendees, an increase over last year’s 500. This was due in part to COH’s recommendation to present the Old Guard Early Career Award at the Assembly.
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 77 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 - 12 of 29; Board of Governors - 9 of 9; Knowledge and Community - 14 of 16; Basic Engineering Group – 1 of 1; Energy Conversion Group - 1 of 1; Environment & Transportation Group – 1 of 1; Systems & Designs Group – 1 of 1; Manufacturing Technology Group – 1 of 1; Codes and Standards - 8 of 6; Institute Sector - 0 of 3; Public Affairs & Outreach Sector – 2 of 5; Student & Early Career Development Sector: 0 of 2; Auxiliary - 1 of 1; Foundation – 0 of 1.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 30, 2013
BOG Meeting Date: September 25, 2013

To: Board of Governors
From: Committee on Governance
Presented by: Betty Bowersox
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 25, 2013 Report

The Committee on Governance has established the following priorities for FY14:

- Solicit and recommend professionals to participate in webinars and informational seminars to assist in broadening the knowledge of the Board.
- Assist the President by offering suggestions for BOG meeting agendas and topics, specifically as related to Pathway 2025 and the established Meeting Issues & Discussion Framework being developed.
- Prepare a gap analysis of the 2014-2017 BOG to provide input and assistance to the President for her informational briefing with the 2014 Nominating Committee.

Three monthly conference calls were held by the COG during the first quarter of FY2014 to establish and begin work on these priorities.
Date Submitted: September 3, 2013
BOG Meeting Date: September 25, 2013

To: Board of Governors
From: Sector Management Committee

Agenda Item Executive Summary:

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
SMC Operations

The SMC held their first teleconference of 2013. The committee is currently focusing on support of two key initiatives, Advanced Manufacturing and Pipeline.

Dialogue continues with VOLT regarding training of future leaders.

Preparation for the FY15 budget cycle will begin with a joint COFI/SMC meeting at the Congress in San Diego.

I. Sector Highlights

_Standards & Certification – Ken Balkey, Bill Berger_

**Quarterly Highlights**

- The Council on Standards and Certification met June 25, in conjunction with the Annual Meeting. At its meeting, presentations were made by Senior VP’s Bill Wepfer (Public Affairs & Outreach) and Cynthia Stong (Student and Early Career Development), providing overviews of their sector’s activities. Similarly, Ken Balkey, Senior VP, S&C made a presentation at the other Council meetings on S&C activities. These presentations were made in support of the desire for greater cross-sector collaboration, and during each presentation, suggestions for collaborative efforts between sectors were raised.

- After passage by the House and the Senate, President Obama signed into law H.R. 2576 on August 9. This action culminates nearly two years of staff efforts to amend the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) that contained problematic provisions dealing with incorporation of standards by reference (IBR) into regulations. The new law, P.L. 113-30, will provide the government with considerably more flexibility to work with ASME and other standards development organizations in the use of voluntary consensus standards in regulations. IBR will remain an important area of focus for ASME and will require sustained and coordinated educational outreach to avoid similar problems in the future.

- S&C recently updated a booklet, Examples of Use of Codes and Standards for Students in Mechanical Engineering and Other Fields, which provides a background on the role of standards in everyday life, and offers specific examples of their application ranging from plumbing fixtures, to cranes and elevators, to nuclear power plant equipment. The
booklet was distributed to more than 500 universities. S&C is also creating a new web page that will contain information geared to students.

- On July 24-25, ASME and the United States Coast Guard held their second joint workshop on Marine Technology and Standards. The event attracted 80 individuals and provided a unique opportunity for classification societies, industry groups, standards development organizations, governments and interested members of the public to come together for a professional exchange on a broad range of topics having technological impact on the marine industry with corresponding coverage in related standards and government regulations.

- From July to September, Standards & Certification will be hosting an international associate from the Standardization Administration of China (SAC). Mr. Lu Xuzhong, who works in the Division of Equipment within SAC's Industrial Standards Department, will be focused on understanding ASME's policies, procedures, and practices in standards development for potential application within SAC.

- For the first time in its history, ASME will be conducting training courses in French. Codes et Standards pour Tuyauterie: Règles de Conception et Tendances Actuelles (PD689) will be held from September 24-26 in Lyon, France, and will cover the use of ASME's piping codes for both nuclear and non-nuclear applications, with an emphasis on comparison with corresponding European codes.

Upcoming Activities/What’s on the Horizon?

Other than continuing to work aspects of the IBR issue noted above, nothing to report to BoG at this time.

*Knowledge & Community – Karen Ohland, Michael Ireland*

Quarterly Highlights

Affinity Communities:

- The Affinity Communities Operating Board has been a key driver of the new ASME.org community platform. As of this report, Affinity Groups have more than 1,000 online participants total, including the most popular online community across the entire society, the Latin America Boiler Users Affinity Group, which has more than 300 online participants.

- Affinity Communities membership has grown dramatically since they were incorporated into the membership join/renewal. More than 11,000 members have self-identified as being interested in at least one Affinity Group. This represents a lot of potential for community building/engagement on the new ASME.org just among current members.
• The International Outreach Affinity Group supported the organization and execution of the international Leadership Training Conferences (Mini-LTCs) in Istanbul, Turkey; Bogota, Colombia; and Ipoh, Malaysia.

• The Women in Engineering Affinity Group established a women’s work group in collaboration with the Diversity and Inclusion Strategy Committee in order to establish a strategy for engaging women and increasing their participation in the Society.

• The Latin America Boiler Users Affinity Group conducted the 2\textsuperscript{nd} Latin American meeting of boiler users in Bogota, Colombia June 13–14, 2013. This event attracted more than 120 participants, including the chair of the ASME Power Division.

• The Student and Early Career Development Sector (SECD) formed strategic partnerships with some Affinity Groups. The Board on Student Programs is working with the Student Liaisons Affinity Group to plan and coordinate this and next year’s Student Professional Development Conferences (SPDCs), with exciting changes that will focus more on professional development. The Board on Career Development is working closely with the Early Career Connect and Graduate Students Affinity Groups as the Board re-organizes with a goal of enhancing the ASME experience for our early career engineers.

• The ECLIPSE Interns Affinity Group, in partnership with the ECLIPSE Intern Program under VOLT Academy, released a survey to determine the needs of the group membership that the Intern program cannot fill. This survey also called attention to the Group site on the new ASME.org, for which a communications plan has been developed to ensure regular contact with Group Participants.

• The Pre-College Education Affinity Group conducted several exciting programs in conjunction with the Committee on Pre-College Education, including:
  - Provided feedback, comments and support to Next Generation Science Standards, (which now includes engineering), which will help the pre-college educator community reach out to their students about engineering.
  - Conducted the final Engineering Ambassadors Network Feasibility Study, a concept exploration to develop university “hubs” to outreach projects and programs for K-12 teachers and students.
  - Submitted the ASME-branded Micro-Grants Platform Feasibility Study, which will directly support classroom teachers.
  - Hosted an Inspire Innovation Engineering Workshop for Teachers in Fayetteville, GA to provide awareness, familiarity, training, and resources to teachers in order to increase their students’ understanding of and enthusiasm for engineering.

Technical Communities:
The Technical Communities Operating Board (TCOB) met on May 21st (telecon) and June 16th (telecon).

As of July 1, 2013, all TCOB Board and Committee Chairs, new or continuing, were in place.

The Groups and Divisions continue to work with staff to implement the new ASME.org Group pages.

TCOB approved a formula to allocate $455K to Divisions for direct staff support.

Divisions have been notified of the decision by COFI to release the final disbursement of the $392K set aside in a holding account as shared revenue tied to Journals for FY2011, and at the same time to end the distribution of shared revenue decided by the BOG in 2007.

The housing of the Energy Committee within K&C/TCOB ended.

The summer is a time of significant activity in technical conferences. The following conferences took place in June, July, and early August:

- **MSEC/NAMRC** (Manufacturing Science and Engineering Conference/North American Manufacturing Research Conference), 6/10–14, Madison, WI
- **ICNMM** (International Conference on Nanochannels, Microchannels, and Minichannels), 6/16–19, Sapporo, Japan
- **ISPS** (Conference on Information Storage and Process Systems), June 24–25, Santa Clara, CA
- **SBC** (Summer Bioengineering Conference), June 26–29, Sunriver, OR
- **FEDSM** (Fluids Engineering Division Summer Meeting), July 7–11, Incline Village, NV
- **PVP** (Pressure Vessels & Piping), July 14–19, Paris, France
- **HT ES Fuel Cell** (Summer Heat Transfer Conference; International Conference on Energy Sustainability; and Fuel Cell Science, Engineering, and Technology Conference), July 14–19, Minneapolis, MN
- **InterPACK** (Pacific Rim Technical Conference and Exposition on Packaging and Integration of Electronic and Photonic Systems, MEMS, and NEMS), July 16–18, Burlingame, CA
- **Power Conference**, July 29–August 1, Boston, MA
- **ICONE** (International Conference on Nuclear Engineering), July 29–August 2, Chengdu, China
A workshop on Sustainable Manufacturing was held in Washington, D.C. on June 18, 2013, with ASME’s Center for Research and Technology Development (CRTD). The event was by invitation and the 28 participants included the Chief Manufacturing Officer from NIST, Board of Governors member John Elter, the president of the National Center of Manufacturing Science, and participants from the Department of Energy Manufacturing office. Sustainable manufacturing is seen as a future growth area for ASME.

TCOB has appointed Gamal Refai-Ahmed as its 2nd Finance Representative to CoAF & K&C Finance (7/13-6/16).

The K&C Board approved the appointments of Fred Proctor as Technical Group Leader (TGL) for the Systems & Design Group and Henry Scarton as TGL for the Environment & Transportation Group, both for 3 years (7/13-6/16).

Global Communities:

- Global Communities starts the first quarter of FY14 with John Mulvihill selected by the ASME Nominating Committee as the nominee for Vice President Global Communities FY15-17.

- Three new District Leaders—Eric Smith from North American Southwest and Rocky Mountain District E, Jaime Sotomayor from Latin American and Caribbean District I, and Franz-Josef Kahlen from Middle East and Africa District J—have joined the Global Communities Operating Board, starting their terms at the Annual Meeting.

- Global Communities starts the quarter by welcoming a brand new Section into the fold. The Malaysian Sub-Section was elevated to full Section status at the Annual Meeting.

- The Global Communities Operating Board, in partnership with staff and Section volunteers, successfully completed the transfer of all identified Section funds to the consolidated Chase accounts.

- A number of geographic units have been determined as inactive as part of the change to a consolidated tax reporting structure, and the orderly transfer of Society members from the inactive units to other, active geographical units is underway.

- The Southeast District F held a very effective Section leadership training conference in Orlando in July. The majority of the conference was webcast to Section leaders who could not attend in person.
The North American Southwest and Rocky Mountain District E is holding their Section leadership and training conference in August. This conference will include the dedication of the “Big Surf Water Park” as an ASME Landmark.

In addition to the international training events earlier this year that were co-located with District Operating Board meetings, the India Section planned a series of training events of their own. Their recent event on the weekend of July 20 had 200 participants.

Programs and Activities:

- The Programs & Activities Operating Board met on June 23 in Indianapolis. The meeting focused on moving forward to promote the ASME.org communities opportunities and developing a training program available to all current and future ASME unit leaders. Eamon Boyle led the planning for near-term development of training tutorials.

- The Outstanding Program Awards effort was launched for its second year and expanded to include Affinity Community programs.

- SECD provided a representative for the training discussion in order to keep these efforts well-coordinated and similar in look and feel.

Financial Operations:

- The Financial Operations Board and ASME overall are continuing the implementation of consolidated banking, including the set-up of Long-Term Investment accounts and/or Scholarship Accounts for the affiliates.

- The motion from the ASME South Texas Section, Plant Engineering and Maintenance Technical Chapter to set up seven university scholarship endowment funds, which would have totaled $630,000, did not pass. The funds were raised specifically for scholarships. Alternative options are now being discussed, including moving the money out of their consolidated banking account into an ASME Scholarship Account or giving the money to the ASME Foundation.

Upcoming Activities/What’s on the Horizon?

K&C Sector:

- The K&C Sector continues to work on reorganization. At the Annual Meeting, participants were presented with the guiding principles and members of the task forces as well as those interested in being part of the sounding board for draft proposal(s) agreed to abide by them. A small group met in July to craft a straw man. A larger group
will meet in August to review and add details to the straw man and discuss the processes for sharing the proposal(s) with and collecting responses from members of the sounding board. A status report will be presented to the Board in Brazil.

Affinity Communities:

- A reception for Affinity Communities has been proposed for IMECE 2013, with the theme “Welcome to ASME Virtual.” The board would have a booth on ASME.org and onsite tutorials on how to navigate the tool. People could create their ASME profiles onsite and join some of the existing Groups.

- The Affinity Communities Operating Board has identified the following strategies moving forward to support the One ASME goals and financial targets:
  - **Strategy #1**: Investigate potential for having two conferences (virtual/in person) for FY15. Target topics are Entrepreneurship and Latin America Operation and Maintenance of Boilers. These conferences are aimed to produce content and generate revenue that will help K&C budget targets for FY15.
  - **Strategy #2**: Increase the number of ASME.org Participants for each Group by 100% by December 2013 and by 200% by June 2014 relative to the number of participants at the beginning of FY14.
  - **Strategy #3**: Create the Affinity Impact Index (name subject to change) in order to determine and track value of Affinity Groups to our society.
  - **Strategy #4**: Strengthen partnerships among Student and Early Career Engineer-oriented Affinity Groups and the SECD. Create a value proposition and specific goals and metrics for collaboration.

Technical Communities:

- The Fall Congress of Divisions will be held in November, co-located with IMECE 2013.

- An Advanced Manufacturing Impact Forum will be co-located with IMECE 2013, and will be offered in addition to IMECE’s new multidisciplinary advanced manufacturing track.

- CRTD will be focusing on new products and open research forums. Future topic areas will include sustainable manufacturing and the risk of extreme storms in Mid-Atlantic metropolitan areas. A report on industrial desalinization is forthcoming, and the ASME Integrated/Sustainable Building Equipment and Systems report from the April 24 open research forum is now available on the CRTD Group page.

Global Communities:

- North American Pacific District D (in Portland), Southeast District F (in Atlanta), and Asia and Pacific District G (in Pakistan) will be holding Early Career Technical Conferences in Q2.
• North American Pacific District D will be holding a Section leadership training conference, including a webcast, in conjunction with their Early Career Technical Conference.

• Middle East and Africa District J will be holding a combined District and Section leadership training conference.

Programs and Activities:

• The P&A Training Committee will continue to work within K&C to restructure LTC types of tutorial offerings for a more regional format and multiple delivery methods. Initial efforts will focus on a K&C training Group page on ASME.org. The intention is to develop 20-30 minute tutorial topics on leadership, planning, and organizational operations with seeded topical discussions. Representatives from Technical, Global, and Affinity Communities are participating in the effort and developing a training page for each of these communities according to their needs.

• Additional activities regarding member value proposition development for K&C activities are on hold pending the reorganization task forces outcomes.

• There is a plan to adapt the current unit best practices repository to operate with ASME.org; refresh rules will be developed.

Institutes – Bobby Grimes, Michael Ireland

Quarterly Highlights - IGTI

• The IGTI Board met in San Antonio June 1, 2, and 7 to discuss the proposed new IGTI vision, mission and strategy as well as a new board structure that would position the board to be more strategic with the formation of new committees to handle more tactical issues as well as build relationships with key stakeholders. A draft board structure as well as the first-stage implementation plan has been developed and will be finalized at the October board meeting.

• The newly formed Organic Rankine Cycle Committee met for the first time in San Antonio during Turbo Expo.

• The first meeting of the new Student Advisory Committee was held on June 6. In addition a student session on “How to review a paper” was held at Turbo Expo for the first time.

• The first winner of the new Dilip Ballal Early Career Award, Randall Mathison, received his award on June 3.
The attendance goal for the Student Mixer at Turbo Expo was 60 students. We successfully exceeded that goal by hosting 220 students at the event.

Turbo Expo was held in San Antonio with 1029 final papers and 2355 attendees. Conference revenue exceeded budget ($1,855,675 vs. $1,597,500) due to a combination of higher than budgeted exhibition and sponsorship revenue and walk-on registrants.

Quarterly Highlights - IPTI

- OMAE 2013 was held in June in Nantes, France. Key statistics:
  - 877 - papers presented
  - 1,200 – registrants
  - 60 – deserving students and early career engineers were enabled to attend by OOAЕ’s Outreach for Engineers program.

  OMEA 2013 was successful event in essentially every respect!

- The Inaugural ASME International Pipeline Geotechnical Conference was held in Bogota, Colombia in July. More than 225 pipeline engineers gathered for this first-of-its-kind program on the geotechnical issues facing the pipeline industry in South America.

Upcoming Activities/What’s on the Horizon? - IGTI

- The Turbine Blade Tip Symposium will be held in Hamburg in September.

- The Organic Rankine Cycle Conference will be held in Rotterdam in October.

- For the second year in a row IGTI will be hosting the Gas Turbine India Conference in December in Bangalore.

Upcoming Activities/What’s on the Horizon? - IPTI

- Rio Pipeline 2013 will be held in September.

- The ASME Petroleum Division Sporting Clays event will be held in October.

- OTC Brasil 2013 will be held in October.

Public Affairs & Outreach – Bill Wepfer, Shekhar Chandrashekhar

Quarterly Highlights

Government Relations:

Congressional Briefings
• On June 6, ASME co-sponsored IEEE-USA’s Congressional briefing entitled, “STEM: Driving the Future, Driving Education through Innovation and Technology.”

• On June 12th, ASME co-sponsored an event with the National Science Foundation (NSF) and DISCOVER Magazine to share the hallmarks of effective K-12 science, technology, engineering and mathematics (STEM) education.

Position Statements

• Ten position papers were issued in this quarter. The details can be found at https://www.asme.org/about-asme/get-involved/advocacy-government-relations/policy-publications/position-statements

• In May and June, ASME President Marc Goldsmith also re-issued several previous letters of support for various STEM education bills. These bills include:
  o S. 1067, Sen. Jeanne Shaheen’s “Innovation Inspiration School Grant Program Act,”
  o S. 358, Sen. Franken’s “STEM Master Teacher Corps Act,”
  o S. 854, Sen. Merkley’s “STEM Education for the Global Economy Act,” and
  o S. 1178/ H.R. 2426, Sen. Gillibrand’s/ Representatives Tonko, Kennedy, and Walter Jones “Educating Tomorrow’s Engineers Act.”

WISE

• ASME has three WISE interns this summer: Emily Beagle of the University of Wyoming, Nathan Sacks of Georgia Tech, and Marie Stettler of the Rose-Hulman Institute of Technology. Sacks is being funded by Georgia Tech. Beagle’s paper examines the future of U.S. biofuels use through an analysis of the renewable fuel standard, while Sacks looks at the potential of biodiesel as an alternate fuel source for school buses in order to reduce emissions and cut fuel costs. Stettler investigates the science and technology community’s involvement in international development, analyzing a case study model of successful work done in assistive technologies for the disabled. The interns’ final presentations will occur July 31st on Capitol Hill, and their papers and presentations will be able by mid-August on the ASME WISE web site.

ASME Federal Fellows

• ASME Congressional Fellows Daniel Breig and Dr. Noel Baktian will finish up their fellowships in August of 2013. ASME will be sponsoring the following Federal Government Fellows in the Executive and Legislative Branch for 2013/2014:

  Alexander Slocum, Ph.D
  ASME Foundation Swanson Fellow
  Office of Science and Technology Policy
  Manufacturing & Energy
  June 2013 – June 2014
Industry Advisory Board:

- As part of the IAB’s Spring 2013 meeting recommendations, staff members are currently working on benchmarking the IAB against similarly-focused organizations in order to develop a list of best practices. The IAB saw some leadership changes in FY14. Andy Bicos (Boeing) has assumed the role of Chair after Eric Ducharme’s (GE) term concluded. The new IAB Executive Committee roster is below:
  
  o Andy Bicos (Boeing), Chair
  o Kris Pederson (IBM), Vice Chair
  o John Goossen (Westinghouse), Program Chair
  o Tommy Garder (ManTech), Membership Chair

- The IAB held a webinar on June 18, 2013 on the topic of Incorporation by Reference.

Engineering for Global Development(EGD)/E4C:

- In collaboration with Tech Pubs, the ASME Global Development Review Editorial Review Board met in NYC for the first time on June 29th, to discuss the editorial guidelines and publication rigor for the first issue scheduled for publication in late fall. First issue will include 4 case studies and one feature article. It will be published in both print and an APP form.

- The EGD committee is considering new candidates to replace Dr. Mark Henderson from Arizona State University. Due to his administrative load, he cannot complete his term.

- In collaboration with ERTD, the EGD committee has organized an inaugural forum at ASME IDETC in Portland, Oregon. This forum will highlight cutting-edge research initiatives on engineering design for developing and emerging markets. Speakers will discuss the creation, modeling and validation of design in the context of critical infrastructure in developing countries-- ensuring access to energy, clean water, effective sanitation and healthcare. More information can be found here: http://www.asmeconferences.org/IDETC2013/SpecialEvents.cfm. Presentations will be
videotaped and posted on asme.org. We hope to follow this model with other ASME conferences.

- **E4C webinars continue to attract attendees.** This quarter’s webinars attracted registrations at an all-time high of 400+ with an attendance of 100+ for the most popular webinar.

- **A total of 9 subject matter expert advisors (Qualified Content Contributors) have been confirmed for the E4C Appropriate Solutions Evaluation Program to validate the solutions data and parameters of comparison.**

- **A UEF grant proposal was accepted for submission for the funding of E4C programs.** The focus of the proposal is on the expansion of the E4C Webinar Series and E4C Solutions Library.

**Education:**

- **Degree Program Accreditation (ABET):** ASME Evaluators were posted to accreditation visits to ninety-five (95) ME/MET degree programs in the U.S, Ecuador, India, Kuwait, Mexico, Oman, Palestine, Saudi Arabia and the United Arab Emirates

- **Engineering Ambassadors (EA) Network:** With Innovation Committee, Board on Education and PAO Council support, the ASME Foundation appropriated $375K in FY14 project funding. Current work will enable an FY14 Q2 Go/No Go decision for further project expansion.

- **Micro-Grants for Teachers:** Feasibility study indicated significant value for teachers, but sufficient strategic/business alignment benefiting other ASME K12 programs and ASME Foundation fundraising strategy remains unclear. Project on hold pending further review.

- **E-APPS – Multi-platform Engineering Games for Middle School Students:** Feasibility study and business plan completed. Game development in progress with TopCoder, our software development partner. The game theme being explored is “Rescue Missions” where students are challenged to devise engineering solutions to humanitarian, animal, ecological or cultural-treasure rescue from potential/impending natural calamity.

**Strategic Issues:**

*Environmental Scan 2012-2013:* The environmental scan on advanced manufacturing is drawing to an end. A draft report has been submitted and is under review. The scan is the result of extensive literature research, expert interviews and meetings, and internal synthesis of the information. The scan focused on the advanced manufacturing environment and the broad opportunities it presents. In addition to the report, a rough document was also submitted that identifies potential action for ASME to consider in the advanced manufacturing arena.

**Diversity & Inclusion Strategy:**
The committee continues to review data collected on diverse ASME members. For the November timeframe, we are collaborating with VOLT to provide awareness and training for ASME senior leadership. We continue to explore the possibility of an ASME Congressional/Executive Fellow to focus on Diversity and Inclusion/Engineering Life Cycle, and we are assessing and improving the effectiveness of ASME/J&J Medal, McDonald Award and DAG.

Upcoming Activities/What’s on the Horizon?

Government Relations:

- ASME and the Association of Public and Land-grant Universities (APLU) will be co-hosting a Federal Agency Update on Manufacturing Initiatives on September 24th at 10:00am at APLU’s offices in Washington, DC.

Industry Advisory Board:

A webinar that will provide an overview of the ASME Energy Forum is scheduled for July 31, 2013. The IAB’s next board meeting is scheduled to be held in New York at ASME HQ on October 2 & 3, 2013.

Engineering for Global Development (EGD)/E4C:

- Negotiations and meetings are still taking place with UNESCO to finalize scoping of a pilot NGO Fellows program.

- The EGD committee is exploring a possible funding program geared towards social innovators whose work shows promise for significant impact on improving the quality of life.

- Working with the W-SET team to identify the topic, location and format of the next ASME Decision Point Dialogues Series for the spring of 2014. Inaugural dialogue event can be viewed here: https://www.asme.org/events/decision-point-dialogues

Education:

UPADI Conference (Colombia): ASME chairs the Education Committee of the Union of Pan-American Engineering Societies (UPADI) and will be conducting a day-long workshop to advance action on the Plan of Action of Panamá 2012-2016 - Working Group 2. Human Resource Training and Education in Latin America.

ME Department Heads Conference (Brazil): Mo Hosni, Vice President, Education and Tom Perry, Director, Education were featured speakers at the 3rd annual Brazilian Society of Mechanical Engineering & Sciences (ABCM) conference of Mechanical Engineering Program Coordinators in Bonita, Brazil, August 26-28.
Engineering Ambassadors (EA) Network: in FY14, in continuing collaboration with Penn State University, fundamental operational structure, core program attributes, community pathways, and fundraising strategy will be developed in preparation for the launch of the new ASME owned/branded network at the inaugural EA Network conference in Fall 2014.

Student & Early Career - Cynthia Stong, Shekhar Chandrashekar

Quarterly Highlights

Organizational activities:

- SECD sector boards – Career Development, Student Programs, and Leadership & Recognition – have their operating guides approved by the SECD council in June 2013. This sets them well organized to implement the programs in the SECD strategic plan.

Programmatic / Operational activities:

Student Programs

- The 2013 round of regional Student Professional Development Conferences had ended in June 2013. There were 1600+ participants in the conferences around the world. Primary competitions held at the SPDCs are Student Design Competition and EXPO, Old Guard Oral, Poster and web-page competitions.

Career Development

- Early Career professional development video series launched on Feb 12, 2013 is proceeding on schedule. From the preliminary web-analytics data, the estimation is that ECE videos had attracted around 25K viewers from Feb through June 2013. The content had attracted a good following on various social media channels. A list of the videos posted in February-June includes:
  - Video: Sustainable Energy Storage
  - Video: The High Value of the Entrepreneurial Skill Set
  - Video: Process Safety within Engineering
  - Video: Engineering Public Service
  - Video: Lean Manufacturing
  - Video: Making a Social Impact through Engineering
  - Video: Sustainable Biofuel
  - Video: Engineering Great First Impressions
  - Video: Bio medical Device Design
  - Video: Thermal Energy Storage Discussion

- ME Today newsletter, a premier publication for student and ECEs, has been redesigned, bringing the content to its readers in a more dynamic and timely manner. The newsletter is
now updated with new content weekly. The redesigned ME Today was launched in mid-June 2013.

**Leadership & Development**

- The board members are planning the implementation of the redesigned Student Leader Training program which will be launched in Sept 2013.
- The outcomes of the projects sponsored by the Diversity Action Grants are being highlighted in a series of articles and profiles of engineers in ME Today.

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

Programmatic / Operational activities:

- EC Content team of volunteers and staff is working on putting another round of MiniTalks at the IMECE2013 in November.
- Board on Student Programs is getting ready to start implementation of its revamped SPDC program. It is also working on the details of its new student contests to be announced at the IMECE2013.

**II. Committees**

**VOLT Academy – Justin Young, Dave Soukup**

**Quarterly Highlights**

- Presidential Candidate Briefing was held May 14 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 4.0.
- ECLIPSE Interns and Coaches were recognized at a reception on June 22 attended by ASME’s Senior Leadership.
- VOLT Workshops were held June 22 and 23 with Carole Linn as the speaker. The topic was “Communicating and Motivating Diverse Personalities.” There were 52 attendees at both workshops. The overall rating for the forum using a 4.0 scale was 3.94.
- Succession Planning Workshop was held June 25 for the Student and Early Career Development Sector Council and facilitated by VOLT Academy Chair Justin Young. The workshop was designed to introduce the VOLT Academy sector succession management process and put the SECD Council on a path to implementation.
• BOG Nominee Briefing was held June 26 and facilitated by Terry Shoup preceding the 2013-14 Board of Governors meeting. The overall rating for the briefing using a 4.0 scale was 3.75.

• The Leadership Pipeline Working Group’s report was presented at the June 26th meeting of SMC.

Upcoming Activities/What’s on the Horizon?

• BOG Nominee Orientation Webinar is scheduled for September 16. 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 18-20 in San Antonio. This will bring together the VOLT Executive Committee to plan further VOLT activities. It will be facilitated by Rob Goldberg of Organization Insight.

• Officer-Elect Orientation is scheduled for November 15 in San Diego. Terry Shoup will facilitate this event.

• A workshop titled “Serving at the ASME Governance Level,” will be offered twice at the 2013 Congress. A version of this workshop has previously been offered at the ASME Leadership Training Conference, which is now on hold. Panelists will describe their experiences leading to their becoming an ASME Officer.

• In 2014 an orientation for Vice Presidential candidates will be added to Senior Leadership Training portfolio. This orientation will apprise candidates of timely ASME issues.

• The ECLIPSE Program is on track for identifying the 2014-15 ECLIPSE interns.

Event Committee(EC) – Monica Moman-Saunders

Quarterly Highlights

• Meeting – May 29, 2013- The Event Committee held a face-to-face planning meeting Wednesday, May 29 in New York. The new chair Monica Moman-Saunders was named at the meeting. A major discussion was initiated on how to improve the financial performance of events. Several financial focus areas related to policy are establishing registration fees that anticipate market conditions and a full accounting of staff costs in the budget.

• EC reviewed and approved the following events:
  o ASME 2015 International Mechanical Engineering Congress and Exhibition, Approved 7/31/13 with condition.
- POWER2014 (POWER) – Approved 8/9/13

  **Event Planning and Executing Guide – Approved June 28, 2013** - The Event Planning and Execution Guide (EPEG) operations guide was approved on June 28, 2013. The EPEG clarifies roles and responsibilities for both staff and volunteers and provides a comprehensive process in planning and executing ASME events. The EPEG also provides clarification on the use of the “participation category” for ASME units that desire to contribute to an event held by an outside organization where ASME has no financial involvement in the event.

  **Event Financial and Approval Criteria** – The EC has initiated financial guidelines that clarify ASME policy objectives to include market based fees and full accounting for staff costs in event budgets.
ASME Board of Governors
Agenda Item
Cover Memo

Date Submitted: August 30, 2013
BOG Meeting Date: September 25, 2013

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

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

Proposed appointments reviewed by the COR on August 30, 2013.

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

Approve the proposed appointments.

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Attachments:
Appointment Listing.
# SEPTEMBER 25, 2013
## 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>Appointment Type</th>
<th>History</th>
</tr>
</thead>
</table>
| Committee on Organization & Rules          | Nate Hurt        | Member                     | 7/1/2013 - 6/30/2016      | Reappointment    | Current: Henry R. Worthington Medal Committee 
Committee of Past Presidents Past: Energy Committee, COR, CPP, Henry R. Worthington Medal Committee, Dixy Lee Ray Award Committee, |
|                                            | Keith Thayer     | Member                     | 7/1/2013 - 6/30/2016      | Initial Appointment | Current: Committee of Past Presidents Past: Johnson & Johnson Consumer Companies, Inc. Medal Committee, McDonald Mentoring Award Committee, Committee of Past Presidents, Energy Committee |

<table>
<thead>
<tr>
<th>External Unit</th>
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<th>Appointment Type</th>
<th>History</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluid Power Net International</td>
<td>Nariman Sepehri</td>
<td>Representative</td>
<td>7/1/2013 – 6/30/2016</td>
<td>Initial Appointment</td>
<td>Fluid Power Systems &amp; Technology Executive Committee Chair; Advisor University of Manitoba</td>
</tr>
<tr>
<td>Max Jakob Memorial Award</td>
<td>Jungho Kim</td>
<td>Representative</td>
<td>10/1/2013 – 9/30/2016</td>
<td>Reappointment</td>
<td>Current: Max Jakob Award Committee Member Past: Max Jakob Memorial Award Representative</td>
</tr>
</tbody>
</table>

Minutes Appendix XI 
Page 2 of 2