

ANNUAL REPORT 2012–2013





Letter from the President and Executive Director

This has been a pivotal year for ASME, a year that saw ASME's positive engineering impact on the world's quality of life and on engineering knowledge, a fiscally healthier society, the successful relocation of ASME's new headquarters to Two Park Avenue, and a year in which ASME.org launched a suite of exciting new features that promote unparalleled opportunities for virtual communications and engagement for the engineering community about the world.

Among the key factors that have set ASME on a course to achieve its fullest potential is our successful transformation from an organization that was tradition-bound and internally focused, to one that is dynamic, forward-facing and externally focused. Today, ASME is fulfilling its safety, knowledge, energy and workforce missions in an intentional, disciplined and business-like manner. Our success in these areas is a promising indicator of the future we are creating together.

ASME is an organization on the move. Our eyes are focusing on the trends that impact today's global engineers along with future generations of innovators and problem solvers. We're proud of the work that the ASME Foundation is doing to provide opportunities for students who bring passion to the pursuit of an engineering education and we're grateful to those who have made donations in support of the Foundation's philanthropic endeavors. Be sure to read more about the work of the ASME Foundation in this report.

Engineers have always had a profound impact on the quality of life we enjoy. We hope that as you peruse the pages of this report you will share our pride in the impacts and results that our vision leads us towards and join us in our aim to provide solutions to the energy, workforce, and water challenges facing our world—engineering solutions that will truly benefit humankind and continue to “set the standard.”





As we embark on new and more ambitious initiatives, the continued commitment and support of ASME's volunteer leadership, our members and staff who share our vision and dedication to creating a pathway to our future growth and success will be essential. We're calling this effort "*Pathway 2025*." It is with heartfelt appreciation that we acknowledge the work and leadership of the Board of Governors and senior volunteers who have skillfully led our efforts during this important time in the Society's history.

Thank you for your dedication and enthusiastic support of ASME's programs and initiatives throughout the year. Together, we have accomplished so much, and together, we will embrace our future with a determination to achieve our mission—making our profession, and our Society—even more impactful and relevant.

Marc W. Goldsmith
President

Thomas G. Loughlin
Executive Director

Mission. Vision. Values.

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.

Our Vision

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

Our 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

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Growing Globally



ASME expanded its international outreach this year, organizing programs in global markets where the need for engineering services is in demand.

Globalization is one of the three strategic priorities that guided the Society's initiatives and activities in FY13.

In India, ASME held the first All-India Conclave on Innovation, as well as the first Gas Turbine Symposium in which engineers and other technical professionals working in India's growing power industry received knowledge and hands-on training in turbo-machinery design, operation, and maintenance. A gas turbine technical chapter is in development in India to support the growing interest in this field.

Standards & Certification continues to provide opportunities for ASME in the Asia market, having held several meetings there including the ASME/Chinese Society of Power Engineering workshop addressing elevated temperatures in boilers and pressure vessels, and in October 2012, signing a memorandum of understanding with the China Nuclear Energy Association.

The Society's outreach to its Spanish-speaking constituents was particularly strong, highlighted by S&C workshops and training events in Mexico, Peru, Argentina, and Colombia.

“We continue to explore innovative ways to improve our membership and models to accommodate the needs of the global engineering community.”

Marc W. Goldsmith, ASME President, 2012–2013, State of the Society Speech, June 25, 2013

ASME also focused on the Middle East which, like India, is growing its industrial base and engineering competencies. In June, the Society ran its first four-day continuing education program in Dubai, UAE, covering ASME code requirements for pressure vessels, process piping, and welding and brazing.

Aside from solid member participation in several key global markets, perhaps the strongest evidence of the Society's international stature and influence is the Boiler and Pressure Vessel Code. Today, the BPVC is used in 100 countries worldwide, with translations in a number of languages. There are over 6,400 manufacturers certified to the BPVC in 75 countries—with over 59 percent of certifications outside the U.S.

The sections of the code covering nuclear power facilities are referenced around the world; 30 of the 44 countries with installed nuclear facilities purchase their nuclear components to specifications contained within the code.

Building on the success of FY13, in the future the Society will continue to expand its global footprint through diverse programs in standards and certification activities, student outreach, conferences, publications, and strategic partnerships.



Above: ASME attendees at the 2013 India Conclave held in New Delhi.

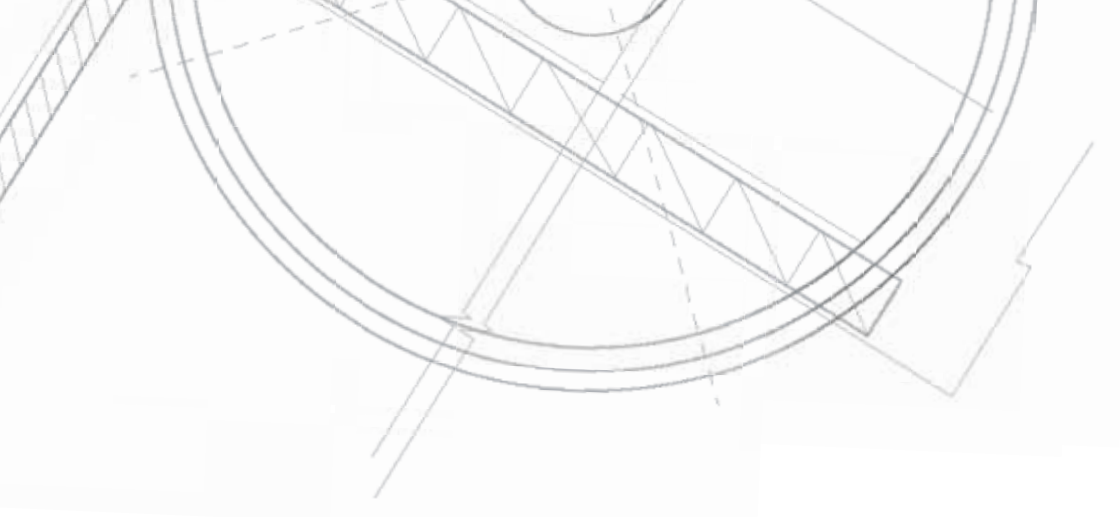
Below: ASME President Marc W. Goldsmith and a delegation of ASME representatives attended the 2012 Chinese Mechanical Engineering Education Conference in Beijing. Joining ASME at the conference were leaders from the Chinese Mechanical Engineering Society, the Institute of Mechanical Engineers-UK, and the Korean Society of Mechanical Engineers. ASME continues to support the global conversation on skills development and education standards that facilitate the mobility of engineers worldwide. At the conference, held in mid-December, Goldsmith called for practicing engineers and educators to work together to better prepare the next generation of engineers to address the world's grand challenges.

Advancing the Energy Conversation

“The Energy Forum supports ASME’s role as an essential energy technology resource and leading advocate for technically sound energy policies.”



The ASME Member Assembly, held in conjunction with the 2013 Annual Meeting in Indianapolis, featured a panel discussion on topics focused on R&D in emerging energy sectors. The Assembly supported the goals of the ASME Energy Forum, a year-long multi-media series, launched in 2013, to explore the technical aspects and workings of a broad range of energy sources and related technologies. The panel of experts included (left to right) Dr. Fort Felker, director, National Wind Technology at the National Renewable Energy Laboratory; Dr. Satya Gupta, business development director at Baker Hughes; Susan H. Skemp, executive director of the Southeast National Marine Renewable Energy Center at Florida Atlantic University and ASME past president; Dr. Ranga Pitchumani, program director of Concentrating Solar Power, Sunshot Initiative, at the Office of Energy Efficiency and Renewable Energy, US DOE, and Thomas G. Loughlin, ASME executive director who served as moderator.



At a glance, hydrokinetics, solar power and waste-to-energy seem to have little in common—one generates electricity from the movement of water, one from the sun, and the other from the combustion of municipal waste products. But these technologies do share a common aim: the promise to deliver renewable and sustainable energy to meet the increasing demand for electricity using alternative, nontraditional sources that protect the environment.

While keeping aligned to ASME's strategic priorities in energy, the Society brought these topics to the forefront by way of the ASME Energy Forum, a new multi-media series, launched in February of 2013, to explore technologies that could shape energy markets in the 21st century. Including live webinars, podcasts, and feature articles, the forum was created to expand ASME's activity in a core mechanical engineering discipline and to provide an online vehicle for dialogue and information exchange.

Hydrokinetics, a developing field within the broad area of renewable energy that explores energy generation from the natural movement of water, was the focus of the first installment in the Energy Forum. In the live webinar on Feb. 14, two experts—Jonathan A. Colby, a hydrodynamic engineer at Verdant Power, and Susan H. Skemp, former ASME president and executive director of the Southeast National Marine Renewable Energy Center at Florida Atlantic University—discussed projects currently underway and assessed the environmental constraints of hydrokinetics and challenges associated with system reliability and licensing.

A total of 587 people registered for the first webinar, which was supported by articles appearing in *Mechanical Engineering* magazine, *ASME News* and ASME.org. The first feature, titled "Bobbing for Power," received 1,700 page views on the ASME website.

Following success of hydrokinetics, the Energy Forum visited the subject of concentrated solar power, with a live webinar on March 28. The topic generated 1,460 registered participants, in which experts outlined the role of concentrated solar power in large-scale electric utility operations.

A forum on waste-to-energy also attracted more than 1,000 registrants to the webinar on May 30. The topic, "Turning Trash into Renewable Energy Treasure," reviewed the benefits of waste conversion and also discussed the state of the art in facility design, thermal combustion, emissions control, and ash handling. The presenters also discussed the regulatory environment on waste-to-energy and the current challenges associated with licensing and new plant operations.

Topics slated for FY14 include wind power, fuel cells, and hydraulic fracturing. As with the previous three programs, they will offer unique perspectives on technology challenges and the economic implications for business. The Energy Forum supports ASME's role as an essential energy technology resource and leading advocate for technically sound energy policies.

A New Era for ASME.org



“The ASME website is evolving into an incredibly powerful tool, one that will significantly enhance ASME’s potential to connect and engage with engineers around the world as we fulfill our mission for the next century.”

Thomas G. Loughlin, ASME Executive Director

One of the most exciting events occurring during FY13 was the introduction of the revamped and interactive phase of ASME.org. After many months of behind the scenes work, the Society publicly launched an enhanced version of the ASME website offering an elegantly designed home page, improved site navigation, and a number of engaging new community features that allow users to register for free as “Participants” on the site, create personal profiles, connect with engineers with similar interests, and join and follow any number of ASME Groups.

The new phase of the ASME website, introduced in May, now enables Participants to experience a new, interactive level of website involvement.

Participants can create their own personalized Dashboard where they can send messages and manage their ASME accounts. The Dashboard can also be used to interact with ASME Groups and committees, and keep Participants updated on conferences, events, articles and publications in areas of personal interest. “The ASME website is evolving into an incredibly powerful tool, one that will significantly enhance ASME’s potential to connect and engage with engineers around the world as we fulfill our mission for the next century,” said ASME Executive Director Thomas G. Loughlin.

Participation is free, so if you haven’t already registered, please visit ASME.org and become an ASME.org Participant.

ASME on the Move



ASME's new global headquarters at Two Park Avenue was inaugurated in early 2013.

The office is characterized by a variety of innovative and engaging design elements that communicate and reflect our mission—to champion the excitement and impact of engineering—to visitors, staff, volunteers and other key stakeholders. The move to our new office, which resides in one of New York City's classic Art Deco buildings, reflects the Society's commitment to engineering leadership and innovation, and is one that sets the standard for organizational growth and stability well into the future.

ASME's new headquarters, with its bright, spacious and functional footprint, embodies the values and vision of today's ASME—open and professional—leveraging the best of technology and design, with a blend of tasteful appearance and functionality, and ample opportunities to use versatile conference rooms and areas like *The Hub* to encourage greater opportunities for staff interaction and collaboration.

ASME's new headquarters serves as an inspiring reminder of the many ways that engineers and we as a professional society collaborate and innovate to advance our mission.

When you arrive at the office you will immediately be welcomed by the technical design of the entry corridor featured by equations highlighting essential elements of engineering design. Additionally, a series of X-Ray photographs with accompanying captions draws attention to the beauty, elegance and creativity of the engineering behind everyday objects, while demonstrating the myriad ways that engineering contributes to improving the quality of life.

Evolving concepts in individual and group workspaces provide just a few of the many advantages that the new office space provides. Compared to more traditional offices, the Two Park design allows generous light and air flow to filter through work areas and office space and offers greater efficiencies for managing day-to-day work flow and improved services for volunteers, constituents and the profession.

In all, the new open and professional design of ASME's new headquarters serves as an inspiring reminder of the many ways that engineers and we as a professional society collaborate and innovate to advance our mission.

2012–2013

ASME YEAR IN REVIEW MILESTONES:



July 2012

Dr. M.K. Au-Yang, internationally acclaimed for his work in the field of flow induced vibrations, was the recipient of the 2012 ASME S.Y. Zamrik PVP Medal, presented during the 2012 Pressure Vessels & Piping Conference held in Toronto, Ontario.

August 2012

Release of an ASME research study entitled *The State of Mechanical Engineering: Today and Beyond* reports optimism about the future of the mechanical engineering profession among mechanical engineers. The study also identified specific engineering disciplines and topics that are expected to become more prominent in the coming decades. Topping the list of promising fields were nanomedicine, nanotechnology, and bioengineering.

September 2012

The ASME International Gas Turbine Institute introduced the Dilip R. Ballal Early Career Award to recognize significant contributions to the gas turbine industry made by an individual within the first five years of their career. Randall Mathison was the first to receive this award at the 2013 ASME Turbo Expo.

Above: Randall Mathison, September 2012.

Above Right: Thomas L. Friedman, November 2012.

Bottom Right: Lu Yansun, December 2012.



October 2012

Standards & Certification holds first General Assembly of its governing Council and Boards, providing staff and volunteer leaders the opportunity to communicate S&C's diverse initiatives, explore trends impacting the organization and our many stakeholders, and for soliciting input on strategic initiatives and priorities.

November 2012

New York Times columnist and bestselling author Thomas L. Friedman was the keynote speaker at the 2012 ASME Congress in Houston. "In the new hyper-connected world, engineers will have to rise above 'average' through creativity and non-stop learning."

December 2012

Lu Yansun, an engineer who played a foremost role in the growth of electric power equipment manufacturing in China while advocating the use of ASME technical standards in local industries, was presented with the ASME President's Award at a ceremony held at the Chinese Academy for Engineering in Beijing.



January 2013

ASME relocated its headquarters to Two Park Ave., New York. New office amenities feature a bright and spacious work environment, state-of-the-art conference rooms, and new telecommunications systems. The new space embodies the values and vision of today's ASME.

February 2013

ASME launched the ASME Energy Forum, a yearlong multi-media series that explores the technical aspects and workings of a broad range of energy sources and related technologies. The series featured distinguished energy experts who discussed R&D trends in emerging energy sectors.

March 2013

The 2013 ASME International Mechanical Engineering Education Leadership Summit (MEED 2013) was held in San Diego, Calif. to examine current issues, and debate strategies that will help chart the future of mechanical engineering education.

Above: Ribbon cutting and reception was held earlier this year to officially open ASME's new office at Two Park Avenue (left to right) Madiha El Mehelmy Kotb, ASME president (2013–2014); Thomas G. Loughlin, ASME executive director and Marc W. Goldsmith, ASME president (2012–2013), January 2013.

Top Right: Decision Point dialogues, April 2013.

Bottom Right: Dr. C. Wayne Clough, June 2013.



April 2013

ASME conducted the first in a series of Decision Point dialogues with the topic "How Can Engineers Become Global Problem Solvers?" The series is designed to engage thought leaders in conversation about some of the most complex issues facing engineers and technologists today. The event was held at the State University of New York's Global Center.

May 2013

ASME launched new community features on ASME.org allowing users to create personal profiles, connect worldwide with engineers with similar interests, and join and follow various ASME groups.

June 2013

Dr. C. Wayne Clough, secretary, The Smithsonian Institution, delivered the keynote lecture at the 2013 Ralph Coats Roe Luncheon titled "Scientific Literacy: Why Are We Losing the Battle and What Can We Do About It." The luncheon was sponsored by the ASME Foundation.



Learn more about the future of the engineering profession.

- What are the emerging areas in the engineering profession?
- What tools and skills do engineers need to succeed in the future?
- What are the global challenges of the engineering profession?

THE STATE OF MECHANICAL ENGINEERING: TODAY AND BEYOND

An ASME Research Study

Studies Show Bright Future for Mechanical Engineers

In an eyes-on-the-ground perspective of the attitudes and expectations of the profession over the next two decades, a survey of more than 1,200 mechanical engineers provided optimistic insights for emerging technologies and the skills needed to accomplish them, as reported in *The State of Mechanical Engineering: Today and Beyond*.

Most surveyed engineers saw important roles for mechanical engineers, especially in the areas of sustainability or renewable energy, bioengineering and biomedical fields, nanotechnology, green building technology, energy storage, integration into smart grids and greenhouse gas mitigation. These areas continued to be well discussed throughout the year, reflected in the year-long online energy forum series, as well as conference features such as Thomas L. Friedman's Congress keynote on energy diversity and innovation as well as other global events related to sustainable energy. Sustainability also featured prominently in the working lives of 4,500 engineers surveyed this year for the joint ASME-Autodesk Sustainable Design survey, published in the October 2012 issue of *Mechanical Engineering* magazine.

While ASME's *State of Mechanical Engineering* study shows optimism about the ability of engineers to meet global challenges, it points to the importance of working on interdisciplinary teams of professionals to address these issues.

Abilities such as multilingual and multicultural skills are considered essential for the anticipated growth in work opportunities in the global market. Other needed skills cited involve motion simulation, animation and virtual prototype creation. Crucial global relations skills ranked high in needed skill sets, while lower-ranked managerial skills in leadership, conflict resolution and risk assessment, still saw significant jumps expected in future decades.

The context of events at the time of the survey, which was conducted in mid-2011, had the eyes of the world focused on risk mitigation for natural disasters and the need for global unity in addressing an enhanced safety culture of a risk-informed, performance based approach to energy choices. As reports on the lessons learned from Japan's 2011 earthquakes and tsunami were published, engineers soon were called upon to deal with lessons from Superstorm Sandy in November 2012, which affected coastal areas from the Caribbean to Canada. Taking these lessons into the classroom now offers insight into integrated, complex, holistic design needs that have social and technical implications.

In over a year's time, engineers also continued to witness exciting transitions of new opportunities, including the last days of the NASA space shuttle program soon turned into the dazzling landing and exploration by the Mars rover *Curiosity* and China's first space-station docking mission.

Board of Governors

2012–2013



1. CHARLA K. WISE

President
Wise Consulting
Lockheed Martin Corporation (Retired)

2. JULIO C. GUERRERO, PH.D.

Principal and Business Development
Draper Laboratory

3. MADIHA EL MEHELMY KOTB, ENG.

ASME President Elect (2013–2014)
Head, Pressure Vessels Technical Services
Division—Régie du bâtiment de Québec/Quebec
Building Board

4. BETTY L. BOWERSOX

Manager, Process Improvement
Nooter/Eriksen, Inc.

5. EDMUND J. SEIDERS, P.E.

Senior Technical Advisor
Willbros Engineers (U.S.), LLC

6. THOMAS G. LOUGHLIN, CAE

Executive Director
ASME

7. MARC W. GOLDSMITH, P.E.

ASME President (2012–2013)
President, Marc Goldsmith & Associates LLC

8. VICTORIA A. ROCKWELL

ASME Immediate Past President (2011–2012)
Senior Manager, Investment Development
Air Liquide USA LLC

9. RICHARD T. LAUDENAT, P.E.

Plant Manager
GDF Suez

10. JOHN F. ELTER, PH.D.

President
Sustainable Systems, LLC

11. J. ROBERT SIMS, JR.

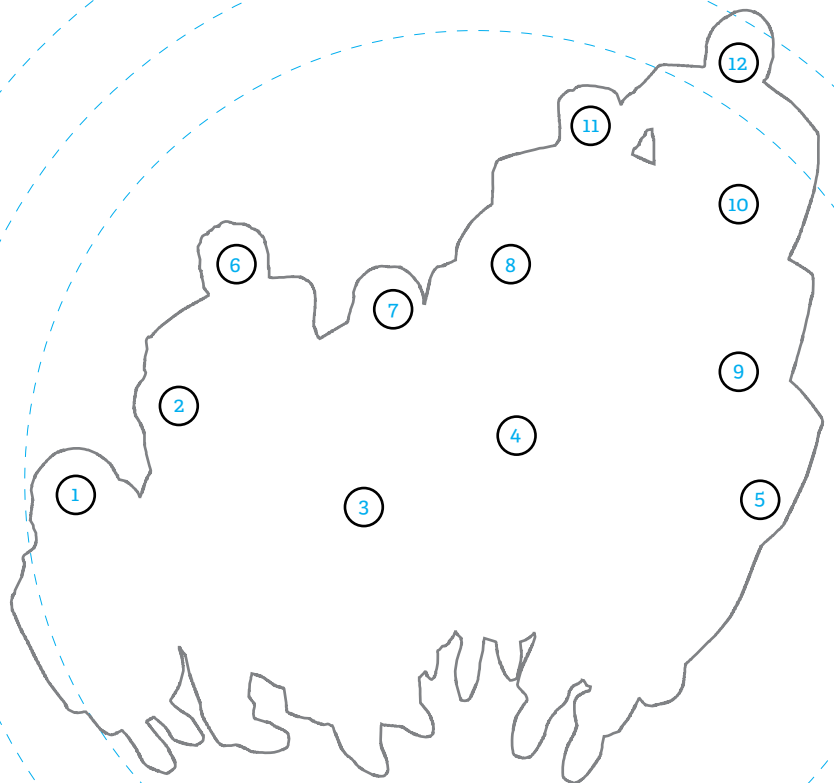
Senior Fellow
Becht Engineering Company, Inc.

12. RICHARD C. BENSON, PH.D., P.E.

Dean, College of Engineering
Virginia Polytechnic Institute and State University

BERNARD E. HRUBALA

General Manager
TUV Rheinland AIA Services, LLC
(Not in Photo)



2012 Honors & Awards



Inspiring Future Engineers While Making the World a Better Place

Yildiz Bayazitoglu, Ph.D., a resident of Houston, and H.S. Cameron chair professor of mechanical engineering at Rice University, was honored by ASME for outstanding contributions in transforming fundamental research to engineering applications such as photo-thermal cancer therapy, space waste-heat recovery and nano-composite materials processing; for dedicated service to engineering societies; and for being an inspirational mentor to women and under-represented minorities. She received Honorary Membership in ASME. First awarded in 1880, the founding year of the Society, Honorary Membership recognizes a lifetime of service to engineering or related fields. The award was conferred on Dr. Bayazitoglu at the Society's 2012 Honors Assembly held in conjunction with the ASME International Mechanical Engineering Congress and Exposition, in Houston.

ASME MEDALIST

Jan D. Achenbach, Ph.D., Fellow
Northwestern University

HONORARY MEMBERSHIP

Yildiz Bayazitoglu, Ph.D., Fellow
Rice University

Zdĕnek P. Bažant, Ph.D., Fellow
Northwestern University

Vijay K. Dhir, Ph.D., Fellow
University of California at Los Angeles

Yogesh Jaluria, Ph.D., Fellow
Rutgers University

ACHIEVEMENT AWARDS

Barnett-Uzgiris Product Safety Design Award

Henry Petroski, Ph.D., P.E., Fellow
Duke University

Bergles-Rohsenow Young Investigator Award in Heat Transfer

Evelyn N. Wang, Ph.D., Member
Massachusetts Institute of Technology

Per Bruel Gold Medal for Noise Control and Acoustics

Theodore M. Farabee, Ph.D., Fellow
Naval Surface Warfare Center

Edwin F. Church Medal

Kenneth S. Ball, Ph.D., P.E., Fellow
Virginia Polytechnic Institute and State University

Daniel C. Drucker Medal

James W. Dally, Ph.D., P.E., Fellow
University of Maryland at College Park

Thomas A. Edison Patent Award

Vipin Kumar, Ph.D., P.E., Member
University of Washington

William T. Ennor Manufacturing Technology Award

Professor S. Jack Hu, Ph.D., Fellow
University of Michigan

Nancy Deloye Fitzroy and

Roland V. Fitzroy Medal

Charles H. Townes, Ph.D.
University of California at Berkeley

Fluids Engineering Award

Gretar Tryggvason, Ph.D., Fellow
University of Notre Dame

Y.C. Fung Young Investigator Award

Marissa Nichole Rylander, Ph.D., Member
Virginia Tech

Kate Gleason Award

Ms. Edith Stern
IBM

Technical Communities

Globalization Medal

John H. Lienhard V, Ph.D., P.E., Fellow
Massachusetts Institute of Technology

Melvin R. Green Codes and Standards Medal

Mohinder L. Nayyar, P.E., Fellow
Retired

Heat Transfer Memorial Award—Art

Chang H. Oh, Ph.D., Fellow
Idaho National Laboratory

Heat Transfer Memorial Award—General

Satish G. Kandlikar, Ph.D., Fellow
Rochester Institute of Technology

Heat Transfer Memorial Award—Science

Javad Mostaghimi, Ph.D., P.E., Fellow
University of Toronto

Mayo D. Hersey Award

Francis E. Kennedy, Jr., Ph.D., P.E., Fellow
Dartmouth College

Patrick J. Higgins Medal

Frederick G. Parsons, Member
F.G. Parsons Consulting

Soichiro Honda Medal

Priyaranjan Prasad, Ph.D., Member
Prasad Consulting, LLC

Internal Combustion Engine Award

Nicholas P. Cernansky, Ph.D., P.E., Member
Drexel University

Johnson & Johnson Consumer Companies, Inc. Medal

Penn State's Engineering Ambassador Program
The Pennsylvania State University

Warner T. Koiter Medal

Erik Van der Giessen, Ph.D.
University of Groningen

Robert E. Koski Medal

Dr.-Ing. Siegfried Helduser
Technische Universität Dresden

Allan Kraus Thermal Management Medal

Louis C. Chow, Ph.D., Fellow
University of Central Florida

Frank Kreith Energy Award

Jane H. Davidson, Ph.D., Fellow
University of Minnesota

James N. Landis Medal

The Honorable Peter B. Lyons, Ph.D.
United States Department of Energy

Bernard F. Langer Nuclear Codes and Standards Award

Richard D. Porco, Member
Ellis & Watts Global Industries, LLC

Gustus L. Larson Memorial Award

Nicolas G. Hadjiconstantinou, Ph.D., Fellow
Massachusetts Institute of Technology

H.R. Lissner Medal

David L. Butler, Ph.D., Fellow
University of Cincinnati

Charles T. Main Student Section Award—Gold

Caitlin A. Correll, Member
Carnegie Mellon Entertainment Technology

Charles T. Main Student Section Award—Silver

Hardik Tiwari, Member
Mu Sigma Business Solutions Pvt. Ltd.

McDonald Mentoring Award

Timothy Scott Fisher, Ph.D., Fellow
Purdue University

M. Eugene Merchant Manufacturing Medal of ASME/SME

Chul B. Park, Ph.D., Fellow
University of Toronto

Van C. Mow Medal

John C. Bischof, Ph.D., Fellow
University of Minnesota

Nadai Medal

Satya N. Atluri, Sc.D., Fellow
University of California, Irvine

Sia Nemat-Nasser Early Career Award

Harold S. Park, Ph.D., Member
Boston University

Burt L. Newkirk Award

Ashlie Martini, Ph.D., Member
University of California Merced

Rufus Oldenburger Medal

Mathukumalli Vidyasagar, Ph.D.
The University of Texas at Dallas

Old Guard Early Career Award

Anita Rebarchak, Member
Pratt & Whitney

Performance Test Codes Medal

Paul G. Albert, Member
Power Generation Services

Marshall B. Peterson Award

Melih Eriten, Ph.D., Member
University of Wisconsin

Pi Tau Sigma Gold Medal

Amos G. Winter, V, Ph.D., Member
Massachusetts Institute of Technology

James Harry Potter Gold Medal
Essam E. Khalil, Ph.D., P.E., Fellow
Cairo University

S.Y. Zamrik Pressure Vessels and Piping Medal
M.K. Au-Yang, Ph.D., P.E., Fellow
Independent Consultant

Dixy Lee Ray Award
Goshi Hosono
Minister for the Restoration from
and Prevention of Nuclear Accident

Charles Russ Richards Memorial Award
Pol D. Spanos, Ph.D., P.E., Fellow
Rice University

Ralph Coats Roe Medal
Bill Nye, Member
Nye Laboratories, LLC

Safety Codes and Standards Medal
David Duerr, P.E., Member
2DM Associates, Inc.

R. Tom Sawyer Award
David C. Wisler, Ph.D., Fellow
Retired, General Motors Aviation

Milton C. Shaw Manufacturing Research Medal
Kornel F. Ehmann, Ph.D., Fellow
Northwestern University

Ruth and Joel Spira Outstanding Design Educator Award
David Wallace, Ph.D., Member
Massachusetts Institute of
Technology

Spirit of St. Louis Medal
William M. Shepherd, Captain
U.S. Navy, Retired

Student Section Advisor Award
Rick Couvillion, Ph.D., P.E., Fellow
University of Arkansas

J. Hall Taylor Medal
Jeffrey F. Henry, Fellow
Structural Integrity Associates, Inc.

Robert Henry Thurston Lecture Award
Zhigang Suo, Ph.D., Fellow
Harvard University

Timoshenko Medal
Subra Suresh, Sc.D., Fellow
U.S. National Science Foundation

Yeram S. Touloukian Award
Peter T. Cummings, Member
Vanderbilt University

Michael R. Moldover, Ph.D.
National Institute of Standards &
Technology Leader Fluids
Metrology Group

George Westinghouse Gold Medal
Richard R. Schultz, Ph.D.,
P.E., Fellow
Idaho National Laboratory

George Westinghouse Silver Medal
Weihong Yang, Ph.D.
KTH-Royal Institute of Technology

Henry R. Worthington Medal
Abraham Engeda, Ph.D., Fellow
Michigan State University

LITERATURE AWARDS

Blackall Machine Tool & Gage Award
Rui Zhou, Ph.D.
JDS Uniphase

Jian Cao, Ph.D., Fellow
Northwestern University

Kornel F. Ehmann, Ph.D., Fellow
Northwestern University

Chun Xu, Ph.D., Member
Shanghai Institute of Technology

Freeman Scholar Award
Pratap Vanka, Ph.D., Fellow
University of Illinois-Urbana
Champaign

Gas Turbine Award
Martin N. Goodhand, Ph.D.
University of Cambridge
Robert Miller, D.Phil.
University of Cambridge

Edward F. Obert Award
Michael R. von Spakovsky,
Ph.D., Fellow
Virginia Polytechnic Institute
and State University

Charles E. Smith, Ph.D., Member
Virginia Polytechnic Institute
and State University

Prime Movers Award
Luther M. Raatikka, P.E., Member
Zachry Engineering Corporation

Worcester Reed Warner Medal
János Miklós Beér, Ph.D., Fellow
Massachusetts Institute of
Technology

Arthur L. Williston Medal
WINNER
Kyle Crawford Picha, Member
Rensselaer Polytechnic Institute



2012 ASME Honors Assembly
(Seated left to right) Vijay K. Dhir, Zdeněk P. Bažant, Yıldız Bayazitoglu,
Yogesh Jaluria.

(Standing left to right) Subra Suresh, Karen A. Thole, chair, Committee on
Honors, Jane H. Davidson, Jan D. Achenbach, Marc W. Goldsmith, ASME
president (2012–2013), Shinya Iwata representing Goshi Hosono, Anita
Rebarchak, Edith Stern, Thomas G. Loughlin, ASME executive director,
and Mohinder L. Nayyar.

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TREASURER'S REPORT

ASME



Warren R. DeVries
ASME Treasurer

I am pleased to present the fiscal year 2013 audited financial reports of ASME.

The Society continues to focus on investing for the future while taking steps to ensure its financial health remains strong.

ASME received an unqualified, or clean, opinion from Marks Paneth & Shron LLP in the Independent Auditor's Report. ASME is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

ASME operations had a good year as revenue remained above \$106 million for the third consecutive year. ASME recorded an operating deficit of \$7.7 million. This deficit largely reflected expenses related to the organization's continued efforts towards investing in its infrastructure. Investments contributed a positive \$10.9 million and a favorable adjustment of \$5.2 million for a comprehensive income charge related to 2013's change in pension and postretirement changes other than periodic cost, resulted in an aggregate increase in net assets of \$8.4 million. The ASME General Fund had an increase in net assets of \$5.2 million.

ASME's Statements of Financial Position show total assets of \$164.1 million as of June 30, 2013. This reflects a 3% increase from 2012 while total liabilities decreased 5% over the same period. The increase in assets was primarily attributable to our investment in facilities and technology while the decrease in liabilities resulted mostly from a decrease in deferred publications revenue. Overall, ASME net assets ended at \$90.8 million, 10% higher than 2012.

I submit these reports confident that ASME continues to be a financially sound and strong organization.

A handwritten signature in black ink that reads "Warren R. DeVries". The signature is written in a cursive, slightly slanted style.

Warren R. DeVries
ASME Treasurer

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.

A handwritten signature in black ink that reads 'Marks Paneth LLP'.

New York, NY
September 11, 2013

CONSOLIDATED FINANCIAL STATEMENTS

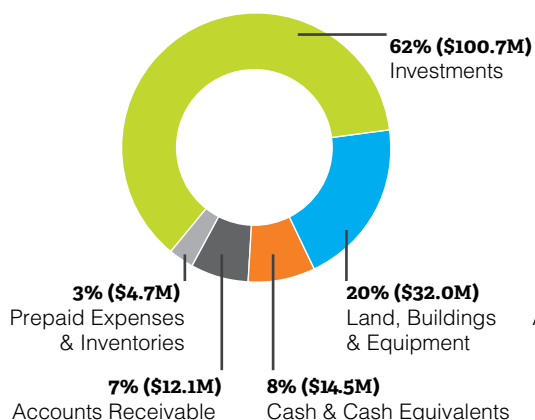
ASME

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

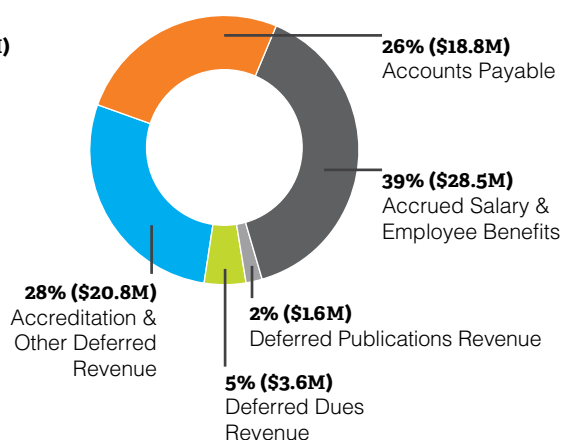
As of June 30, 2013 and 2012 (Restated)	General	Designated and Restricted	2013 Total	As Restated 2012 Total
ASSETS				
Cash and cash equivalents (notes 2, 13 and 15)	\$ 10,024,898	\$ 4,519,808	\$ 14,544,706	\$ 10,771,209
Accounts receivable, less allowance for doubtful accounts of \$230,163 in 2013 and \$207,300 in 2012. (note 2)	9,836,456	2,320,859	12,157,315	9,180,144
Inventories (note 2)	1,790,104	—	1,790,104	643,494
Prepaid expenses, deferred charges, and deposits	2,701,040	208,640	2,909,680	2,847,341
Investments (notes 2 and 4)	76,878,709	23,793,995	100,672,704	120,574,635
Property, furniture, equipment, and leasehold improvements, net (note 5)	31,974,935	3,514	31,978,449	15,543,938
Total assets	\$133,206,142	\$30,846,816	\$164,052,958	\$159,560,761
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
Commitments (note 11)				
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.

TOTAL ASSETS OF \$164.1 MILLION



TOTAL LIABILITIES OF \$73.2 MILLION



CONSOLIDATED FINANCIAL STATEMENTS

ASME

Years ended June 30, 2013 and 2012 (Restated)	General	Designated and Restricted	2013 Total	As Restated
		(notes 1, 9 & 10)		2012 Total
CONSOLIDATED STATEMENTS OF ACTIVITIES				
OPERATING REVENUE (note 6)				
Membership dues, publications, accreditation, conference fees, and other revenue by sector/operating unit:				
Codes and Standards	\$ 33,389,227	\$ 434,123	\$ 33,823,350	\$ 32,742,446
Conformity Assessment	27,713,373	—	27,713,373	28,500,350
Training and Development	6,552,299	—	6,552,299	7,435,355
Public Affairs and Outreach	286,512	500,151	786,663	1,857,722
Student Education and Career Development	127,766	—	127,766	127,400
Knowledge and Community	2,679,051	3,825,465	6,504,516	4,732,351
Institutes Sector	—	4,841,222	4,841,222	4,778,930
Publications	13,412,195	—	13,412,195	14,139,272
Marketing	102,320	—	102,320	94,040
Membership	11,171,719	—	11,171,719	10,643,341
Members' voluntary contributions	—	12,183	12,183	16,360
Miscellaneous revenue	816,027	328,183	1,144,210	1,044,625
Total operating revenue	96,250,489	9,941,327	106,191,816	106,112,192
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	6,607,138	456,341	7,063,479	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				
Realized/unrealized (loss)/gain on investments (note 4)	2,296,846	592,161	2,889,007	2,999,465
(Decrease) Increase in net assets (note 9)	6,444,740	1,567,793	8,012,533	(2,488,876)
Pension and post-retirement changes other than net periodic costs (notes 7 and 8)	(33,524)	3,231,329	3,197,805	216,740
Increase (Decrease) in net assets (note 9)	5,194,810	—	5,194,810	(10,757,060)
Net assets at beginning of year as originally stated	5,161,286	3,231,329	8,392,615	(10,540,320)
Prior period adjustment (note 15)	60,069,577	22,358,174	82,427,751	89,766,562
Net assets at beginning of year as restated	—	—	—	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.

CONSOLIDATED FINANCIAL STATEMENTS

ASME

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2013 and 2012 (Restated)	2013	As Restated 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 8,392,615	\$(10,540,320)
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,295,795	3,962,693
Realized/unrealized (gain) loss on investments	(8,012,533)	2,488,876
Bad debt expense	22,863	35,000
Change in assets and liabilities:		
Increase in accounts receivable	(3,000,034)	(39,169)
(Increase) Decrease in inventories	(1,146,610)	101,899
Increase in prepaid expenses, deferred charges, and deposits	(62,339)	(164,261)
Increase in accounts payable and accrued expenses	9,088,270	4,030,572
(Decrease) Increase in accrued employee benefits	(2,023,176)	8,915,521
Decrease in deferred publications revenue	(9,048,411)	(6,804,554)
(Decrease) Increase in deferred dues revenue	(107,812)	148,108
(Decrease) Increase in accreditation and other deferred revenue	(1,809,289)	670,813
Net cash (used in) provided by operating activities	<u>(3,410,661)</u>	<u>2,805,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(35,187,765)	(40,817,043)
Proceeds from sales of investments	63,102,229	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	3,773,497	(3,421,436)
Cash and cash equivalents at beginning of year	<u>10,771,209</u>	<u>14,192,645</u>
Cash and cash equivalents at end of year	<u>\$ 14,544,706</u>	<u>\$ 10,771,209</u>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

ASME

Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

(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:

CONSOLIDATED FINANCIAL STATEMENTS

ASME

Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

Codes and 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 and 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

CONSOLIDATED FINANCIAL STATEMENTS

ASME

Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

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 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.

CONSOLIDATED FINANCIAL STATEMENTS

ASME

Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

(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. Financial Accounting Standards Board (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:

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

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

	2013	2012
Realized gain on investment		
transactions	\$ 2,812,832	\$ 1,767,906
Unrealized gain/(loss)	<u>5,199,702</u>	<u>(4,256,782)</u>
	<u>\$ 8,012,534</u>	<u>\$ (2,488,876)</u>

CONSOLIDATED FINANCIAL STATEMENTS

ASME

Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

(5) Property, Furniture, Equipment, and Leasehold Improvements

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

	2013	2012
Land	\$ 583,077	\$ 583,077
Building and building improvements	2,831,502	2,805,797
Computer equipment	32,658,337	26,946,647
Leasehold improvements	17,261,069	5,191,324
Furniture and fixtures	8,590,711	5,781,645
Others	41,338	41,338
	<u>61,966,034</u>	<u>41,349,828</u>
Less accumulated depreciation and amortization	<u>(29,987,585)</u>	<u>(25,805,890)</u>
	<u>\$ 31,978,449</u>	<u>\$ 15,543,938</u>

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:

	2013	2012
Membership dues	\$ 8,276,269	\$ 8,192,626
Codes and standards and technical publication revenue	47,235,545	46,881,718
Accreditation revenue	27,713,373	28,500,350
Conferences, exhibits, and course fees	17,697,482	17,046,636
Other operating revenue	4,112,753	4,429,877
Member's voluntary contributions	12,183	16,360
Miscellaneous	1,144,211	1,044,625
	<u>\$106,191,816</u>	<u>\$106,112,192</u>

(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.

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Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

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:

	2013	2012
Benefit obligation at June 30	\$(62,980,122)	\$(63,402,727)
Fair value of plan assets at June 30, net of accounts payable and accrued expenses	43,511,455	40,523,947
Funded status	<u>\$(19,468,667)</u>	<u>\$(22,878,780)</u>
Amounts recognized in the consolidated statements of financial position:		
Accrued employee benefits	(19,468,667)	(22,878,780)
Total net periodic benefit cost	4,573,975	3,249,079
Employer contributions	3,000,000	4,000,000
Benefits paid	(2,101,666)	(2,391,635)
Weighted average assumptions used to determine benefit obligations at June 30:		
Discount rate	4.75%	4.50%
Rate of compensation increase	3.50	3.50
Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	4.50%	5.75%
Expected return on plan assets	7.25	7.50
Rate of compensation increase	3.50	3.50

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:

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

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:

	2013	2012
Amortization of loss	\$ 2,604,754	\$ 1,174,931
Amortization of prior service cost	(425,432)	(33,921)

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:

	2013	2012
Net actuarial loss	\$23,878,636	\$ 29,288,156
Prior service credit	(3,290,397)	(3,715,829)
Net amounts recognized in unrestricted net assets	<u>\$20,588,239</u>	<u>\$ 25,572,327</u>

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:

	2013	2012
Mutual funds invested in equity securities	\$15,060,400	\$ 15,804,339
Mutual funds invested in debt securities	25,664,408	21,072,452
Other	2,786,647	3,647,156
Plan assets total	<u>\$43,511,455</u>	<u>\$ 40,523,947</u>

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:

	2013	2012
Mutual funds invested in equity securities	35%	39%
Mutual funds invested in debt securities	59%	52%
Other	6%	9%
	<u>100%</u>	<u>100%</u>

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Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

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:

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

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:

Net loss (gain)	\$ 2,000,071
Prior services cost (credit)	(425,432)

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

Year Ending June 30:	Amount
2014	\$ 3,258,868
2015	3,529,185
2016	3,179,825
2017	3,550,429
2018	3,537,113
2019–2023	23,265,999

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:

	2013	2012
Benefit obligation at June 30	\$(986,638)	\$(1,014,848)
Fair value of plan assets at June 30	—	—
Funded status	<u>\$(986,638)</u>	<u>\$(1,014,848)</u>

Amounts recognized in the consolidated statements of financial position:

Accrued employee benefits	(986,638)	(1,014,848)
Total net periodic benefit cost	122,773	134,880
Employer contributions	—	—
Benefits paid	—	—

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

Discount rate	4.75%	4.50%
Rate of compensation increase	3.50	3.50
Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	4.50%	5.75%
Expected return on plan assets	n/a	n/a
Rate of compensation increase	3.50	3.50

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

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:

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

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:

	2013	2012
Amortization of loss	\$ 78,232	\$ 83,873
Prior service cost	(52,322)	(37,470)

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:

	2013	2012
Net actuarial loss	\$ 795,501	\$ 998,806
Prior service cost (credit)	(363,005)	(415,327)
Net amounts recognized in unrestricted net assets	<u>\$ 432,496</u>	<u>\$ 583,479</u>

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

Net (gain) loss	\$ 68,789
Prior service cost (credit)	(52,322)

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

Year ending June 30:	Amount
2014	\$ —
2015	1,954
2016	2,645
2017	3,647
2018	92,249
2019–2023	337,787

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:

	2013	2012
Postretirement benefit obligation	\$(2,557,602)	\$(2,642,908)
Accrued benefit recognized	(2,557,602)	(2,642,908)
Net periodic postretirement benefit cost	54,699	(25,462)
Employer contribution	80,266	83,479
Plan participants' contribution	75,138	66,695
Benefits paid	155,404	150,174

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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:

Actuarial (gain)/loss	\$ (21,414)	\$ 21,853
Prior service cost/(credit)	(26,284)	(74,263)
Weighted average assumptions used to determine benefit obligations at June 30:		
Discount rate	4.25%	3.75%
Expected return on plan assets	n/a	n/a
Rate of compensation increase	3.50%	3.50%
Healthcare cost trend:		
Increase from current year to next fiscal year	9.00%	7.50%
Ultimate rate increase	5.00%	5.00%
Fiscal year that the ultimate rate is attained	2022	2018
Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	3.75%	5.25%
Expected return on plan assets	n/a	n/a
Rate of compensation increase	3.50%	3.50%
Healthcare cost trend:		
Increase from current year to next fiscal year	7.50%	8.00%
Ultimate rate increase	5.00%	5.00%
Fiscal year that the ultimate rate is attained	2018	2018

Amounts that have not been recognized as components of net periodic benefit costs, but included in unrestricted net assets to date as the effect of adoption of ASC 715-60 as of June 30, 2013 and 2012, are as follows:

	2013	2012
Net (gain) loss	\$ (518,720)	\$ (529,805)
Prior service cost (credit)	(145,086)	(74,263)
Net amount recognized in unrestricted net assets	<u>\$ (663,806)</u>	<u>\$ (604,068)</u>

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:

	2013	2012
Amortization of gain	\$ (16,587)	\$ (41,507)
Prior service credit	(100,547)	(161,434)

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:

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

Healthcare cost rate trend:

- Assumed health care cost rate trend 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%
- One Percentage Point Increase:
Effect on total service and interest cost \$ 17,990
Effect on end of year postretirement benefit obligations 158,707
- 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:

Year ending June 30:	Amount
2014	\$ 178,925
2015	176,589
2016	183,131
2017	197,210
2018	213,710
2019-2023	1,099,677

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Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

(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:

	2013		2012	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Award Programs	\$205,486	\$ 40,110	\$186,350	\$ 40,110
The Engineering Library	186,947	74,695	184,231	74,695
Membership Programs	52	21,762	52	21,762
	<u>\$392,485</u>	<u>\$136,567</u>	<u>\$370,633</u>	<u>\$136,567</u>

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:

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

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.

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Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

Changes in endowment net assets for the year ended June 30, 2013:

	Temporarily Restricted	Permanently Restricted	Total Endowment Investments
Endowment net assets, beginning of year	\$370,633	\$136,567	\$507,200
Contributions to endowment	—	—	—
Investment activity:			
Interest and dividends	15,748	—	15,748
Realized gain on investments	15,326	—	15,326
Unrealized gain on investments	30,657	—	30,657
Total investment activity	61,731	—	61,731
Amount appropriated for expenditures	(39,879)	—	(39,879)
Endowment net assets, end of year	\$392,485	\$136,567	\$529,052

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

	Temporarily Restricted	Permanently Restricted	Total Endowment Investments
Endowment net assets, beginning of year	\$400,089	\$136,567	\$536,656
Contributions to endowment	—	—	—
Investment activity:			
Interest and dividends	16,704	—	16,704
Realized gain on investments	9,867	—	9,867
Unrealized gain on investments	(20,360)	—	(20,360)
Total investment activity	6,211	—	6,211
Amount appropriated for expenditures	(35,667)	—	(35,667)
Endowment net assets, end of year	\$370,633	\$136,567	\$507,200

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:

Year ending June 30:	Amount
2014	\$ 5,343,953
2015	4,792,823
2016	4,790,845
2017	4,807,839
2018–2028	54,409,954
	<u>\$74,145,414</u>

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Notes to Consolidated Financial Statements June 30, 2013 and 2012 (Restated)

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 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 London Interbank Offered Rate (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 2012, 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:

	As Previously Reported	Adjustment	As Restated
Cash and cash equivalents	\$ 7,032,958	\$3,738,251	\$ 10,771,209
Miscellaneous revenue	507,883	536,742	1,044,625
Change in net assets	(11,077,062)	536,742	(10,540,320)
Net assets beginning of year	89,766,562	3,201,509	92,968,071
Net assets end of year	78,689,500	3,738,251	82,427,751



*Funding
Excellence in
Engineering*

DONOR REPORT

2012–2013





A Spirit of Philanthropy

ASME FOUNDATION

Donations to the ASME Foundation directly support ASME’s mission-based programs that span a wide spectrum—from nurturing the next generation of engineers to applying technology-based engineering solutions for underserved global populations, to informing our federal legislators of the technical issues and impacts of their decisions. In each area, our programs follow a three-pronged approach: building awareness of engineering’s contributions to society; inspiring participation in engineering-related studies and careers; and improving ability to perform in engineering-based fields and related experiences.

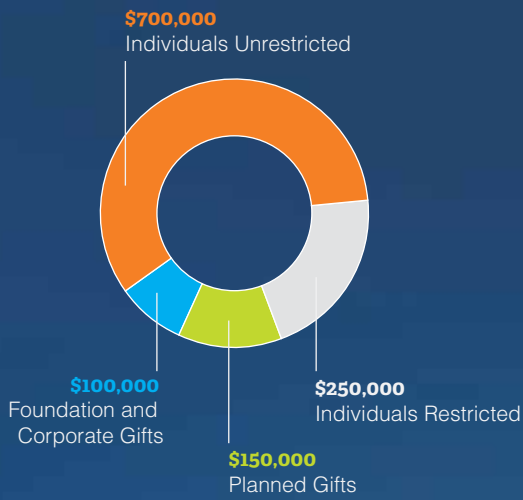
Gifts to the ASME Foundation support, create, and advance the field of engineering and mold future engineers by supporting K–12 STEM education programs, engineering for global development projects, student and early career development, and public policy and federal fellows programs.

With your help, the ASME Foundation provides vital and immediate support to ASME mission-based programs. We are committed to advancing the field of engineering by creating educational programs for students and teachers, bringing appropriate technologies to the developing world, expanding our role in advising our nation’s leaders, and guiding the next generations of engineers.

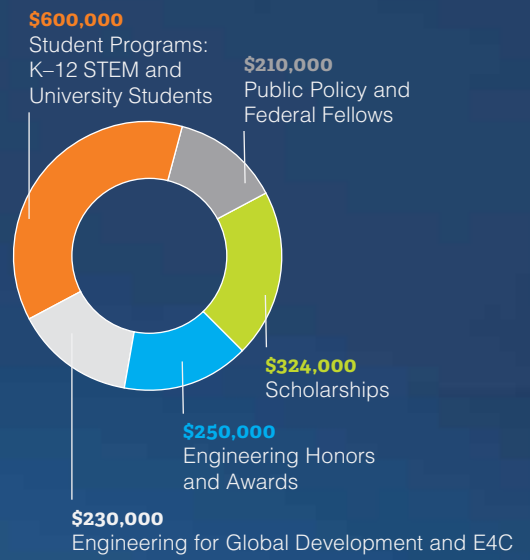
Last year, we were able to provide even greater philanthropic support to ASME than ever before. We helped the brightest engineering students complete their engineering education, celebrated the accolades of the year’s most distinguished engineers, supported the engineers responsible for advising our nation’s leaders on pressing issues requiring technical care, and aided engineers who are working to make poverty a part of the past.

With your generosity, you have made it possible for children growing up today to not only learn about the wonders and limitless potential of engineering, but also are ensuring a competitive and innovative workforce and future for us all.

FISCAL YEAR 2013 CONTRIBUTIONS



PROGRAMS FUNDED



Alexander Holley Society

MEMBER PROFILE:



Bob & Kay Simmons

The Alexander Holley Society members of the ASME Foundation comprise those individuals who truly understand the value of engineering philanthropy, and are committed to supporting ASME and the ASME Foundation as we continue to create exceptional programs to help elevate the role of engineering in today's modern society.

Robert and Kathryn Simmons—affectionately known as Bob and Kay—exemplify such people. After joining the Holley Society in April 2013, Bob and Kay made an additional and substantial contribution to the ASME Foundation by joining the special and unique group of ASME members whose names will adorn one of the meeting spaces at the new ASME Headquarters in New York City.

But most of us who know Bob and Kay are not very surprised to hear of this level of dedication. While many of us already know Bob well from his 2010–2011 term as ASME President, not everyone knows that he has been a devoted member of ASME since 1975. For the past 38 years, Bob has held many active roles at ASME including chair of the Management Division, Vice President of the E&TM (Engineering and Technology Management) Group, and as a member of the ASME Board of Governors. In 2000, Bob was named to be a recipient of the ASME Dedicated Service Award.

Kay, having devoted her life to teaching, did not become an active volunteer until her retirement six years ago. But she has spent her retirement well by immediately joining the ASME Auxiliary Executive Board in 2007, and just now completing her first year as President of the Auxiliary.

Both Bob and Kay credit both the staff and fellow volunteers as the main reasons for their continued commitment to the Society. Kay and the Auxiliary just celebrated 90 years of awarding scholarships to engineering students worldwide. Similarly, Bob's fondest memory from his term as ASME President was awarding a \$5,000 scholarship to a student at the 2011 FIRST championships. The mother of the scholarship recipient tearfully told him that now, with that check, she could send another one of her children to college. Bob felt that this was a moving tribute to the important roles played by ASME, the Auxiliary, and ASME Foundation.

The ASME Foundation proudly celebrates the donors who pledge \$1,000 or more annually with the establishment of the Alexander Holley Society.



This new club, founded in 2011 and designed to showcase the Foundation's appreciation and support of its top donors, is named after one of the founders and leaders of ASME. These leadership contributions are crucial funds that are used to serve the immediate needs of ASME programs.

Holley Society members are honored with a distinct lapel pin that designates them as members in this exclusive society, special communications and invitations from ASME and ASME Foundation leadership, top seating at various events such as the Honors Assembly and the President's Dinner, and the knowledge that you are helping ASME transform the world through unique engineering-based programs.

ALEXANDER HOLLEY SOCIETY MEMBERS:

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Ruth Anne & Kenneth R. Balkey, P.E.	Regina M. Hoffmann	John M. Ringelberg, P.E.
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Betty L. Bowersox	Paul Jukes, Ph.D., P.E.	Kathryne & Robert Simmons, P.E.
Patrick Terence Brady, P.E.	Madiha & Bob Kotb	J. Robert Sims, Jr.
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Daniel Denis	J.D. Miller, P.E.	T. Urling Walker
Pete Deubler	Paul Minkoff	Kuo-King Wang, Ph.D.
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Roger Eichhorn, Ph.D., P.E.	Fanning T. Oakley, P.E.	James R. Welty, Ph.D., P.E.
Bryan Erler	Karen Ohland	William J. Wepfer, Ph.D.
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Nancy D. Fitzroy, Ph.D., P.E.	Kostas Papadopoulos II	Myrna & Sam Y. Zamrik, Ph.D.
Walter R. Garrison, P.E.	Jack S. Parker, P.E.	
Charles Goggio, Jr.	Thomas D. Pestorius	

Scholarships



\$324,000 AWARDED TO 85 STUDENTS

12 scholarships awarded to students studying overseas

2012–2013 Scholarships

ASME Scholarships are awarded to ASME student members based on displayed activities of leadership, scholastic ability, financial need, and potential contribution to the mechanical engineering profession. For over the past 10 years, the ASME Foundation has contributed more than [\\$1.1 million](#) to the education of [450](#) of the brightest engineering minds with an ASME Scholarship.

Kenneth Andrew Roe Scholarship

Braden Hancock, Brigham Young University

ASME Nuclear Engineering Division Scholarship

Stephen O'Flynn O'Brien, University of North Carolina at Charlotte

Gregory Borza, Pennsylvania State University

Ekaterina Paramonova, Massachusetts Institute of Technology

IGTI Scholarship

Andrew Marshall, Georgia Institute of Technology

Willis F. Thompson Memorial Scholarship

John Calderone, University of Maryland—College Park

Byron Patterson, West Virginia University

Charles Wheeler, University of Colorado at Boulder

Garland Duncan Scholarship

Sidney Herrin, Mercer University

Colleen Raschke, University of St. Thomas

Melvin R. Green Scholarship

Todd Bouws, Cedarville University

Christian Grundman, North Carolina State University

William J. & Mariajane E. Adams, Jr. Scholarship

Ina Kundu, University of Arizona

ASME/VA Tech Memorial Scholarship

Cara Buchanan, Virginia Tech

American Electric Power Scholarship

Jacob Miller, Cedarville University

ASME Power Division Scholarship

Mahomoud Lofty, American University in Cairo

Kate Gleason Scholarship

Karin Hanson, South Dakota State University

ASME Metropolitan Section John Rice Memorial Scholarship

Ali Rafi, City College of New York

“It is a great joy knowing that now, thanks to your generous help, I am one step closer towards accomplishing my dream of becoming a Mechanical Engineer.”

—**Joselyn Cardenas**, University of El-Paso, Mexico,
ASME Foundation Scholarship



Stephen T. Kugle Scholarship

Eric Wardell, Brigham Young University

ASME Foundation Hanley Scholarship

Patrick Morabito, Rochester Institute of Technology

F.W. “Beich” Beichley Scholarship

Maria Ramos, University of Nevada—Las Vegas

Frank & Dorothy Miller Scholarship

Jesse Schettler, Oral Roberts University

Jack Stangl, University of St. Thomas

John & Elsa Gracik Scholarship

Jonnah Baker, Cedarville University

Rebecca Barney, Santa Clara University

Shantonio Birch, Georgia Perimeter College

Dillon Card, Arizona State University

Cory Contrill, University of Akron

Cody Crosby, Gannon University

Dennis Gnam, University of South Carolina

Nusha Laleh, University of Texas—Dallas

Torrence Marunda, Morehouse College

Colin McGowan, South Dakota School of Mines & Technology

Diana Nelson, University of Florida—Gainesville

Kara Ninke, Colorado School of Mines

Niket Patel, University of Illinois—Urbana

Carly Sandin, South Dakota School of Mines & Technology

Bryan Stringham, Utah State University

ASME Foundation Gratitude Scholarships

Nitesh Bajaj, Purdue University

Robert Born, University of Illinois—Urbana

Joselyn Cardenas, University of El Paso

Megan Frager, South Dakota School of Mines & Technology

Bastian Gindroz, Institut Supeneur do l'Aeronautique et de l'Espace-Supaero—Stockholm, Sweden

Genna Gold, University of Maryland

Niharika Gupta, Birla Institute of Tech & Science, Pilani, India

Victoria Kallsen, University of Connecticut

Paul Kushiner, University of Illinois—Chicago

Rebeca Leon, Instituto Tecnologico y de Estudios Superiores do Monterrey—Toluca, Mexico

Karen Lipa, University of Illinois—Urbana

Paulina Almada, University of Texas—El Paso

Kshitij Minhas, Rutgers University

Jay Nair, University of Idaho

Callie Sher, Syracuse University

Steven Stosky, University of Calgary

Alfie Tham, University of Toronto

Michael Townshend, Montana State University—Bozeman

Mridul Upadhyay, Jamia Millia Islamia—New Delhi, India

Vinayak Vadlamani, University of Petroleum & Energy Studies—Uttarakhand, India

Marcus N. Bressler Memorial Scholarship

Robert Jones, Rochester Institute of Technology



“It pleases me that this scholarship is from ASME, the organization to which any mechanical engineer (or mechanical engineering student) should belong. Receiving this scholarship has made my long nights of studying and pushing myself to do the best I can well worth the effort.”

—**Maria De Lourdes Ramos**, University of Nevada—Las Vegas, F.W. “Beich” Beichley Scholarship

Allen Rhodes Memorial Scholarship

Cyril Kattah, University of Mines and Technology—Takoradi, Ghana

Bruce J. Heim Foundation Scholarship

Joseph Schaefer, Northwestern University

Lucy and Charles W.E. Clarke Scholarship

Sharifa Davis, Drexel University

Daniel Diaz delcastillo, Drexel University

Rachael Reich, Drexel University

Andy Giang, Santa Clara University

Bernadette Saddik, Santa Clara University

Jake Tierney, Santa Clara University

Cheyenne Herbert, South Dakota School of Mines & Technology

Chase Ketterling, South Dakota School of Mines & Technology

Carina Russell, South Dakota School of Mines & Technology

Nicholas A. Cook, University of Alabama

Taylor L. Thomas, University of Alabama

Hannah-Carole Winston Hughes, University of Alabama

Jonathan M. Elias, University of Florida—Gainesville

Matthew J. Samach, University of Florida—Gainesville

ASME Foundation-ASME Auxiliary FIRST Clarke Scholarship

Daniel Cohen, Embry-Riddle Aeronautical University

Ryan Edwards, North Carolina State University

Dakota Ewigman, Missouri University of Science & Technology

Adam Garcia, University of California—Los Angeles

Mark Gorton, North Carolina State University

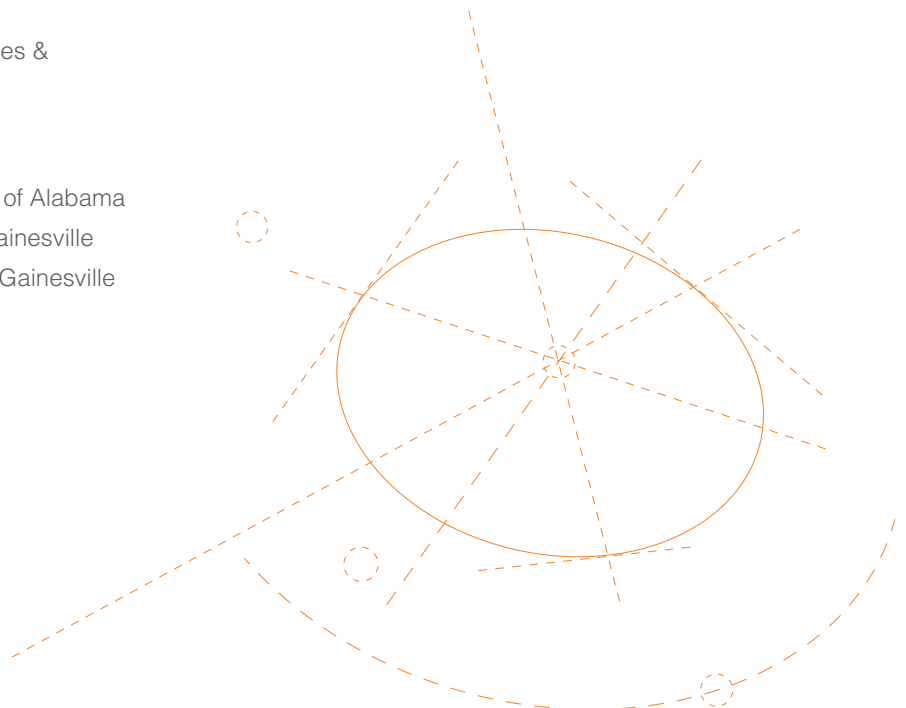
Michael Greenburg, Brigham Young University

Mark Hoppel, University of Maryland

Nicole Puzio, Rowan University

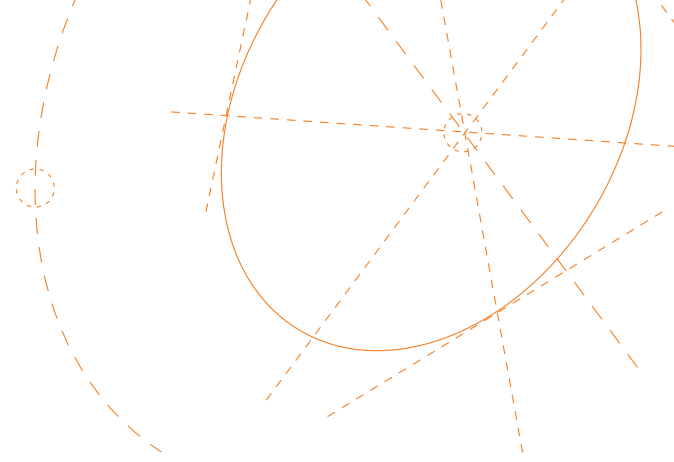
Emily Stern, Boston University

Ian Walters, Oregon State University



Graduate

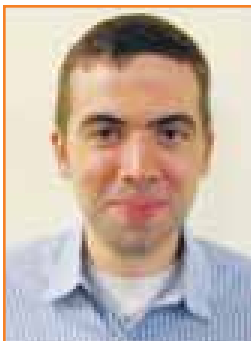
TEACHING FELLOWSHIPS



The Graduate Teaching Fellowship Program is a collaboration between ASME and mechanical engineering departments to encourage outstanding doctoral candidates in mechanical engineering to pursue careers in education.

Since the program's inception in 1991, the ASME Foundation has supported 50 doctoral candidates with \$425,000.

GTF Recipients:



Brian Fronk
(2011–13)
Ph.D. Candidate
Georgia Institute of
Technology



Bryony DuPont
(2012–13)
Ph.D. Candidate
Carnegie Mellon
University



Nicholas Morris
(2012–13)
Ph.D. Candidate
West Virginia
University



Joseph Schaefer
(2012–13)
Ph.D. Candidate
Northwestern
University

GTF by the numbers

- 4 Ph.D. candidates (50% increase from previous years)
- \$5,000 stipend (renewable for an additional year)
- Total amount awarded: \$20,000

2 Park Avenue

SPONSORSHIP CAMPAIGN



The January 2013 move of ASME headquarters from 3 Park Ave to 2 Park Ave presented an exciting and unique opportunity for both ASME and the ASME Foundation. The upgrade and expansion in office space reflected the growth of ASME as a leading professional society for engineers.

As a result, the ASME Foundation launched the “Support ASME @ 2 Park Avenue” campaign to raise much needed funds for ASME programs.

Not only could donors directly support ASME’s education, early career, global development, and public policy programs, but they could also receive a once-in-a-life time opportunity to name a room in the new headquarters. Sponsorship opportunities range from \$5,000 for team workrooms to the \$100,000 central collaboration space known as the “The Hub.”

Contributors to “Support ASME @ 2 Park Ave”:

- Lynden Davis
- Madiha & Bob Kotb
- Esther & Richard Rosenberg
- Kay & Bob Simmons
- Ruthie & Keith Thayer
- Myrna & Sam Zamrik
- MARSH/New York Life Insurance



Esther and Richard Rosenberg

Recognition Includes:

- 10-year Sponsorship Term and Naming rights
 - Plaque with name on outside of room
 - Picture and Biography located inside of room
- Recognition on ASME and ASME Foundation websites and communications
- Listing in the ASME Foundation Annual Donor Report
- Invitation and priority seating at the ASME Honors Dinner and Assembly
- Recognition in *Mechanical Engineering* magazine
- Membership in ASME Foundation's exclusive donor club The Alexander Holley Society

The very first named room of the campaign was the *Esther and Richard Rosenberg Board Room* that was named in honor of the Rosenbergs' lifetime commitment to the engineering profession and dedication to ASME. The Rosenbergs' daughter Dianne was looking for a special way to honor her parents, and after hearing about the new naming opportunities, she instantly knew that this was the perfect way to recognize her parents' devotion to ASME.

Archimedes Club



Since 2003, the Archimedes Club has united the ASME planned giving community in the common goal of supporting programs that will help advance the engineering profession.

By choosing to make a planned gift through designating the ASME Foundation as a beneficiary in your will, charitable lead or remainder trusts, or through a charitable gift annuity, you can feel confident that you are helping to ensure the future of ASME.

Membership in the Archimedes Club is open exclusively to those generous supporters who remember the ASME Foundation in their will or estate planning. In recognition of this special commitment, Archimedes Club members will receive an Archimedes Club globe display coin that identifies you as a prominent supporter of ASME, invitations to donor receptions at ASME meetings, listing as an Archimedes Club member in the ASME Foundation's Annual Donor Report and website, and a subscription to the ASME Foundation's Donor Newsletter.

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Linda Kloeblen Tang & Thomas Tang
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Eileen & William A. Weiblen, P.E.
James D. Woodburn, P.E.
Justin R. Young
Myrna & Sam Y. Zamrik, Ph.D.

MEMBER PROFILE:



John A. Swanson

John A. Swanson, Ph.D. is an internationally recognized authority and innovator in the application of finite-element methods to engineering, a researcher, and an entrepreneur. Additionally, he is a Fellow of ASME, was named as an Honorary Member in 2003, and has been an ASME member for the past 52 years. But more importantly he is a philanthropist—who in 2010 established the ASME Foundation “Swanson” Fellowship to place an experienced engineer in the Office of Science and Technology Policy in the Executive Office of the White House—and a member of the ASME Archimedes Club.

Dr. Swanson and his wife Janet have made a planned gift to the ASME Foundation in the form of a charitable remainder annuity trust. He chose this particular gift vehicle because he knows that it will provide lifetime income to him or his wife and will also benefit ASME and the world of engineering when they are gone. “A CRAT offers me perfect timing—a guaranteed income stream for the rest of our lives.”

Why did he leave a planned gift to ASME? “I’ve been an ASME member all my professional life. ASME is an integral part of the engineering environment and is valued for its social as well as professional activities. I want to help that continue.”

Board of Directors

ASME FOUNDATION 2012–2013



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Georgia Institute of Technology



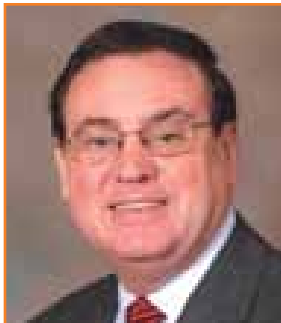
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“I am proud of the direction that the Foundation has taken as a robust fundraising activity... responsible for creating and supporting the philanthropic projects and programs of ASME.”

—Ward Winer, Chair



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It All Starts With You

Support the Engineers of Tomorrow



Contributions to ASME Foundation support a wide range of ASME programs in the areas of:

- › K-12 STEM EDUCATION
- › ENGINEERING FOR GLOBAL DEVELOPMENT
- › STUDENT & EARLY CAREER DEVELOPMENT
- › PUBLIC POLICY PROGRAMS

EXCITE young people to pursue science and engineering careers.

PROVIDE scholarships to high potential engineering students.

LEAD young engineers to solving global development issues.

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